



Hutchison Telecom
Hong Kong Holdings



2021 Interim Report

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 215)

Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Co-Deputy Chairmen and Non-executive Directors

LUI Dennis Pok Man, BSc

WOO Chiu Man, Cliff, BSc

Executive Director

KOO Sing Fai, BSc
Chief Executive Officer

Non-executive Directors

LAI Kai Ming, Dominic, BSc, MBA
(also Alternate to FOK Kin Ning, Canning and Edith SHIH)

Edith SHIH, BSE, MA, MA, EdM, Solicitor,
FCG (CS, CGP), FCS (CS, CGP) (PE)

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

Independent Non-executive Directors

IP Yuk Keung, BSc, MSc, MSc

LAN Hong Tsung, David, GBS, ISO, JP

WONG Yick Ming, Rosanna, PhD, DBE, JP

AUDIT COMMITTEE

IP Yuk Keung (*Chairman*)

LAN Hong Tsung, David

WONG Yick Ming, Rosanna

NOMINATION COMMITTEE

WONG Yick Ming, Rosanna (*Chairman*)

FOK Kin Ning, Canning

IP Yuk Keung

REMUNERATION COMMITTEE

LAN Hong Tsung, David (*Chairman*)

FOK Kin Ning, Canning

IP Yuk Keung

SUSTAINABILITY COMMITTEE

Edith SHIH (*Chairman*)

KOO Sing Fai

WONG Yick Ming, Rosanna

COMPANY SECRETARY

Edith SHIH, BSE, MA, MA, EdM, Solicitor,
FCG (CS, CGP), FCS (CS, CGP) (PE)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

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Highlights

	1H 2021 HK\$ million	1H 2020 HK\$ million	Change
Total revenue	2,565	1,982	+29%
<i>Local service revenue</i>	1,503	1,443	+4%
Total EBITDA ⁽¹⁾	747	778	-4%
<i>Local service EBITDA ⁽¹⁾</i>	638	622	+3%
Total EBIT ⁽²⁾	92	147	-37%
Profit attributable to shareholders	31	146	-79%
Earnings per share (in HK cents)	0.64	3.03	-79%
Special interim dividend per share (in HK cents)	19.80	-	+100%
Interim dividend per share (in HK cents)	2.28	2.28	-

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.

Chairman's Statement

The COVID-19 pandemic has continued to bring significant upheaval to the way of life and businesses. Sluggish economic recovery and persistent travel restrictions have led to unprecedented operational uncertainties throughout the first half of 2021.

Total EBITDA of the Group decreased by HK\$31 million or 4% to HK\$747 million in the first six months of 2021 as revenue from roaming slashed by HK\$94 million or 43% compared with the same period last year, and HK\$20 million or 14% compared with the second half of 2020. Despite the impact of travel restrictions on the roaming business of the Group, local service revenue reported a 4% or HK\$60 million steady growth compared with the same period last year. This growth demonstrated the ability of the Group to maintain its market competitiveness, capturing new opportunities and expanding the distribution network under a challenging operating environment, as well as delivering the best network services to its customers. In particular, the surging demand for corporate solutions gave rise to an encouraging 58% growth compared with the first six months of 2020.

Excluding the impact from lower roaming margin, total EBITDA of the Group improved by 6% compared with the same period last year. Although higher network costs are incurred for the 5G technology investment and network coverage expansion, the Group has generated a healthy service EBITDA margin of 44% for the first half of 2021.

Total EBIT of the Group decreased by HK\$55 million or 37% to HK\$92 million compared with the same period last year mainly due to lower roaming margin mentioned above, as well as the launch of the 5G network during 2020 resulted in a 4% increase in depreciation and amortisation. Excluding the impact of the lower roaming margin, total EBIT of the Group improved by 217% compared with the same period last year.

Profit attributable to shareholders and earnings per share were HK\$31 million and 0.64 HK cents, a 79% decrease compared with HK\$146 million and 3.03 HK cents respectively for the same period last year. The decrease was mainly driven by a HK\$58 million reduction in net interest income as the bank deposit rates dropped significantly from an average of 2.40% for the first half of 2020 to approximately 0.34% for the first half of 2021, coupled with a HK\$310 million decrease in the net cash balance from the beginning of 2020 subsequent to the settlement of 5G investment and spectrum spending in the first half of 2021.

As of 30 June 2021, the total number of customers in Hong Kong and Macau dropped by 2% to approximately 3.2 million (as of 30 June 2020: approximately 3.3 million) mainly due to a decrease in prepaid customers in Macau, partially offset by strong growth in Hong Kong prepaid customers following the successful launch of SoSIM in November 2020. The monthly postpaid churn rate remained stable at 1.1% (1H 2020: 1.1%). Local postpaid net ARPU increased by 7% to HK\$160 mainly due to higher contributions from the corporate segment as well as uplift from 5G services upgrades.

Dividend

The Board declared an interim dividend of 2.28 HK cents (2020 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2021, in line with the same period last year. The Board is of the view that 2021 is a transitional year, there will be progressive improvement in operational performance and commercial momentum in the future. The Board expects to keep the same level of dividend payout similar to that of 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.

