Hutchison Telecom
Hong Kong Holdings

PASSION
GROWTH
SUSTAINABILITY

2021 ANNUAL 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)

A member of CK Hutchison Holdings

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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), HKFCG(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 (1)

Edith SHIH (2)

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), HKFCG(CS, CGP)(PE)

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

Notes:

(1) Ceased to be member on 28 February 2022

(2) Appointed as member on 28 February 2022

Financial Highlights

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

Notes:

(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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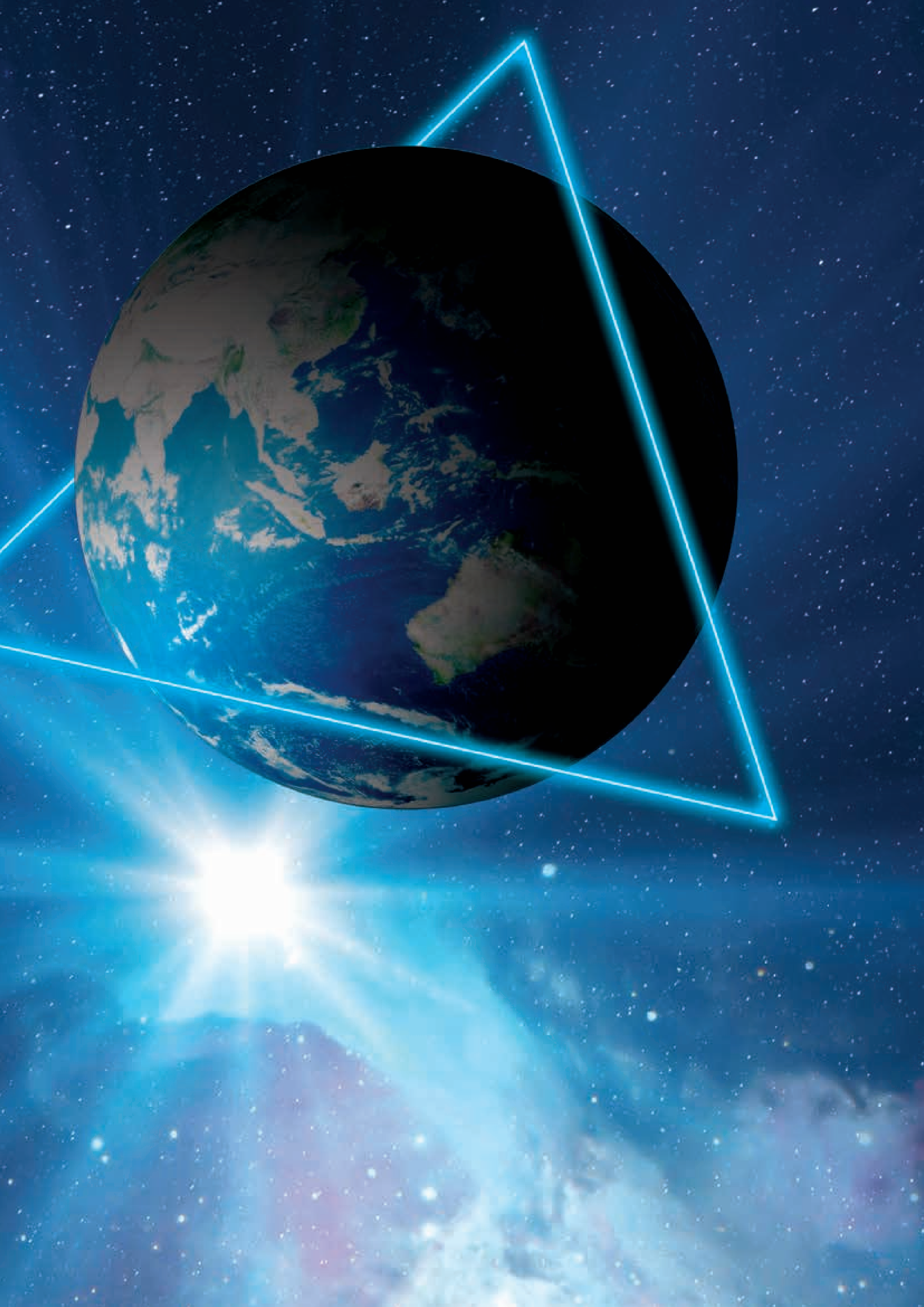
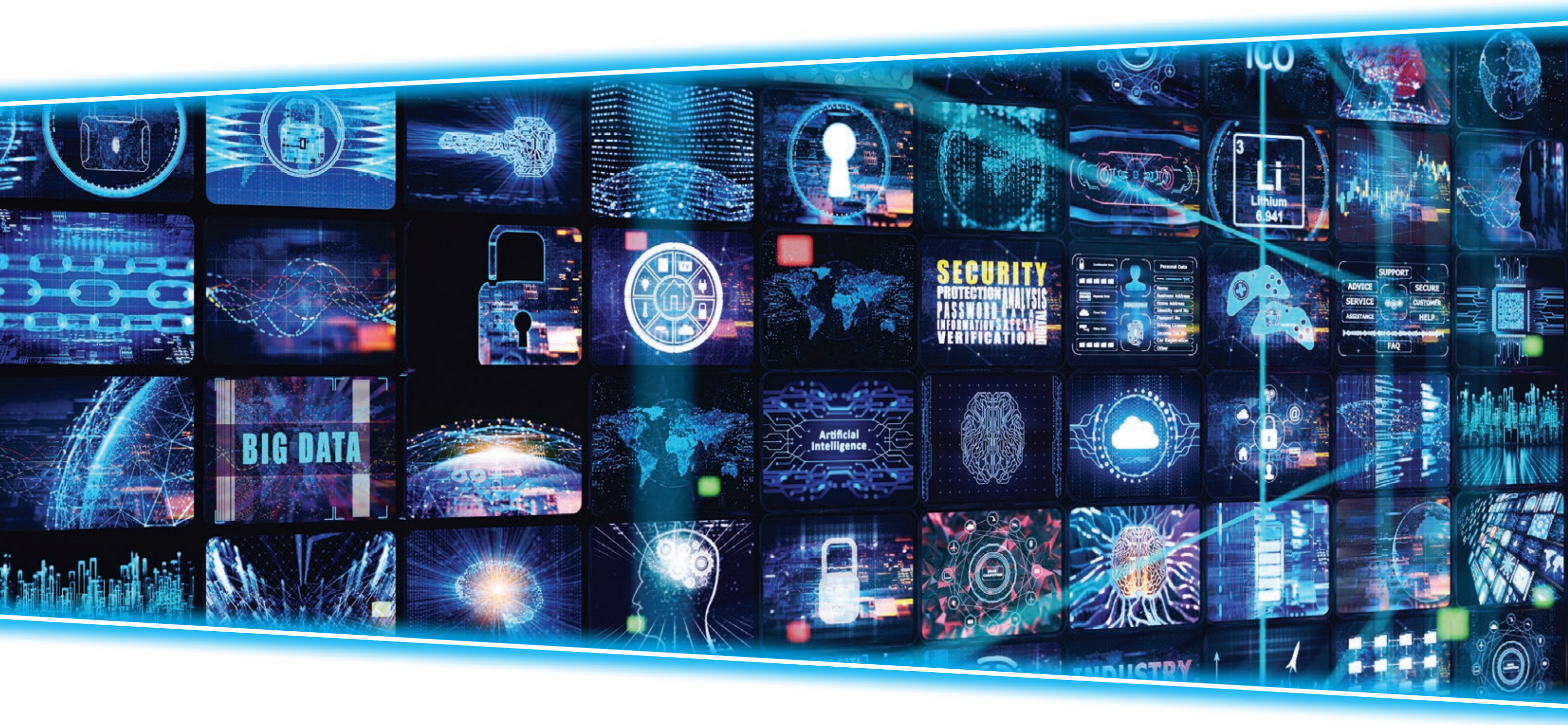
(3) Special interim dividend of 19.80 HK cents per share declared on 27 July 2021 was paid to shareholders on 3 September 2021.

CORPORATE PROFILE AND AWARDS

The Group offers diverse and innovative mobile and data solutions under the **3** brand in Hong Kong and Macau, providing seamless network connectivity for its customers and the local community.