The Board also declared a one-off special interim dividend of 19.80 HK cents (1H 2020: Nil) per share for the first half of 2021. Coupling with the interim dividend, the total dividends amount to 22.08 HK cents per share for the first six months of 2021.

The aforementioned interim dividend and one-off special interim dividend will be payable on Friday, 3 September 2021, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 25 August 2021, being the record date for determining shareholders' entitlement to the interim dividend and special interim dividend.

Chairman's Statement

Outlook

Looking ahead into the second half of the year, the Group will continue to pursue its journey in building the best 5G network in Hong Kong along with the deployment and enhancement of the mobile coverage, and at the same time expanding the distribution network.

Nevertheless, the uncertainties surrounding roaming recovery and higher network costs incurred for building the best network in Hong Kong could be a short-term challenge. In light of the steady growth of service revenue on a local basis during the first half of 2021, together with the better mobile network and distribution network, the Board is confident that the Group is on track to drive a solid local operating performance in the outlook for the full year. Hence, the Group targets to deliver dividend similar to that of 2020 in addition to the special interim dividend declared in the first half of 2021.

The Group maintains a healthy financial position with a total cash-in-hand of HK\$5,106 million as of 30 June 2021. Total dividends of 22.08 HK cents per share or HK\$1,064 million for the first half of 2021 have taken into account of the forthcoming capital expenditure, and spectrum payment of an approximately HK\$2 billion for the next two years. The operation is expected to generate a strong cash flow from post-pandemic recovery along with the return of roaming business. The Group will review the cash position and may consider the payment of special dividend again next year.

The Group is planning to acquire more spectrum during the upcoming auction at the end of 2021. Despite network-related costs are likely to increase, these new spectrum assets together with advanced mobile technologies will enable the Group to bolster the high-speed data network capacity and support a growing range of innovative 5G applications; thereby redefining mobile communications in the 5G smart digital era.

Beyond operational and financial performance, the Group fully recognises the social and environmental impacts resulting from its business activities and strives to contribute positively to the needs and expectations of its customers as well as the evolving trends on sustainability. To this end, the Group has further enhanced its sustainability strategy and developed priority goals to create long-lasting value for stakeholders.

I would like to thank the Board and all staff members for their utmost dedication, professionalism and contributions to the Group throughout an exceptionally difficult period.

FOK Kin Ning, Canning
Chairman

Hong Kong, 27 July 2021

Management Discussion and Analysis

Financial Performance Summary

	1H 2021 HK\$ million	1H 2020 HK\$ million	Change
Revenue	2,565	1,982	+29%
Net customer service revenue	1,630	1,664	-2%
• Local service revenue	1,503	1,443	+4%
• Roaming service revenue	127	221	-43%
- Data	87	146	-40%
- Non-data	40	75	-47%
Hardware revenue	935	318	+194%
• Bundled sales revenue	166	149	+11%
• Standalone handset sales revenue	769	169	+355%
Net customer service margin	1,413	1,462	-3%
<i>Net customer service margin %</i>	87%	88%	-1% point
Standalone handset sales margin	24	3	+700%
Total margin	1,437	1,465	-2%
- CACs	(234)	(234)	-
- Less: Bundled sales revenue	166	149	+11%
CACs (net of hardware revenue)	(68)	(85)	+20%
Operating expenses	(651)	(635)	-3%
<i>Operating expenses as a % of net customer service margin</i>	46%	43%	-3% points
Share of EBITDA of a joint venture	29	33	-12%
EBITDA ⁽¹⁾	747	778	-4%
Service EBITDA ⁽¹⁾	723	775	-7%
<i>Service EBITDA ⁽¹⁾ margin %</i>	44%	47%	-3% points
CAPEX (excluding telecommunications licences)	(324)	(105)	-209%
EBITDA ⁽¹⁾ less CAPEX	423	673	-37%
Depreciation and amortisation ⁽³⁾	(655)	(631)	-4%
EBIT ⁽²⁾	92	147	-37%
Service EBIT ⁽²⁾	68	144	-53%
Net interest and other finance (costs)/income ⁽³⁾	(15)	43	-135%
Profit before taxation	77	190	-59%
Taxation ⁽³⁾	(46)	(44)	-5%
Profit attributable to shareholders	31	146	-79%

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.

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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.

Management Discussion and Analysis

Review of Financial Results

Total revenue of the Group, comprising service revenue and hardware revenue, increased by 29% to HK\$2,565 million (1H 2020: HK\$1,982 million) in the first half of 2021.

Service revenue decreased by 2% to HK\$1,630 million (1H 2020: HK\$1,664 million), primarily attributable to HK\$94 million or 43% decline in roaming service revenue as travel restrictions persisted since the second quarter of 2020. Despite the impact on roaming business, local service revenue grew HK\$60 million or 4% to HK\$1,503 million (1H 2020: HK\$1,443 million) compared with the same period last year, mainly driven by an encouraging 58% growth in corporate solution revenue during the period.