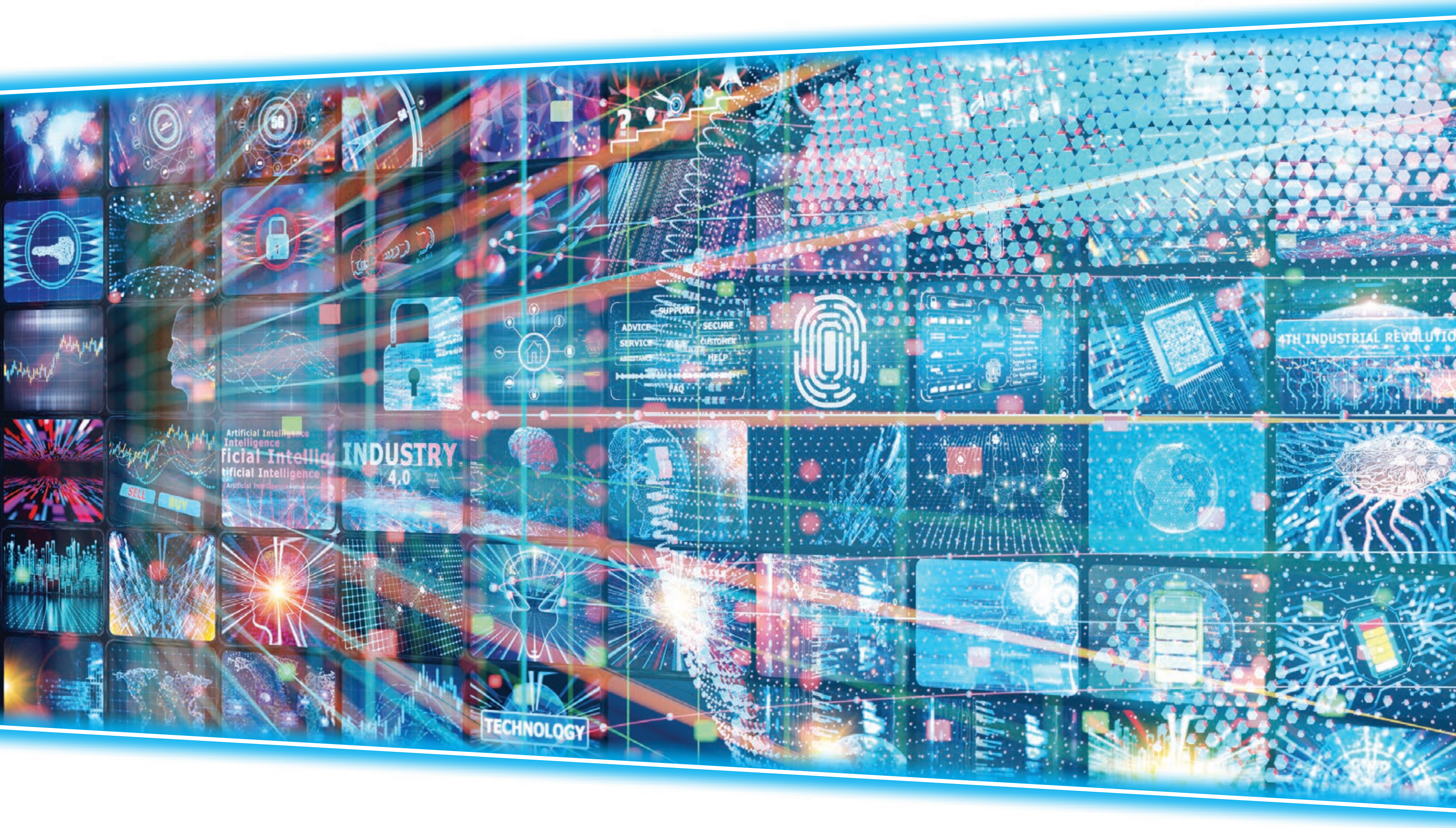
Corporate Profile



Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"; stock code: 215) and its subsidiaries (together referred to as "the Group") is one of the leading mobile telecommunications operators in Hong Kong and Macau, providing advanced mobile communications under the **3** brand and channeling the latest technologies into innovations that set market trends and steer industry development for more than 30 years.

HTHKH is listed on the Main Board of the Stock Exchange and features in various Hang Seng indexes including the Composite Index, Composite Industry Index - Telecommunications, Composite SmallCap Index, Composite MidCap & SmallCap Index, Hang Seng Small Cap (Investable) Index, SCHK HK Companies Index, SCHK ex-AH Companies Index, Hang Seng SCHK HK Companies Index, Stock Connect HK Index, Stock Connect HK MidCap & SmallCap Index, Stock Connect HK SmallCap Index and Defensive Industries Index.

3 Hong Kong accelerates the transformative impacts from a digitalised lifestyle beyond imagination.



3 Hong Kong, the mobile arm of HTHKH, is committed to innovation supported by leading-edge mobile communications technology that keeps its customers connected anytime, anywhere. Operating under the **3**, MO and MO+ brands, **3** Hong Kong offers an array of advanced mobile devices and smart solutions including a rich portfolio of mobile and data services, as well as applications for the transition into an era of digital transformation. **3** Hong Kong has invested more than HK$3 billion in its mobile network expansion and 5G network development since 2019, accelerating the transformative impacts from a digitalised lifestyle beyond imagination.

3 Macau is committed to promoting the development of mobile telecommunications business and technology through diverse and innovative mobile and data services, striving to provide a seamless network connectivity for its customers and the local community.

3 Hong Kong's network is having the strength of "Passion Beyond Speed", "Passion Beyond Limit" and "Passion Beyond Tech".

Awards

Corporate

7th Investor Relations Awards Certificate of Excellence
Hong Kong Investor Relations Association

12th Asia's Best Employer Brand Awards - Asia's Best Employer Brand
Employer Branding Institute, World HRD Congress & Stars of the Industry Group

15 Years Plus Caring Company
The Hong Kong Council of Social Service

Eco-Healthy Workplace Awards Labelling Scheme
World Green Organisation

ESG Achievement Awards
- Special ESG Awards - The Outstanding ESG Performer of the Year : Platinum Award
- Special Awards (Criteria set by Fund Managers) – Outstanding ESG Company : Platinum Award

The Institute of ESG & Benchmark

Hong Kong Corporate Governance and ESG Excellence Awards
- Honourable Mention in ESG Excellence Award

The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University

InnoESG Prize Series – ESG Care Prize
SocietyNext Foundation, UNESCO Hong Kong Global Peace Centre and Rotarian Action Group for Peace - Hong Kong and Macau Chapter

Privacy-Friendly Awards - Gold Certificate
Office of the Privacy Commissioner for Personal Data, Hong Kong

United Nations Sustainable Development Goals - Green Office Awards Labelling Scheme
World Green Organisation

Web Accessibility Recognition Scheme - Triple Gold Award
Hong Kong Internet Registration Corporation Limited and Office of the Government Chief Information Officer

3 Hong Kong

Asia-Pacific Stevie Awards :
3 Hong Kong Brand Communication Campaign
- Award for Innovation in Viral Videos – Gold Award
- Award for Innovation in Cross-Media Marketing - Bronze Award

The Stevies

Asia-Pacific Stevie Awards :
3 Hong Kong's 5G Contactless Car Park
- Award for Innovation in Business-to-Business Products and Services – Silver Award

The Stevies

Asia-Pacific Stevie Awards :
3 Hong Kong's Chatbot – Revolutionising Customer Experience
- Award for the Innovative Use of Technology in Customer Service (Telecommunications Industry) – Bronze Award

The Stevies

Asia-Pacific Stevie Awards :
3 Hong Kong x Hong Kong Chinese Orchestra 5G 4K Live Broadcast Campaign
- Award for Innovation in Business-to-Business Products and Services – Bronze Award
- Award for Innovation in Branded Entertainment – Bronze Award
- Award for Innovation in Entertainment Event – Bronze Award

The Stevies

Best of I.T. Award – The Best Mobile Operator for 5G Business Solutions Award
PC Market magazine

CAHK STAR Awards
- Best 5G Application - Silver Award
- Best 5G Connected Arena - Silver Award
- Best 5G Mobile Operator - Bronze Award
- Best Mobile Network - Bronze Award
- Best Video Streaming Service - Silver Award

Communications Association of Hong Kong

Digital EX Award – Best in 5G Mobile Operator
Metro Finance

Hong Kong Digital Brand Awards - Outstanding 5G Mobile Telecommunications Service
Metro Broadcast and The Chamber of Hong Kong Computer Industry

IFTA FinTech Achievement Awards
- Corporate Achievements in 5G – Honorary Award

Institute of Financial Technologists of Asia

KOL Top Picks Award – KOL Favourite Telecoms Brand
BUZZ

Service Awards - 5G Mobile Operator
Capital Weekly

Stevie Awards – The International Business Awards :
3 Hong Kong 5G 4K Live Broadcast Solution
- New Product & Product Management Awards – Virtual Event Technology Solution – Gold Award

The Stevies

Stevie Awards – The International Business Awards :
3 Hong Kong 5G Contactless Car Park
- New Product & Product Management Awards – Business-to-Business Products – Silver Award

The Stevies

Stevie Awards – The International Business Awards :
3 Hong Kong Brand Communications Campaign
- Marketing Campaign of the Year – Internet / Telecoms – Gold Award
- Viral Marketing Campaign of the Year – Bronze Award

The Stevies

Stevie Awards – The International Business Awards :
3 Hong Kong x Hong Kong Chinese Orchestra 5G 4K Live Broadcast Campaign
- Communications or PR Campaign of the Year – Marketing – Business-to-Business – Bronze Award
- New Product & Product Management Awards - Telecommunications – Service – Silver Award

The Stevies

Chairman's Statement

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

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

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

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

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

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

Dividend

The Board recommends payment of a final dividend of 5.21 HK cents per share for 2021 (2020 final dividend: 5.21 HK cents), in line with last year, payable on Thursday, 26 May 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 17 May 2022, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of 2.28 HK cents per share and a special interim dividend of 19.80 HK cents per share, the full year dividend of 27.29 HK cents per share will be 264% more than that declared in 2020 (2020 full year dividend: 7.49 HK cents).

Outlook

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

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

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

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

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

FOK Kin Ning, Canning
Chairman

Hong Kong, 25 February 2022

OPERATIONS REVIEW

The Group continues to unlock 5G potentials for a sustainable digital-centric future.

Operations Review

A Sustainable Digital-centric Future

The COVID-19 pandemic has forced multiple industries, from food and beverage to fashion and beauty, to reshape their operational processes and become more digital-centric. Unstaffed payment kiosks, self-service mobile ordering and checkout, augmented reality applications, and real-time data modelling are all examples of how digital connectivity is increasingly being used to make businesses more resilient. However, shifting permanently to a reliance on robust digital connectivity and smart technologies requires guaranteed high quality data transmission. As one of Hong Kong's leading mobile operators, the Group is wholly committed to providing Hong Kong with the ultra-reliable connectivity it needs to meet growing data demands, as well as enabling innovative applications with a transformative impact that can help to create a sustainable digital-centric future.

A Drive for Network Excellence

Since 2019, **3** Hong Kong has invested more than HK$3 billion in expanding its mobile network and developing its 5G network, investment that demonstrates its commitment to delivering a reliable network service and that affirms its leading position in 5G network services. The Group has refarmed the 2100 MHz spectrum band for comprehensive 5G network coverage and achieved 5G network population coverage of 99% in a short period of time. By the end of 2021, the Group had made significant progress in the expansion project begun in 2020, which involves building over 1,300 3.5 GHz 5G "golden spectrum" band base stations covering Hong Kong Island, Kowloon, the New Territories and the outlying islands.

Note: Based on the test results in relation to **3** Hong Kong's 5G network & population distribution of Hong Kong conducted in January 2021.

Apart from increasing the number of its 5G base stations by 43% since the third quarter of 2020, **3** Hong Kong also terminated its 2G network services in September 2021, reallocating the spectrum resources for more advanced mobile services. The Group is continuing to improve connectivity on a zonal basis, giving more and more residents access to a super-high speed and low-latency network anytime, anywhere. Network reconfiguration in the 900MHz spectrum band was completed to further improve user experience and availability of the network, improving network coverage and connectivity.

In October 2021, the Office of the Communications Authority conducted an auction of radio spectrum in Hong Kong. Together with the additional spectrums acquired, **3** Hong Kong has a rich portfolio of spectrums to meet the long-term network capacity needs for a seamless 5G experience for both consumers and enterprises.

Strategic Partnership to Expand Distribution Network

Leveraging its close ties with the wide range of businesses under CKHH Group, and riding on the "**3**.OneWorld" vision, **3** Hong Kong is continuing to collaborate strategically with other members of the CKHH Group to create synergistic value.

Since 2019, **3** Hong Kong has invested more than HK$3 billion in expanding its mobile network and developing its 5G network.

3 Hong Kong's strategic partnership with MoneyBack creates a convenient ecosystem for customers.

Leveraging the CKHH Group's extensive retail network, **3** Hong Kong strengthened its shop-in-shop strategy during the year, reducing the number of its retail stores while creating sales points in electronic retail chain Fortress. The "**3**@Fortress" sales points offer all-round services including subscription and contract renewal, SIM card replacement, bill payment and autopay services as well as purchases of a wide range of new digital products and gadgets. Together with MoneyBack, the loyalty programme of A.S. Watson Group, this strategic partnership has been strengthened with incentive points, Fortress vouchers, and special offers for redemption of home appliances.

3 Hong Kong also partnered with CASETiFY in a phone case upcycling campaign to solidify the Group's brand proposition in mass and young segments as well as to promote circular economy.

The SoSIM prepaid cards have gained in popularity since launch in late 2020.

The SoSIM prepaid card has surged in popularity among customers since its launch in late 2020. It enables customers to stay connected whether working, learning, or just having fun. In 2021, **3** Hong Kong extended its SoSIM sales points from PARKnSHOP and Watsons on both offline and online channels, expanding the distribution network to over 500 stores throughout Hong Kong. Customers can purchase and recharge their prepaid cards while shopping, or through the mobile application. The enhanced distribution network is opening up new prepaid market business opportunities and making it easier for customers to manage their prepaid cards than ever before.

Unlocking 5G Potential for Sustainable Future Growth

3 Hong Kong introduced the 5G Broadband service for both consumer and enterprise markets in 2021, providing a true hassle-free solution for indoor high speed internet access. Go beyond the limits of traditional broadband service with **3** Hong Kong's 5G Broadband, there is no landline installation required. The service provides a flexible and convenient Plug & Play experience, best matching with the selected powerful Wi-Fi 6 5G router to connect all smart devices at home and working space with **3** Hong Kong's strongest 5G network. **3** Hong Kong also offers the first-to-market monthly plan for customers to enjoy the broadband service at two separate locations under one single subscription. Hence, the broadband services cover not only at home but also in the workplace, catering for customers' rising needs for data usage.

The **3** Hong Kong enterprise solutions team has been using its expertise to help customers manage the application process for the Subsidy Scheme for Encouraging Early Deployment of 5G, which the Office of the Communications Authority extended the deadline of the scheme to July 2022.

3 Hong Kong supplied the super-high speed and ultra-low latency 5G network for a non-fungible token ("NFT")-based project, the **3** • Orbstellar by XCEPT NFT BIG BANG Immersive Experience Hall during the year. Visitors were able to experience crypto art in an immersive space, and to create collective digital art using blockchain technology.

Also during the year, **3** Hong Kong launched DIGI3OX, a 4,500 square-foot innovation centre aimed at the government and private sectors. DIGI3OX showcases solutions made possible by the 5G network, presenting use cases such as smart robots, new surveillance technologies, smart campus solutions, and much more. The new centre is proving a valuable means of promoting the Group's efforts in expanding the possibilities of 5G for the future.

3 Hong Kong has created Hong Kong's first NFT Big Bang immersive experience.

Diverse and Innovative 5G Enterprise Applications

A super-high speed and low-latency 5G network enables applications such as 5G 4K live streaming, virtual reality, and real time data transfer. One beneficiary has been The Hong Kong Dance Company, which adopted **3** Hong Kong's 5G 4K Broadcasting Solution to broadcast performances and conduct dance classes online, enabling it to overcome geographical and social distancing barriers to reach global customers. Similarly, **3** Hong Kong's 5G network enabled the Hong Kong Chinese Orchestra to conduct an outdoor 5G 4K live concert, "Universe in a Flower Concert", at Tsz Shan Monastery.