Hardware revenue of HK\$935 million was HK\$617 million or 194% higher than the same period in 2020, mainly as a result of deferred launch and supply schedule of new smartphones from last year.

Operating costs, which comprise CACs, staff costs and other operating expenses, increased by HK\$14 million or 2% to HK\$936 million (1H 2020: HK\$922 million). The increase was mainly attributable to the higher network costs to support the expanded network coverage as well as the acquired 5G technology, partially offset by the improved structural cost base followed by the cost efficiency enhancement initiatives emplaced in 2020.

Total EBITDA of the Group decreased by HK\$31 million or 4% to HK\$747 million for the first half of 2021 due to the reasons above. Total EBIT decreased by HK\$55 million or 37% as the launch of the 5G network during 2020 together with the additional spectrum amortisation resulted in a 4% increase in depreciation and amortisation.

Profit attributable to shareholders and earnings per share were HK\$31 million and 0.64 HK cents, a 79% decrease compared with HK\$146 million and 3.03 HK cents respectively of the same period last year. The decrease was mainly due to lower interest income from the significant drop in bank deposit rate since mid-2020.

Key Performance Indicators

	1H 2021	1H 2020	Change
Number of postpaid customers ('000)	1,423	1,458	-2%
Number of prepaid customers ('000)	1,810	1,851	-2%
Total customers ('000)	3,233	3,309	-2%
Postpaid customers to total customer base (%)	44%	44%	-
Postpaid customers' contribution to net customer service revenue (%)	89%	90%	-1% point
Monthly churn rate of postpaid customers (%)	1.1%	1.1%	-
Postpaid gross ARPU (HK\$)	194	196	-1%
Postpaid net ARPU (HK\$)	171	170	+1%
Postpaid net AMPU (HK\$)	148	151	-2%
Local postpaid gross ARPU (HK\$)	183	175	+5%
Local postpaid net ARPU (HK\$)	160	150	+7%

The total number of customers in Hong Kong and Macau was approximately 3.2 million as of 30 June 2021, compared with approximately 3.3 million as of 30 June 2020. The decrease was mainly the result of fewer prepaid customers in Macau, partially offset by strong growth in Hong Kong prepaid customers followed by the successful launch of SoSIM in November 2020. The monthly postpaid churn rate remained stable at 1.1% (1H 2020: 1.1%). Local postpaid net ARPU increased by 7% to HK\$160 mainly due to increased contributions from the corporate segment as well as uplift from 5G services upgrades.

Net Interest and Other Finance Costs

Net interest and other finance costs (with share of a joint venture) amounted to HK\$15 million for the first half of 2021, compared with a net income of HK\$43 million for the same period last year. The decrease was mainly due a significant drop in the bank deposit rates from an average at 2.40% for the first half of 2020 to approximately 0.34% for the first half of 2021, coupled with the reduction in net cash balance from HK\$5,416 million at the beginning of 2020 to HK\$5,106 million as of 30 June 2021 subsequent to the settlement of 5G investment and spectrum spending.

The Group continues to maintain a healthy financial position with a net cash position of HK\$5,106 million as of 30 June 2021 (as of 31 December 2020: HK\$5,251 million).

Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 20% (1H 2020: 6%) of the Group's service revenue, increased by 209% to HK\$324 million. The increase was mainly attributable to capital investment in 5G infrastructure during the period. The Group continues to be disciplined in scrutinising projects with care and ensuring that adequate resources are made available in accordance with operational and technological needs.

Summary of spectrum investment

as of 30 June 2021

Spectrum band	Bandwidth	Year of expiry	Spectrum band	Bandwidth	Year of expiry
Hong Kong			Macau		
900 MHz	10 MHz	2026	900 MHz	10 MHz	2023
900 MHz	10 MHz	2036	1800 MHz	20 MHz	2023
1800 MHz	23.2 MHz	2021 ¹	2100 MHz	10 MHz	2023
2100 MHz	29.6 MHz	2031			
2300 MHz	30 MHz	2027			
2600 MHz	30 MHz ²	2024			
2600 MHz	10 MHz ²	2028			
3300 MHz	30 MHz	2034			
3500 MHz	40 MHz	2035			

1 The existing spectrum in the 1800 MHz band will be renewed from 23.2 MHz to 30 MHz in September 2021 for 15 years.

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

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 30 June 2021, the Group recorded share capital of HK\$1,205 million and total equity of HK\$11,827 million.

As at 30 June 2021, the net cash of the Group was HK\$5,106 million (31 December 2020: HK\$5,251 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies.

Charges on Group Assets

As at 30 June 2021 and 31 December 2020, 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 had no committed borrowing facilities as at 30 June 2021 (31 December 2020: Nil).

Group Capital Resources and Liquidity

Contingent Liabilities

As at 30 June 2021, the Group provided performance, financial and other guarantees of HK\$512 million, including the related performance bonds on new and renewed spectrums (31 December 2020: HK\$330 million).