Another successful use case developed by **3** Hong Kong was the smart robot deployed at a shopping mall. The smart robot serves as a mobile kiosk and concierge during the day, providing an e-directory and assisting with shoppers' enquiries. It also acted as a night-time guard, with the ability to capture and analyse real-time data and escalate incidents to the security control room. The smart robot solution is not only streamlining and automating traditional processes but also improving cost efficiency, customer experience and safety.

Construction modelling is another area where **3** Hong Kong has been contributing to the development of innovative solutions. The efficient data transmission made possible by a super-high speed and low-latency 5G network, coupled with Mixed Reality devices and Building Information Modelling technology, allows workers to visualise 3D Mixed Reality images, compare an architectural design with the onsite situation, conduct clash detection, preview building processes, and experience a sense of project completion in real time on their devices in the office and at the worksite. Planning and design defects can be detected early, reducing the need for modifications during construction and thus boosting efficiency and productivity while cutting down on waste.

Digital Transformation

3 Hong Kong has continued to demonstrate its business agility by expanding and diversifying its service offerings in the ever-changing digital landscape. It launched the SoSIM mobile application in April 2021, giving customers the ability to easily manage their accounts, check usage, top up both offline and online through credit card and MoneyBack, and purchase other services. It also enables them to port in their mobile numbers and obtain the latest special offers. 3Care, a comprehensive health protection for customers, and 3Mall, an online sales channel for handsets, SIM cards and a wide range of other products, are further enriching the customer shopping experience.

Macau

Given the success of SoSIM in Hong Kong, **3** Macau introduced a SoSIM prepaid card to address the rising demand in Macau for data usage, especially under social distancing and travel restrictions. **3** Macau launched the SoSIM prepaid card at all 16 PARKnSHOPs in Macau in January 2021. An ePIN is also available for instant recharge of SoSIMs.

3 Macau is committed to the continuous enhancement of 4G LTE coverage, and to exploring potential new sales channels as well as other corporate solution offerings to enhance the quality of its customer experience and network services. **3** Macau's WeChat platform provides sales and promotion updates from subscription to top-up services as well as account management and bill enquiries.

3 Macau is committed to the continuous enhancement of 4G LTE coverage.

Management Discussion and Analysis

Financial Performance Summary

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

Notes:

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

Review of Financial Results

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

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

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

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

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

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

Key Performance Indicators

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

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

Net Interest and Other Finance Costs

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

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

Capital Expenditure

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

Summary of Spectrum Investment as of 31 December 2021

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

Note:

(1) The spectrum band was shared under 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 31 December 2021, the Group recorded share capital of HK$1,205 million and total equity of HK$10,815 million.

As at 31 December 2021, the net cash of the Group was HK$3,975 million (2020: HK$5,251 million), 99% of which was denominated in Hong Kong dollars with remaining in various other currencies. The reduction in net cash balances was mainly due to the settlement of the 2020 final dividend, the 2021 interim dividend and the 2021 special interim dividend of HK$1,315 million in total.

Charges on Group Assets

As at 31 December 2021, same as prior year, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

Borrowing Facilities Available

The Group has no committed borrowing facilities as at 31 December 2021 (2020: Nil).

Contingent Liabilities

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

Commitments

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

Risk Factors

The business, financial condition and results of operations of the Group are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in its financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be so in the future.

Market Economy

The Group operates principally in Hong Kong and Macau; hence, the financial condition and results of operations of the Group may be influenced by the general state of the local markets or economies. Any significant worsening of the financial and economic climate in Hong Kong or Macau could adversely affect the financial condition and results of operations of the Group.

Industry Trends and Interest Rates

The results of the Group are affected by trends in the telecommunications markets in which it operates. Industry trends and volatility in interest rates have adversely affected the Group's results historically. There can be no assurance that these risks that might be experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the finance and treasury operations of the Group is dependent on interest rates and market conditions. Consequentially, there can be no assurance that changes in these conditions will not have material adverse effect to the financial condition and results of operations of the Group.

COVID-19 Pandemic

In January 2020, the World Health Organisation declared the COVID-19 outbreak a "Public Health Emergency of Internal Concern" and on 11 March 2020 it was declared a pandemic. The COVID-19 disease has caused widespread disruptions to the social and economic activities globally. Hence, the emergence of new COVID-19 variants has rapidly spread to many countries, with significant number of report cases worldwide. Travel restrictions and other precautionary measures introduced by various governments to contain the spread of the pandemic continue to be in place. These restrictions have severely affected the supply chain, economic activities and business operations. There can be no assurance that these restrictions will not be extended further on one or more occasions.

Although the Group continues to closely monitor the development of the COVID-19 situation, reduction or volatility in consumer demand for the services and products due to quarantine or other travel restrictions may impact the Group's revenue and market share, and could have a material adverse effect on the financial condition and results of operations of the Group. Hence, the impact of the pandemic on the Group's business will depend on a range of factors which it is unable to accurately predict, including the duration, severity and scope of the pandemic, the impact of the pandemic on its customers, business partners and vendors, as well as the impact on economic activity, and the nature and severity of measures adopted by the governments.

As of the date of this Annual Report, there is significant uncertainty relating to the severity of the long-term adverse impact of the pandemic on the economy, and the Group is unable to accurately predict the long-term impact on its business. To the extent that the pandemic adversely affects the operations of the Group, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

The aforementioned risks may also be applicable to the outbreak of any highly contagious diseases.

Highly Competitive Markets

The Group faces significant competition in markets in which it operates. Aggressive tariff plans and customer acquisition strategies adopted by existing market players or new market entrants could create pricing pressure, and may impact the Group's customer acquisition and retention costs, customer number growth rate, retention prospects as well as market position. These factors may reduce the service revenue as well as increase the costs of the Group, which could adversely affect the financial performance and growth prospects of the Group.

Rapid Technological Changes

The Group faces increased competition from technological advancement of the telecommunications industry. Telecommunication technology being developed, or to be developed by existing competitors or new market entrants could intensify competition. In the event if the Group fails to develop or obtain timely access to new technology and equipment, its customer relationship and market position could be at risks, and therefore could adversely affect the financial condition and results of operations of the Group. Development and application of new technology involves time, substantial costs and risks; hence, technology deployed may become obsolete. Impairment of those obsoleted assets could adversely affect the financial condition and results of operations of the Group.

Network Performance

Certain elements of the Group's networks, such as switching and data platforms, are critical functions for broad sectors of network operations. Damage or major incidents caused by natural disasters, deliberate attacks or technology failure to these critical elements may cause one or more sectors of the network to be non-functional, which could lead to major disruption of the mobile telecommunications services of the Group. There can be no assurance that extended periods of service disruption will not materially and adversely affect the business and results of operations of the Group.

Strategic Partners

The Group conducts some of its businesses through a joint venture, in which it shares control (in whole or in part); and strategic alliances are formed with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of the strategic or business partners will wish to continue their relationships and accompany obligations to pursue stated strategies with the Group, or vice versa. Furthermore, other investors in the joint venture may undergo a change of control or experience financial difficulties, which may negatively impact the financial condition and results of operations of the Group.

Future Growth

The Group has made substantial investments in acquiring telecommunications licences and developing its mobile networks and growing its customer base in Hong Kong and Macau. The Group may need to incur further capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to build and retain its customer base. There can be no assurance that any additional investments will bring higher operating margins, and consequently, additional investments may materially and adversely impact the financial condition and results of operations of the Group.

Impact of Law and Regulatory Requirements

The Group is exposed to local business risks, which could have a material adverse effect on its financial condition and results of operations. The Group is also exposed to changing government policies, political, social, legal and regulatory requirements, which may include:

- changes in taxation regulations and interpretations;
- competition laws applicable to the telecommunications industry;
- changes in the process of, or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary for operations;
- telecommunications regulations; and
- environmental, safety, employee and consumer protection laws, rules and regulations.

There can be no assurance that the local regulatory authorities in which the Group operates will not make decisions or interpret and implement regulations in a manner that may materially and adversely affect the financial condition and results of operations of the Group in the future.

The Group is permitted to provide telecommunications services and operate networks under licences granted by regulatory authorities in which it operates. These licences have historically been issued for fixed terms and subsequently renewed. There can be no assurance, however, that any application for the renewal of one or more of these licences will be successful and granted on equivalent or satisfactory terms.