Commitments

As at 30 June 2021, the Group had total capital commitments of property, plant and equipment of HK\$512 million (31 December 2020: HK\$502 million) and telecommunications licences of HK\$1,540 million (31 December 2020: HK\$2,040 million). The decrease in capital commitments referred to the renewal of 900 MHz spectrum band during the period.

The variable licence fee for the 1800 MHz spectrum band with assignment period up to September 2021 is charged on 5% of the network revenue or the Appropriate Fee (as defined in the Unified Carrier Licence), whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fee liabilities.

Corporate Strategy

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

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this interim report 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 interim report 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 interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise.

Human Resources

As at 30 June 2021, the Group employed 991 (31 December 2020: 990) staff members (full-time and part-time) and on average 972 (1H 2020: 963) staff members during the six months ended 30 June 2021. Staff costs during the six months ended 30 June 2021, including directors' emoluments, totalled HK\$160 million (1H 2020: HK\$165 million).

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

Sustainability

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

The Sustainability Committee was established as a Board committee in 2020 to strengthen the corporate governance and reporting framework of the Company along with the Sustainability Working Group, the Governance Working Group and the Cyber Security Working Group to spearhead the sustainability initiatives and activities of the Group. The Sustainability Committee advises the Board and oversees the development and implementation of the corporate social responsibility and sustainability initiatives of the Group, including reviewing related policies and practices as well as assessing and making recommendations on matters pertaining to the sustainability governance, strategies, planning and risk management of the Group.

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 contained in the 2020 Annual Report - People, Environment, Business and Community. Under these new pillars, nine goals have been identified with four being prioritised.

Review of Interim Financial Statements

The interim financial statements of the Group for the six months ended 30 June 2021 have been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with International Standard on Review Engagements 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The independent review report of the auditor will be included in the Interim Report. The interim financial statements of the Group for the six months ended 30 June 2021 has also been reviewed by the Audit Committee of the Company.

Record Date for Interim Dividend and Special Interim Dividend

The record date for the purpose of determining shareholders' entitlement to the interim dividend and the special interim dividend is Wednesday, 25 August 2021. In order to qualify for the interim dividend and the special interim dividend payables on Friday, 3 September 2021, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Share Registrar of the Company (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Wednesday, 25 August 2021.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Disclosure of Interests

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

As at 30 June 2021, the interests and short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the HTHKH Securities Code were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares and underlying shares of the Company

Directors	Capacity	Nature of interests	Number of shares held	Approximate % of shareholding
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	1,202,380 ^(Note)	0.0249%
Lui Dennis Pok Man	Beneficial owner	Personal interest	9,100,000	0.1888%
Woo Chiu Man, Cliff	Beneficial owner	Personal interest	2,001,333	0.0415%
Koo Sing Fai	Interest of spouse	Family interest	20,000	0.0004%

Note:

Such shares were held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.

(II) **Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company**

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

Mr Fok Kin Ning, Canning had, as at 30 June 2021, the following interests:

- (i) corporate interests in 6,011,438 ordinary shares, representing approximately 0.15% of the issued voting shares, in CKHH; and
- (ii) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in Hutchison Telecommunications (Australia) Limited comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively.

Mr Fok Kin Ning, Canning held the above personal interests in his capacity as a beneficial owner and held the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mr Woo Chiu Man, Cliff had, as at 30 June 2021, 8,892 ordinary shares, representing approximately 0.0002% of the issued voting shares, in CKHH, comprising personal interests in 3,420 ordinary shares held in his capacity as a beneficial owner and family interests in 5,472 ordinary shares held by his spouse.

Mr Lai Kai Ming, Dominic in his capacity as a beneficial owner had, as at 30 June 2021, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKHH.

Ms Edith Shih had, as at 30 June 2021, the following interests:

- (i) 192,187 ordinary shares, representing approximately 0.0049% of the issued voting shares, in CKHH, comprising personal interests in 187,125 ordinary shares held in her capacity as a beneficial owner and family interests in 5,062 ordinary shares held by her spouse; and
- (ii) personal interests in a nominal amount of US\$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited held in her capacity as a beneficial owner.

Mr Ip Yuk Keung had, as at 30 June 2021, other interest in the following interests held jointly with another person:

- (i) 100,000 ordinary shares, representing approximately 0.0025% of the issued voting shares, in CKHH;
- (ii) a nominal amount of US\$250,000 in the 3.5% Notes due 2027 issued by CK Hutchison International (17) Limited; and
- (iii) a nominal amount of US\$500,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (17) Limited.

Dr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 30 June 2021, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKHH.