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future and will likely face competition for any such licences. Regulatory requirements and carrier obligations accompanying these licences may affect the Group's operations including that of maintaining network quality and coverage. Failure to comply with these requirements could result in damage awards, fines, penalties, suspension or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties, or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process of or the conditions or criteria to, obtaining or maintaining the licences necessary for the operations of the Group, could result in the Group facing unforeseeable competition or could materially and adversely affect the financial condition and results of operations of the Group.

Accounting

The International Accounting Standards Board, which issued the IFRS, has issued and may issue more new and revised standards, amendments, and interpretations in the future, that may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new IFRS will not have a significant impact on the financial condition and results of operations of the Group.

Impact of Regulatory Reviews

The Group is listed on the Stock Exchange and is subject to regulatory reviews of various filings by the Stock Exchange's regulatory bodies or other regulatory authorities. The Group endeavours to comply with all regulatory requirements of the Stock Exchange, and obtain independent professional advice when appropriate. There can be no assurance that any regulatory reviews will not result in disagreement with the interpretation and judgement of the Group and that any subsequently actions mandated by the regulatory authorities will not have a material adverse effect on the financial condition and results of operations of the Group.

Natural Disasters

Some of the assets and projects, and many of the customers and suppliers of the Group are located in areas at risk of damage from floods, typhoons or other major natural disasters. The occurrence of any of such damage could materially disrupt the operations of the Group and adversely affect the financial condition and results of operations of the Group.

Although the Group has not experienced any significant structural damage to its facilities, there can be no assurance that such natural disasters will not occur and result in severe damage to the facilities of the Group in the future, which could materially and adversely affect the financial condition and results of operations of the Group.

Climate Change

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create a number of negative effect to the environment including loss of sea ice & sea level rise, and more frequent and severe weather events.

Changes in climate could disrupt supply chains, interrupt business operations, and cause financial and physical damage. Alternation in weather patterns and extreme weather events such as with typhoons and rainfall may cause damage to the Group's assets and businesses, and may pose increased risk for the stakeholders of the Group such as employees, customers and suppliers living and working in the impacted areas. Governments are seeking to transition to low carbon economies, and are introducing legislation to restrict emissions and incentivise environmental protective measures.

Although the Group has not experienced any significant disruptions or damage arising from climate change, there can be no assurance that potential changes in weather patterns in the future will not cause major disruptions or damage to the assets and business of the Group. This in turn, could have a material adverse effect on the financial condition and results of operations of the Group.

Impact of Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations, from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, as well as its business partners, suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group operates, it may need to cease operations and suffer losses in that regard. If any business partners or suppliers of the Group is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operations, in a timely manner or at competitive terms. There can also be no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the financial condition and results of operations of the Group.

Cyber Security Risks

Cyber attacks could have an adverse effect on the business, operations and reputation of the Group. They can be executed through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means with the aim of obtaining unauthorised access to or disrupting the operation of network, systems and data base of the Group or its suppliers, vendors and other service providers. Such attacks may cause equipment failures, loss or leakage of data that includes personal data of customers or employees as well as technical and trade information, which may result in disruption of the operations of the Group and its customers. Cyber attacks targeting corporations have increased in frequency, scale and severity in recent years. The perpetrators behind the attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography that include jurisdictions where law enforcement measures to address such threats are absent or ineffective. Furthermore, these attacks may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with such attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain customers and business partners, increased expenditures on cyber security measures and the use of alternative resources. The Group may also suffer a loss of revenue owing to business disruptions and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage that the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party and regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, erode customer and investor confidence, and have a material adverse effect on the financial condition and results of operations of the Group.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws. As regulatory focus on privacy issues continues to broaden, and laws and regulations concerning the handling of personal information expand and are becoming more complex, potential risks relating to data collection and use within the Group's business are expected to intensify. The Group may be subject to regulatory action or civil claims in the event if it is unable to fulfil its obligations under applicable data protection laws. The cost of regulatory or legal action, and any monetary or reputational damage suffered as a result of such action, could have a material adverse effect on the financial condition and results of operations of the Group.

Past Performance and Forward-Looking Statements

The performance and results of operations of the Group contained within this Annual Report are historical in nature, and past performances does not guarantee future results of the Group. Any forward-looking statements and opinions contained within this Annual Report 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, its Directors, employees or agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained within this Annual Report; 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.

Information on Directors

Biographical Details of Directors

FOK Kin Ning, Canning

Chairman and Non-executive Director

Fok Kin Ning, Canning, aged 70, has been Chairman and a Non-executive Director of the Company since March 2009. He has also been a Remuneration Committee member since April 2009, and was Chairman of the Remuneration Committee from April 2009 to December 2011 and a Nomination Committee member from January 2019 to 28 February 2022. Mr Fok is executive director and group co-managing director of CKHH. He has been a director of Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") and HWL since 1985 and 1984 respectively. Both companies were formerly listed on the Stock Exchange and have become wholly owned subsidiaries of CKHH in 2015. He is also the chairman of HTAL, HPHM as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets Holdings Limited ("Power Assets"), TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, deputy chairman of CKI, a director of Cenovus Energy Inc. and deputy president of the Board of Commissioners of PT Indosat Tbk ("PT Indosat"). In addition, Mr Fok is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Mr Fok has oversight as director of CKHH. Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of the Chartered Accountants Australia and New Zealand.

LUI Dennis Pok Man

Co-Deputy Chairman and Non-executive Director

Lui Dennis Pok Man, aged 70, has been Deputy Chairman and a Non-executive Director of the Company since March 2009 and was re-designated as Co-Deputy Chairman and a Non-executive Director in August 2018. Mr Lui is a director of Hutchison Telecommunications Group Holdings Limited and heads the operations of the Hutchison Asia Telecommunications group comprising its telecommunications business in Indonesia, Vietnam and Sri Lanka. He also assists to oversee telecommunications operations in Europe and generally assists in other telecommunications operations and related investments within the CKHH Group. Mr Lui first joined Hutchison Paging Limited in 1986 and became its managing director in 1993. He was managing director of HTHK (a wholly owned subsidiary of the Company), in charge of the mobile telecommunications, fixed-line, multi-media, Internet and paging businesses in Mainland China, Hong Kong, Macau and Taiwan from 1996 to 2000. From 2001, he oversaw a number of the telecommunications operations and new business development of the HWL Group in particular as an executive director and chief executive officer of HTIL from 2004 to 2010. He is also a director of certain companies controlled by substantial shareholders (within the meaning of the SFO) of the Company. Mr Lui holds a Bachelor of Science degree.

WOO Chiu Man, Cliff

Co-Deputy Chairman and Non-executive Director

Woo Chiu Man, Cliff, aged 68, has been Executive Director and Chief Executive Officer of the Company since January 2017 and was re-designated as Co-Deputy Chairman and a Non-executive Director in August 2018. He is also a director of HTAL and a member of the Board of Commissioners of PT Indosat. Mr Woo held various senior technology management positions in the telecommunications industry before joining the HWL Group in 1998. He was deputy managing director of HTHK from 2000 to 2004, and also executive director of HTIL from March 2005 to December 2005. Mr Woo was seconded to Vodafone Hutchison Australia Pty Limited (now known as TPG Telecom Limited) as chief technology officer from 2012 to 2013 and was part of the core management team. Further, Mr Woo is also a director of certain companies controlled by substantial shareholders (within the meaning of the SFO) of the Company. He possesses extensive operations experience in the telecommunications industry and has been involved in cellular technology for over 31 years. Mr Woo holds a Bachelor's degree in Electronics and a Diploma in Management for Executive Development. He is a Chartered Engineer and also a member of the Institution of Engineering and Technology (UK) and the Hong Kong Institution of Engineers.

KOO Sing Fai

Executive Director and Chief Executive Officer

Koo Sing Fai, aged 49, has been Executive Director and Chief Executive Officer of the Company since August 2018, and a Sustainability Committee member since July 2020. Mr Koo joined the HWL Group in August 2006 and became a director of enterprise and international business of mobile operations of the Company in January 2014. Since then he has led the corporate market and international services, business and development aspects of the mobile business of the Company until January 2015. He re-joined the Company in April 2017 as a director for roaming and services development and became the Chief Commercial Officer in January 2018. Mr Koo possesses a Bachelor of Science degree in Computer Science and has more than 26 years of experience in the telecommunications industry.