Disclosure of Interests

Save as disclosed above, as at 30 June 2021, none of the Directors or Chief Executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the HTHKH Securities Code, to be notified to the Company and the Stock Exchange.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and Chief Executives of the Company are aware, as at 30 June 2021, other than the interests and short positions of the Directors and Chief Executives of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

(I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Names	Capacity	Number of shares held	Total	Approximate % of shareholding
Hutchison Telecommunications Investment Holdings Limited ("HTIHL")	Interest of a controlled corporation	23,689,889 ⁽¹⁾)		
	Beneficial owner	3,161,292,951 ⁽²⁾)	3,184,982,840	66.09%
Gensis Lake Limited ("GLL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Dynamic Zamia Limited ("DZL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CK Hutchison Group Telecom Holdings Limited ("CKHGT")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Barusley Limited ("BL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
Askern Peak Limited ("APL")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CK Hutchison Global Investments Limited ("CKHGI")	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%
CKHH	Interest of controlled corporations	3,184,982,840 ⁽¹⁾⁽²⁾	3,184,982,840	66.09%

(II) Interests and short positions of other persons in the shares and underlying shares of the Company

Long positions in the shares of the Company

Names	Capacity	Number of shares held	Total	Approximate % of shareholding
Li Ka-shing	Founder of discretionary trusts	153,280 ⁽³⁾)	404,132,779	8.38%
)		
)		
Li Tzar Kuoi, Victor	Discretionary beneficiary of discretionary trusts	403,979,499 ⁽⁴⁾⁽⁵⁾⁽⁶⁾)	353,638,029	7.33%
)		
)		
)		
)		
Li Ka Shing Foundation Limited ("LKSF")	Beneficial owner	Interest of controlled corporations	350,527,953	7.27%
		353,292,749 ⁽⁴⁾⁽⁵⁾⁽⁷⁾)		
		Interest of child		
		192,000 ⁽⁸⁾)		
		350,527,953 ⁽⁵⁾		

Notes:

- (1) Cheung Kong Enterprises Limited ("Cheung Kong Enterprises", a direct wholly-owned subsidiary of HTIHL) holds 23,689,889 shares of the Company. By virtue of the SFO, HTIHL was deemed to be interested in the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (2) HTIHL is a direct wholly-owned subsidiary of GLL. GLL in turn is a direct wholly-owned subsidiary of DZL. DZL in turn is a direct wholly-owned subsidiary of CKHGT. CKHGT in turn is a direct wholly-owned subsidiary of BL. BL in turn is a direct wholly-owned subsidiary of APL. APL in turn is a direct wholly-owned subsidiary of CKHGI. CKHGI in turn is a direct wholly-owned subsidiary of CKHH. By virtue of the SFO, each of CKHH, CKHGI, APL, BL, CKHGT, DZL and GLL was deemed to be interested in the 3,161,292,951 shares of the Company held by HTIHL and the 23,689,889 shares of the Company held by Cheung Kong Enterprises.
- (3) Mr Li Ka-shing is the settlor of each of two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in The Li Ka-Shing Castle Trust ("UT3") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard. Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of UT3 holds 153,280 shares of the Company.

The entire issued share capital of TUT3 and the trustees of DT3 and DT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid. Each of the trustee of DT3 and DT4 holds units in UT3 but is not entitled to any interest or share in any shares of the Company comprising the trust assets of UT3.

As Mr Li Ka-shing may be regarded as a founder of each of DT3 and DT4 for the purpose of the SFO, and by virtue of the above, Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are taken to have a duty of disclosure in relation to the 153,280 shares of the Company held by TUT3 as trustee of UT3 under the SFO as substantial shareholders of the Company.

Disclosure of Interests

- (4) Among those shares, 245,546 shares are held by Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.
- (5) Among those shares, 350,527,953 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, each of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.
- (6) Among those shares, 53,206,000 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (7) Among those shares, 2,519,250 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
- (8) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.

Save as disclosed above, as at 30 June 2021, there was no other person (other than the Directors and Chief Executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

Share Option Scheme

The Company's share option scheme expired on 20 May 2019 and there are no outstanding share options under the scheme. The Group has no other share option scheme.

Corporate Governance

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

Compliance with the Corporate Governance Code

The Company has complied throughout the six months ended 30 June 2021 with all 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 confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the six months ended 30 June 2021.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, subsequent to the date of the 2020 Annual Report are set out below:

Directors	Details of changes
Fok Kin Ning, Canning	Ceased to be Director of Husky Energy Inc. ⁽¹⁾ on 23 March 2021 Appointed as Chairman of the Board of TPG Telecom Limited ⁽²⁾ on 26 March 2021
Edith Shih	Appointed as Chairman of the Sustainability Committee of HUTCHMED (China) Limited ⁽³⁾ on 28 July 2021
Ip Yuk Keung	Re-designated as Independent Non-executive Director and appointed as member of Audit Committee of Eagle Asset Management (CP) Limited as the manager of Champion Real Estate Investment Trust ⁽⁴⁾ on 21 May 2021

Notes:

- (1) A company the shares of which were previously listed on the Toronto Stock Exchange.
- (2) A company the shares of which are listed on the Australian Securities Exchange.
- (3) A company the shares of which are listed on the Main Board of the Stock Exchange and the AIM market of the London Stock Exchange, and its American depositary shares are traded on the Nasdaq Global Select Market.
- (4) A real estate investment trust the units of which are listed on the Main Board of the Stock Exchange.