LAI Kai Ming, Dominic

Non-executive Director

Lai Kai Ming, Dominic, aged 68, has been a Non-executive Director of the Company since March 2009 and Alternate Director to Mr Fok Kin Ning, Canning, Chairman and a Non-executive Director and Ms Edith Shih, a Non-executive Director and Company Secretary, since January 2017. Mr Lai is executive director and deputy managing director of CKHH. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of CKHH, from 1994 to 1997 and Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000. Since 2000, he has been a director of HWL which became a wholly owned subsidiary of CKHH in 2015. He is also a director of HTAL, a member of the Board of Commissioners of PT Duta Intidaya Tbk ("PTDI"), and an alternate director to directors of HTAL and TOM Group Limited ("TOM"). In addition, Mr Lai is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Mr Lai has oversight as director of CKHH. Mr Lai has over 35 years of management experience in different industries and holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Edith SHIH

Non-executive Director and Company Secretary

Edith Shih, aged 70, has been a Non-executive Director of the Company since January 2017 and Company Secretary since November 2007. She has been Chairman of the Sustainability Committee since July 2020 and a Nomination Committee member since 28 February 2022. Ms Shih is also executive director and Company Secretary of CKHH. She has been with the Cheung Kong (Holdings) group since 1989 and with HWL from 1991 to 2015. Both Cheung Kong (Holdings) and HWL have become wholly owned subsidiaries of CKHH in 2015. She has acted in various capacities within the HWL Group, including head group general counsel and company secretary of HWL as well as director and company secretary of HWL subsidiaries and associated companies. Ms Shih is a non-executive director of HUTCHMED (China) Limited (Formerly known as Hutchison China MediTech Limited) as well as HPHM as the trustee-manager of HPH Trust and a member of the Board of Commissioners of PTDI. In addition, Ms Shih is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by substantial shareholders of the Company. The aforementioned companies are either the ultimate holding company of the Company or subsidiaries or associated companies of CKHH of which Ms Shih has oversight as director of CKHH. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is the immediate past International President and current member of the Executive Committee of The Chartered Governance Institute ("CGI") as well as a past President of The Hong Kong Chartered Governance Institute ("HKCGI", formerly known as The Hong Kong Institute of Chartered Secretaries) and current chairperson of its Nomination Committee. She is also Chairman of the Process Review Panel for the Financial Reporting Council, a panel member of the Securities and Futures Appeals Tribunal and a member of Hong Kong-Europe Business Council. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both CGI and HKCGI, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree and a Master of Arts degree from the University of the Philippines as well as a Master of Arts degree and a Master of Education degree from Columbia University, New York.

IP Yuk Keung

Independent Non-executive Director

Ip Yuk Keung, aged 69, has been an Independent Non-executive Director of the Company, Chairman of the Audit Committee, a Remuneration Committee member and a Nomination Committee member since December 2019. Mr Ip is an international banking and finance professional with over 31 years of experience in the United States, Asia and Hong Kong. He was formerly Managing Director of Citigroup and Managing Director of Investments of Merrill Lynch (Asia Pacific). Mr Ip is an independent non-executive director of Eagle Asset Management (CP) Limited as the manager of Champion Real Estate Investment Trust, Power Assets, Lifestyle International Holdings Limited and New World Development Company Limited. He was previously an executive director and the chief executive officer of LHIL Manager Limited as the trustee-manager of Langham Hospitality Investments, and Langham Hospitality Investments Limited, and an independent non-executive director of TOM, Hopewell Highway Infrastructure Limited (now known as Shenzhen Investment Holdings Bay Area Development Company Limited) and Hopewell Holdings Limited (which had withdrawn its listing on 3 May 2019). Mr Ip is an Adjunct Professor of and an advisor to various universities in Hong Kong and Macau. He is a member of the Court of City University of Hong Kong ("CityU"), an Honorary Fellow of CityU and Vocational Training Council, a Council Member of The Hong Kong University of Science and Technology ("HKUST"), and a Beta Gamma Sigma Honoree at CityU and HKUST. Mr Ip holds a Bachelor of Science degree in Applied Mathematics and Computer Science, a Master of Science degree in Applied Mathematics and a Master of Science degree in Accounting and Finance. He is the Chairman of the Board of Governors of the World Green Organisation.

LAN Hong Tsung, David

Independent Non-executive Director

Lan Hong Tsung, David, aged 81, has been an Independent Non-executive Director of the Company since April 2009. He has been a Remuneration Committee member since April 2009 and was appointed as its Chairman since January 2012. He is also an Audit Committee member since April 2009. Dr Lan has also been an Independent Non-executive Director of CKI, a listed company, Cinda Financial Holdings Co., Limited and ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust ("Prosperity REIT"), a real estate investment trust listed on the Stock Exchange. He was previously an Independent Non-executive Director of SJM Holdings Limited, a listed company, for 11 years. Dr Lan was also previously an Independent Non-executive Director of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust ("Fortune REIT"), a real estate investment trust listed on the Stock Exchange. He is currently the Chairman of David H T Lan Consultants Ltd. and holds directorships at Nanyang Commercial Bank Limited and International Probono Legal Services Association Limited. Dr Lan acted as Supervisor of Nanyang Commercial Bank (China), Limited for 12 years and 9 months since December 2007 until his reappointment as Senior Consultant in September 2020. Dr Lan was a Senior Advisor of Mitsui & Company (Hong Kong) Limited for 19 years till his retirement in March 2019. He was also the President of the International Institute of Management for almost 7 years till his retirement in June 2019. He was the Secretary for Home Affairs of the Hong Kong Special Administrative Region Government till his retirement in July 2000. He had served as civil servant in various capacities for 39 years and was awarded the Gold Bauhinia Star Medal on 1 July 2000. He was appointed as the 10th and 11th National Committee Member of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China. Dr Lan is a Chartered Secretary and a Fellow Member of CGI and HKCGI. He received his Bachelor of Arts degree from the University of London and completed the Advanced Management Program of the Harvard Business School, Boston. He was also a Fellow at Queen Elizabeth House, University of Oxford. Dr Lan was conferred with Doctor of Business Administration, honoris causa by University of the West of England, Bristol, Doctor of Humanities, honoris causa by Don Honorio Ventura Technological State University, and holder of Visiting Professorship Awards of Bulacan State University and Tarlac State University.

WONG Yick Ming, Rosanna

Independent Non-executive Director

Wong Yick Ming, Rosanna, aged 69, has been an Independent Non-executive Director of the Company since April 2009. She has been an Audit Committee member since April 2009 and a Sustainability Committee member since July 2020. She has been a Nomination Committee member since January 2019 and was appointed as its Chairman since December 2020. She is an independent non-executive director of CKHH, a substantial shareholder (within the meaning of the SFO) of the Company. She was a director of Cheung Kong (Holdings) for the period from 2001 to 2015 and such company has become a wholly owned subsidiary of CKHH in 2015. Dr Wong is currently an independent non-executive director of The Hongkong and Shanghai Hotels, Limited, a senior advisor of The Hong Kong Federation of Youth Groups ("HKFYG"), a steward of The Hong Kong Jockey Club, a governor of Our Hong Kong Foundation and chairman of Asia International School Limited. In addition, she is a member of the 13th session of the National Committee of the CPPCC of the People's Republic of China. She was previously the executive director of HKFYG, the non-executive chairman of the Advisory Committee of The Hongkong Bank Foundation, an independent non-executive director of The Hongkong and Shanghai Banking Corporation Limited, chairman and member of the Consultation Panel of the West Kowloon Cultural District Authority and a member of HKUST Business School Advisory Council. Dr Wong holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), the United States of America and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, the University of Hong Kong ("HKU"), The Hong Kong Institute of Education and the University of Toronto in Canada. She is also an Honorary Fellow of the London School of Economics and Political Science.

MA Lai Chee, Gerald

Alternate Director

Ma Lai Chee, Gerald, aged 54, has been Alternate Director to Mr Lai Kai Ming, Dominic, a Non-executive Director of the Company since June 2009. He is an executive committee member and general manager of corporate business development department of CK Asset Holdings Limited. Mr Ma joined the CK Group in 1996. He is also a non-executive director and member of the Designated Committee of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT, and also a non-executive director and member of the Designated (Finance) Committee of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT. Mr Ma is also a director of certain subsidiaries of CKHH, a substantial shareholder (within the meaning of the SFO) of the Company. He has over 32 years of management experience in different industries. Mr Ma holds a Bachelor of Commerce degree in Finance and a Master of Arts degree in Global Business Management.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of the Directors, as notified to the Company, subsequent to the date of the 2021 Interim Report are set out below:

Directors	Details of changes
Fok Kin Ning, Canning	Appointed as deputy president of the Board of Commissioners of PT Indosat (Note) on 4 January 2022
	Ceased to be member of the Nomination Committee of the Company on 28 February 2022
Woo Chiu Man, Cliff	Appointed as member of the Board of Commissioners of PT Indosat on 4 January 2022
Edith Shih	Appointed as member of the Nomination Committee of the Company on 28 February 2022
Ip Yuk Keung	Bestowed as an Honorary Fellow of CityU on 24 September 2021
	Appointed as:
	– Adjunct Professor in the Faculty of Business and Economics of HKU on 1 September 2021
	– member of the Court of CityU on 1 January 2022
	Ceased to be trustee of the Board of Trustees of Washington University in St. Louis on 4 December 2021

Note:

A company the shares of which are listed on the Indonesia Stock Exchange.

In respect of the changes in emoluments of the Directors, please refer to note 7(a) to the consolidated financial statements on pages 144 to 145.

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

As at 31 December 2021, the interests and short positions of the Directors and chief executive 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 Model Code for Securities Transactions by Directors adopted by the Company (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 31 December 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 HTAL 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 31 December 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 31 December 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 31 December 2021, the following interests:

(i) 192,187 ordinary shares, representing approximately 0.0050% 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 31 December 2021, other interest in the following interests held jointly with another person:

(i) 100,000 ordinary shares, representing approximately 0.0026% 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 31 December 2021, personal interests in 13,680 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKHH.

Save as disclosed above, as at 31 December 2021, none of the Directors or chief executive 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) as 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.

Directors' Interests in Competing Business

During the year ended 31 December 2021, the following Directors had interests in certain businesses (apart from the businesses of the Company or its subsidiaries) which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year and are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

- Mr Fok Kin Ning, Canning was an executive director of CKHH and a director of certain subsidiaries and an associated company of CKHH which are engaged in telecommunications business.

- Mr Lai Kai Ming, Dominic and Ms Edith Shih were executive directors of CKHH and directors and/or alternate directors of certain of its subsidiaries which are engaged in telecommunications business.

- Mr Lui Dennis Pok Man and Mr Woo Chiu Man, Cliff were directors and/or alternate directors of certain subsidiaries of CKHH which are engaged in telecommunications business.

On 17 April 2009, the Company entered into a non-competition agreement with HWL (the then holding company of the Company) (the "HWL Non-Competition Agreement") and a non-competition agreement with HTIL, whereby the parties thereto agreed, inter alia, to clearly delineate the respective geographical markets and businesses of each of (i) the HWL Group (excluding HTIL and its subsidiaries (the "HTIL Group") and the Group); (ii) the HTIL Group; and (iii) the Group within their respective territories for the purpose of implementing the non-competition restrictions. The exclusive territories of the Group comprised Hong Kong and Macau. The exclusive territories of the HWL Group (which in substance included those of the HTIL Group following the privatisation of HTIL in 2010) comprised all the remaining countries of the world.

HWL transferred its rights and obligations under the HWL Non-Competition Agreement to CKHH by novation on 28 December 2015, as a result of the completion of the reorganisation of the HWL Group on 3 June 2015 whereupon CKHH became the ultimate holding company of HWL and the Company.

Information on Senior Management

CHENG Wai Sin, Suzanne

Chief Financial Officer

CHENG Wai Sin, Suzanne, aged 47, has been Chief Financial Officer of the Group since September 2012. She joined the HWL Group in November 2002. Ms Cheng is a qualified accountant with membership of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. She also holds a Master of Science degree in Finance. Ms Cheng has more than 24 years of experience in accounting and finance for corporate and banking sectors.

HO Wai Ming

Chief Executive Officer – Macau

HO Wai Ming, aged 68, has been Chief Executive Officer - Macau of the Group since April 2008. He joined the Group in March 1994. Mr Ho is responsible for the mobile business in Macau. He holds a Bachelor of Science degree in Electrical Engineering and has more than 40 years of experience in telecommunications.

Christopher John SANDERSON

Director of Legal Services & Regulatory

Christopher John SANDERSON, aged 57, has been Director of Legal Services & Regulatory of the Group since September 2012. He joined the HWL Group in December 2001. Mr Sanderson is responsible for legal and regulatory affairs. He holds a Bachelor of Laws degree and has more than 34 years of experience in legal affairs working in New Zealand, Hong Kong, the United Kingdom and India.

Directors' Report

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2021.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on page 171.

Business Review

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the performance of the Group during the year, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2021, as well as an indication of likely future development in the business of the Group, are provided in the following sections:

- "Financial Highlights" on page 3.
- "Chairman's Statement", "Operations Review", "Management Discussion and Analysis" and "Group Capital Resources and Liquidity" on pages 10 to 23.
- "Risk Factors" on pages 24 to 29.
- "Financial Risk Management" in note 3 to the consolidated financial statements on pages 134 to 141.
- Discussions on the environmental policies and performance of the Group, its compliance with the relevant laws and regulations that have a significant impact on the Group as well as an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends, are provided in the "Sustainability Report" on pages 72 to 110.
- "Corporate Governance Report" on pages 47 to 71.

All such discussions form part of this report.

Group Profit

The consolidated income statement is set out on page 116 and shows the profit of the Group for the year ended 31 December 2021.

Dividend

An interim dividend of 2.28 HK cents per share and a one-off special interim dividend of 19.80 HK cents per share for the first half of 2021 were paid to shareholders in early September 2021.

The Directors also recommended the declaration of a final dividend of 5.21 HK cents per share, to be payable on Thursday, 26 May 2022 to those persons registered as shareholders of the Company at close of business on Tuesday, 17 May 2022, being the record date for determining shareholders' entitlement to the proposed final dividend.

Reserves

The reserves of the Group and of the Company during the year are set out in notes 30 and 37(e) to the consolidated financial statements respectively.

Charitable Donations

Donations to charitable organisations by the Group during the year amounted to approximately HK$1.8 million (2020: HK$2.7 million).

Directors

As at the date of this report, the Board comprises nine Directors:

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 *(Chief Executive Officer)*

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

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

In accordance with Article 84 of the Articles of Association, Mr Fok Kin Ning, Canning, Ms Edith Shih and Dr Lan Hong Tsung, David will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Details regarding the re-election are set out in the circular to shareholders together with this Annual Report.

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors as independent. Please also see pages 47 to 71 of the Corporate Governance Report for the assessment by the Nomination Committee in this regard.

The Directors' biographical details are set out in the "Information on Directors" section of this Annual Report.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

Permitted Indemnity Provisions

The Articles of Association provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors liability insurance is in place for the directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors. The relevant provisions in the Articles of Association and the directors' liability insurance were in force during the financial year ended 31 December 2021 and as of the date of this report.

Directors' Material Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or a subsidiary, fellow subsidiary or parent company of the Company was a party and in which a person who at any time in 2021 was a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of 2021 or at any time during 2021.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during 2021.

Continuing Connected Transactions

On 28 December 2020, the Company and CKHH entered into (i) a master HTHKH telecommunications supplies agreement, whereby the Company agreed to provide, or to procure its subsidiaries to provide, the Group Telecommunications Supplies (as defined below) to the CKHH Group; (ii) a master CKHH telecommunications supplies agreement, whereby CKHH agreed to provide, or to procure other members of the CKHH Group to provide, the CKHH Telecommunications Supplies (as defined below) to members of the Group; and (iii) a master purchase agreement, whereby CKHH agreed to provide, or to procure other members of the CKHH Group to provide, the Business Related Supplies (as defined below) to members of the Group (collectively, the "Master Agreements"), as and when reasonably requested by relevant members of the Group or of the CKHH Group (as the case may be) for the period from 1 January 2021 to 31 December 2023:

(a) "CKHH Group" means CKHH and its subsidiaries from time to time (excluding members of the Group) and such other entities in which CKHH is from time to time directly or indirectly interested so as to (i) exercise or control the exercise of 30% or more of the voting power at general meetings of such entities; or (ii) control the composition of a majority of the board of directors of such entities, and the subsidiaries of such other entities;

(b) "Group Telecommunications Supplies" means telecommunications products and services of the Group, including mobile telecommunications products (including mobile handsets and accessories); mobile telecommunications services (including international direct dialing and roaming services, mobile Wi-Fi and other value-added services); marketing, advertising and promotional services; and such other telecommunications products and services of the Group as may be agreed between the Company and CKHH from time to time;

(c) "CKHH Telecommunications Supplies" means telecommunications goods and services of the CKHH Group, including roaming services; and such other telecommunications goods and services of the CKHH Group as may be agreed between the Company and CKHH from time to time, which exclude the Business Related Supplies; and

(d) "Business Related Supplies" means goods and services for use in connection with the businesses of the Group, including billing collection services; dealership services at retail outlets in Hong Kong for sale of handsets and/or telecommunications services; IT related services, including IT platforms development services, software solutions and applications development services and other professional services; cash coupons and marketing, advertising and promotional services; equipment installation and maintenance services; non-telecommunications products; and such other goods and services for use in connection with the businesses of the Group as may be agreed between the Company and CKHH from time to time, which exclude the CKHH Telecommunications Supplies.