Report on Review of Condensed Consolidated Interim Financial Statements

To the Board of Directors of
Hutchison Telecommunications Hong Kong Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated interim financial statements set out on pages 20 to 33, which comprises the condensed consolidated statement of financial position of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 July 2021

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Note	Unaudited 2021 HK\$ million	Unaudited 2020 HK\$ million
Revenue	4	2,565	1,982
Cost of inventories sold		(911)	(315)
Staff costs		(160)	(165)
Expensed customer acquisition and retention costs		(32)	(47)
Depreciation and amortisation		(632)	(608)
Other operating expenses		(744)	(710)
		86	137
Interest and other finance income	6	13	72
Interest and other finance costs	6	(23)	(20)
Share of result of a joint venture		(2)	(2)
Profit before taxation		74	187
Taxation	7	(43)	(41)
Profit and total comprehensive income for the period attributable to shareholders of the Company, net of tax		31	146
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic and diluted	8	0.64	3.03

Details of interim dividend and special interim dividend payables to shareholders of the Company are set out in Note 9. The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Note	Unaudited 30 June 2021 HK\$ million	Audited 31 December 2020 HK\$ million
Non-current assets			
Property, plant and equipment	10	2,673	2,551
Goodwill		2,155	2,155
Telecommunications licences		2,527	2,174
Right-of-use assets		521	540
Customer acquisition and retention costs		145	145
Contract assets		129	148
Other non-current assets	11	328	310
Deferred tax assets		43	86
Investment in a joint venture		257	282
Total non-current assets		8,778	8,391
Current assets			
Cash and cash equivalents	12	5,106	5,251
Trade receivables and other current assets	13	708	839
Contract assets		192	241
Inventories		102	92
Total current assets		6,108	6,423
Current liabilities			
Trade and other payables	14	1,398	1,495
Contract liabilities		164	183
Lease liabilities		336	335
Total current liabilities		1,898	2,013
Non-current liabilities			
Lease liabilities		171	189
Other non-current liabilities	15	990	565
Total non-current liabilities		1,161	754
Net assets		11,827	12,047
Capital and reserves			
Share capital	16	1,205	1,205
Reserves		10,622	10,842
Total equity		11,827	12,047

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Unaudited						
	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 period	-	-	31	-	-	-	31
Dividend relating to 2020 paid in 2021 (Note 9)	-	-	(251)	-	-	-	(251)
At 30 June 2021	1,205	11,185	(461)	1	186	(289)	11,827
At 1 January 2020	1,205	11,185	(286)	-	148	(289)	11,963
Profit for the period	-	-	146	-	-	-	146
Dividend relating to 2019 paid in 2020 (Note 9)	-	-	(181)	-	-	-	(181)
Transfer between reserves	-	-	(25)	-	25	-	-
At 30 June 2020	1,205	11,185	(346)	-	173	(289)	11,928

(i) In prior years, the Group acquired the interests held by the non-controlling shareholders in certain subsidiaries. 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.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Unaudited 2021 HK\$ million	Unaudited 2020 HK\$ million
Cash flows from operating activities			
Cash generated from operations	17	1,162	822
Interest and other finance costs paid		(12)	(14)
Tax paid		-	(22)
Net cash from operating activities		1,150	786
Cash flows from investing activities			
Purchases of property, plant and equipment		(324)	(105)
Additions to telecommunications licences		(500)	(202)
Interest received		11	65
Loan to a joint venture		(29)	(28)
Net cash used in investing activities		(842)	(270)
Cash flows from financing activities			
Principal elements of lease payments		(202)	(215)
Dividend paid	9	(251)	(181)
Net cash used in financing activities		(453)	(396)
(Decrease)/increase in cash and cash equivalents		(145)	120
Cash and cash equivalents at 1 January		5,251	5,416
Cash and cash equivalents at 30 June		5,106	5,536

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

Notes to the Condensed Consolidated Interim Financial Statements

1 General Information

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

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

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

These unaudited condensed consolidated interim financial statements (the "interim financial statements") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated. These interim financial statements were approved for issuance by the Board of Directors on 27 July 2021.

The Coronavirus Disease 2019 ("COVID-19") pandemic continued to evolve and remained volatile around the world during the first six months of 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 Group's roaming revenue 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 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 interim financial statements were approved for issuance, the use of the going concern basis to prepare the interim financial statements is appropriate.

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 "Interim financial reporting". These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These interim 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.

3 Significant Accounting Policies

The accounting policies applied and methods of computation used in the preparation of these interim financial statements are consistent with those used in the 2020 annual financial statements except as described in (a) below.

(a) Amendments to existing standards adopted by the Group

During the six months ended 30 June 2021, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 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

- (i) The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The Group has early adopted the amendment ahead of its effective date and applied the practical expedient to all its COVID-19-related rent concessions from 1 January 2021.

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

(b) 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 six months ended 30 June 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 ⁽ⁱⁱⁱ⁾	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 International Accounting Standards Board

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.

Notes to the Condensed Consolidated Interim Financial Statements

4 Revenue

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

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Mobile telecommunications and other related service	1,630	1,664
Telecommunications hardware and other products	935	318
	2,565	1,982

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:

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Timing of revenue recognition:		
Over time	1,630	1,664
At a point in time	935	318
	2,565	1,982

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 resources allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

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

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Interest and other finance income:		
Bank interest income	8	63
Interest income from a joint venture	5	9
	13	72
Interest and other finance costs:		
Notional non-cash interest accretion ⁽ⁱ⁾	(18)	(14)
Guarantee and other finance fees	(5)	(6)
	(23)	(20)
Interest and other finance (costs)/income, net	(10)	52

(i) Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the condensed 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.

7 Taxation

	Six months ended 30 June					
	Current taxation HK\$ million	2021 Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	2020 Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	-	43	43	1	40	41

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 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.

8 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK\$31 million (30 June 2020: HK\$146 million) and on the weighted average number of 4,819,096,208 (30 June 2020: Same) ordinary shares in issue during the period.

The diluted earnings per share for the six months ended 30 June 2021 is the same as basic earnings per share as there were no potential dilutive shares during the period (30 June 2020: Same).

9 Dividends

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Interim dividend of 2.28 HK cents per share (30 June 2020: 2.28 HK cents per share)	110	110
Special interim dividend of 19.80 HK cents per share (30 June 2020: Nil)	954	-
	1,064	110

In addition, final dividend in respect of year 2020 of 5.21 HK cents per share (30 June 2020: 3.75 HK cents per share) totalling HK\$251 million (30 June 2020: HK\$181 million) was approved and paid during the six months ended 30 June 2021.

10 Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a cost of HK\$324 million (30 June 2020: HK\$105 million). Property, plant and equipment with a net book value of HK\$0.3 million (30 June 2020: HK\$0.5 million) was disposed of during the period, resulting in an insignificant loss (30 June 2020: insignificant loss).

11 Other Non-Current Assets

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Prepayments	286	256
Non-current deposits	29	35
Pension assets	13	19
	328	310

12 Cash and Cash Equivalents

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Cash at banks and in hand	129	131
Short-term bank deposits	4,977	5,120
	5,106	5,251

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

13 Trade Receivables and Other Current Assets

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Trade receivables	245	288
Less: Loss allowance provision	(52)	(47)
Trade receivables, net of provision ^(a)	193	241
Other receivables	59	75
Prepayments and deposits	456	523
	708	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, net of provision

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
The ageing analysis of trade receivables, by invoice date, net of loss allowance provision is as follows:		
0 - 30 days	117	146
31 - 60 days	34	36
61 - 90 days	9	9
Over 90 days	33	50
	193	241

14 Trade and Other Payables

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Trade payables ^(a)	177	221
Other payables and accruals	1,036	1,125
Receipts in advance	90	89
Current portion of licence fees liabilities	95	60
	1,398	1,495

The carrying values of trade and other payables approximate their fair values. Other payables and accruals mainly represent payables and accruals for capital expenditures and network-related cost payables.

(a) Trade payables

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	93	129
31 - 60 days	13	12
61 - 90 days	2	10
Over 90 days	69	70
	177	221

15 Other Non-Current Liabilities

	30 June 2021	31 December 2020
	HK\$ million	HK\$ million
Non-current licence fees liabilities	771	342
Assets retirement obligations	219	223
	990	565

16 Share Capital

(a) Authorised share capital of the Company

The authorised share capital of the Company comprises 10 billion shares of HK\$0.25 each (31 December 2020: Same).

(b) Issued share capital of the Company

	Ordinary share of HK\$0.25 each	
	Number of shares	Issued and fully paid HK\$ million
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	4,819,096,208	1,205

17 Cash Generated from Operations

	Six months ended 30 June	
	2021 HK\$ million	2020 HK\$ million
Cash flows from operating activities		
Profit before taxation	74	187
Adjustments for:		
- Interest and other finance income	(13)	(72)
- Interest and other finance costs	23	20
- Depreciation and amortisation	632	608
- Capitalisation of customer acquisition and retention costs	(79)	(86)
- Share of result of a joint venture	2	2
Changes in working capital		
- Decrease/(increase) in trade receivables and other assets	172	(126)
- Increase in inventories	(10)	(14)
- Increase in trade and other payables	355	301
- Changes in retirement benefits	6	2
Cash generated from operations	1,162	822

Non-cash transactions from investing activities

Save as disclosed in elsewhere in the interim financial statements, the non-cash transactions during the six months ended 30 June 2021 include (i) the network access fee payable to a joint venture of HK\$57 million (30 June 2020: HK\$64 million) and (ii) the interest income from the loan to a joint venture of HK\$5 million (30 June 2020: HK\$9 million), which have been settled by offsetting the loan to a joint venture.

18 Contingent Liabilities

The Group had contingent liabilities in respect of the following:

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Performance guarantees	184	184
Financial guarantees	327	146
Others	1	-
	512	330

19 Commitments

Outstanding commitments of the Group not provided for in these interim financial statements are as follows:

(a) Capital commitments

The Group had capital commitments contracted but not provided for as follows:

	30 June 2021 HK\$ million	31 December 2020 HK\$ million
Property, plant and equipment	512	502
Telecommunications licences	1,540	2,040
	2,052	2,542

In 2018, Hutchison Telephone Company Limited ("HTCL"), a subsidiary of the Group, exercised a right of first refusal for the re-assignment of a block of 20 MHz spectrum and bid a block of 10 MHz spectrum at the 1800 MHz band (collectively, the "1800 MHz Band"), for a 15-year period commencing September 2021 at aggregate Spectrum Utilisation Fee ("SUF") of approximately HK\$1,540 million. The SUF for the 1800 MHz Band is expected to be settled by 15 annual instalments with the first instalment equivalent to the lump sum amount divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%. As at 30 June 2021 and 31 December 2020, standby letters of credit of HK\$1,540 million that cover the aggregate SUF for the 1800 MHz Band were issued in favour of the Communications Authority of Hong Kong.

In addition, HTCL successfully bid a block of 10 MHz spectrum at the 900 MHz band for a 15-year period commencing January 2021 at SUF of approximately HK\$500 million, which was recognised as telecommunications licences during the six months ended 30 June 2021.

(b) Telecommunications licence fees

The variable licence fee for the 1800 MHz Band with assignment period up to September 2021 is charged on 5% of the network revenue or the Appropriate Fee (as defined in the Unified Carrier Licence), whichever is greater. The net present value of the Appropriate Fee has already been recorded as licence fee liabilities.

20 Related Parties Transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the interim financial statements, transactions between the Group and other related parties during the period are not significant to the Group.

No transaction has been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel remuneration).

Supplementary Financial Information

Reconciliation of Key Financial Information between Condensed Consolidated Statement of Comprehensive Income and Management Discussion and Analysis Section

	Six months ended 30 June					
	Company and Subsidiaries HK\$ million	2021 Joint Venture HK\$ million	Total HK\$ million	Company and Subsidiaries HK\$ million	2020 Joint Venture HK\$ million	Total HK\$ million
EBITDA ⁽ⁱ⁾	718	29	747	745	33	778
Depreciation and amortisation	(632)	(23)	(655)	(608)	(23)	(631)
EBIT ⁽ⁱⁱ⁾	86	6	92	137	10	147
Interest and other finance income	13	-	13	72	-	72
Interest and other finance costs	(23)	(5)	(28)	(20)	(9)	(29)
Share of result of a joint venture	(2)	2	-	(2)	2	-
Profit before taxation	74	3	77	187	3	190
Taxation	(43)	(3)	(46)	(41)	(3)	(44)
Profit attributable to shareholders of the Company	31	-	31	146	-	146

(i) EBITDA is defined as earnings before interest and other finance income, interest and other finance costs, taxation, and depreciation and amortisation.

(ii) EBIT is defined as earnings before interest and other finance income, interest and other finance costs, and taxation.

Glossary

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

Terms	Definitions
"Board"	the Board of Directors
"CACs"	expensed customer acquisition and retention costs plus the related staff costs, rental and other expenses
"CKHH"	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1)
"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 and 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

Glossary

Terms	Definitions
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"interim financial statements"	unaudited condensed consolidated interim financial statements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"net customer service margin"	net customer service revenue less direct variable costs (including interconnection charges and roaming costs)
"Postpaid gross ARPU"	monthly average spending per postpaid user including a customer's contribution to mobile devices in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to handset under the non-subsidised handset business model
"service EBITDA/EBIT"	EBITDA/EBIT excluding standalone handset sales margin
"SFO"	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

Information for Shareholders

Listing

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

Stock Code

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Financial Calendar

Record Date for 2021 Interim Dividend and Special Interim Dividend:	25 August 2021
Payment of 2021 Interim Dividend and Special Interim Dividend:	3 September 2021

Registered Office

P.O. Box 31119 Grand Pavilion, Hibiscus Way,
802 West Bay Road, Grand Cayman,
KY1-1205 Cayman Islands

Head Office and Principal Place of Business

48th Floor, Cheung Kong Center, 2 Queen's Road Central,
Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1778

Principal Executive Office

19th Floor, Hutchison Telecom Tower, 99 Cheung Fai Road,
Tsing Yi, Hong Kong
Telephone: +852 2128 2828
Facsimile: +852 2128 3388

Cayman Islands Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1-1100, Cayman Islands
Telephone: +1 345 949 9107
Facsimile: +1 345 949 5777

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong
Telephone: +852 2862 8628
Facsimile: +852 2865 0990

Investor Information

Corporate press releases, financial reports and other investor information are available online on the website of the Company.

Investor Relations Contact

Please direct enquiries to:
Telephone: +852 2128 6828
Facsimile: +852 3909 0966
Email: ir@hthkh.com

Website Address

www.hthkh.com



Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

19/F, Hutchison Telecom Tower, 99 Cheung Fai Road, Tsing Yi, Hong Kong
Telephone: +852 2128 2828 Facsimile: +852 2128 3388



| www.hthkh.com