Each of CKHH and the other members of the CKHH Group is a connected person of the Company by virtue of being either a substantial shareholder of the Company at the listed issuer level or an associate of CKHH. Accordingly, the transactions contemplated under the Master Agreements constituted continuing connected transactions (the "Continuing Connected Transactions") for the Company under Chapter 14A of the Listing Rules, in respect of which an announcement dated 28 December 2020 (the "Announcement") was issued by the Company.

As set out in the Announcement, the annual caps for the year ended 31 December 2021, and for the two years ending 31 December 2022 and 2023 in respect of (i) the provision of the Group Telecommunications Supplies to the CKHH Group are HK$42 million, HK$54 million and HK$64 million respectively; (ii) the purchase of the CKHH Telecommunications Supplies by the Group are HK$61 million, HK$100 million and HK$135 million respectively; and (iii) the purchase of the Business Related Supplies by the Group are HK$233 million, HK$274 million and HK$274 million respectively.

The corresponding aggregate transaction amounts for the year and the annual caps of the Continuing Connected Transactions in respect of the year ended 31 December 2021 as stated in the Announcement are set out below:

	Aggregate transaction amount (HK$ million)	**2021 annual cap (HK$ million)**
Provision of the Group Telecommunications Supplies by the Group to the CKHH Group	22	42
Purchase of the CKHH Telecommunications Supplies by the Group from the CKHH Group	14	61
Purchase of the Business Related Supplies by the Group from the CKHH Group	61	233

The internal audit of the Group has reviewed the Continuing Connected Transactions under the Master Agreements for the year ended 31 December 2021 and key internal control procedures in respect of the negotiation, review, approval, agreement management, reporting, consolidation and monitoring processes of these transactions, and is of the view that the controls over the Continuing Connected Transactions for 2021 entered into by the Group were overall satisfactory and robust, and such transactions were conducted in accordance with the Master Agreements under fair and reasonable commercial terms. All the Independent Non-executive Directors of the Company, after reviewing the Continuing Connected Transactions entered into by the Group under the Master Agreements during the year ended 31 December 2021 and the findings provided by the internal audit of the Group, confirmed that such transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

The Company has engaged its external auditor to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the external auditor of the Company has confirmed in its report to the Board that nothing has come to its attention that causes it to believe that the Continuing Connected Transactions entered into by the Group under the Master Agreements during the year ended 31 December 2021 (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions which involved the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the terms of the respective agreements governing such transactions; and (iv) have exceeded the relevant annual caps in respect of the year ended 31 December 2021 as disclosed in the Announcement.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2021 is contained in note 36 to the consolidated financial statements. All transactions entered into with the CKHH Group (as defined and described in note 36 to the consolidated financial statements) fell under the definition of "continuing connected transactions" under the Listing Rules and are fully exempt from all disclosure requirements, annual review and shareholders' approval under Chapter 14A of the Listing Rules, other than the transactions with the CKHH Group contemplated under the Master Agreements, which are subject to the reporting, announcement and annual review requirements but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2021.

Interests and Short Positions of Shareholders Discloseable under the SFO

So far as the Directors and chief executive of the Company are aware, as at 31 December 2021, other than the interests and short positions of the Directors and chief executive of the Company as disclosed in the section titled "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", 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)		
	Interest of controlled corporations	403,979,499 (4)(5)(6)	404,132,779	8.38%
Li Tzar Kuoi, Victor	Discretionary beneficiary of discretionary trusts	153,280 (3)		
	Interest of controlled corporations	353,292,749 (4)(5)(7)		
	Interest of child	192,000 (8)	353,638,029	7.33%
Li Ka Shing Foundation Limited ("LKSF")	Beneficial owner	350,527,953 (5)	350,527,953	7.27%

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.

(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 31 December 2021, no other person (other than the Directors and chief executive of the Company) had any interest or short position in the shares or underlying shares of the Company as 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.

Equity-linked Agreements

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company or were subsisted at the end of the year or at any time during the year.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Share Capital

Details of the shares movement during the year are set out in note 29 to the consolidated financial statements on page 161.

Purchase, Sale or Redemption of Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Major Customers and Suppliers

During the year, the percentage of revenue attributable to the five largest customers of the Group combined was less than 30% of the total revenue of the Group.

During the year, the percentages of purchases attributable to the major suppliers of the Group were as follows:

	Percentage of total purchases of the Group
The largest supplier	58%
Five largest suppliers combined	75%

As at 31 December 2021, none of the Directors, their close associates or any shareholders (which to the knowledge of Directors own more than 5% of the issued share capital of the Company) had any interest in the major suppliers of the Group.

Public Float

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules.

Auditor

The financial statements for the year ended 31 December 2021 have been audited by PwC who will retire and, being eligible, offer themselves for re-appointment at the 2022 annual general meeting.

By Order of the Board

Edith SHIH
Non-executive Director and Company Secretary

Hong Kong, 25 February 2022

Corporate Governance Report

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. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Company has complied throughout the year ended 31 December 2021 with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules.

The Board

Corporate culture

As a leading telecommunications operator committed to development, innovation and technology, the Group instils a culture that respects and promotes creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions. The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. The desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Ethics and other group policies), as well as staff safety, well-being and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Corporate strategy

The principle objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. The Chairman's Statement, Management Discussion and Analysis and the Operations Review contained in this Annual Report include discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objectives of the Group. The Group is increasingly focusing on sustainability and delivering business solutions that support its growth and development. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the Group's sustainability report contained in this Annual Report.

Role of the Board

The Board is accountable to shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long-term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board, led by the Chairman (Non-executive), Mr Fok Kin Ning, Canning, fosters and oversees the culture, determines and monitors group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board composition

The Board currently comprises nine Directors, including the Chairman (Non-executive), two Co-Deputy Chairmen (Non-executive), an Executive Director and Chief Executive Officer, two Non-executive Directors and three Independent Non-executive Directors. Throughout 2021, the number of Independent Non-executive Directors on the Board meets the one-third requirement under the Listing Rules. Information regarding the Board composition during 2021 are set out in the section of "Directors' Report" on pages 38 to 46.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 30 to 33 and on the website of the Company. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and HKEx (www.hkexnews.hk).

Chairman, Co-Deputy Chairmen and Chief Executive Officer

The roles of the Chairman and the Co-Deputy Chairmen are separate from that of the Chief Executive Officer. Such division of responsibilities reinforces the independence and accountability of these Directors.

The Chairman, assisted by the Co-Deputy Chairmen, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of the Executive Director and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the affairs of the Board so as to contribute to the effective functioning of the Board. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with shareholders and other stakeholders, as outlined later in this report.

The Chief Executive Officer is responsible for managing the businesses of the Group, attending to the formulation and successful implementation of group policies and assuming full accountability to the Board for all group operations. Acting as the principal manager of the businesses of the Group, the Chief Executive Officer attends to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and is directly responsible for overseeing and delivering operational performance of the Group.

Working with the Chief Financial Officer and the executive management team of the Company, the Chief Executive Officer presents annual budgets to the Board for consideration and approval, and ensures that the Board is fully apprised of the funding requirements of the Group. With the assistance of the Chief Financial Officer, the Chief Executive Officer ensures that the funding requirements of the businesses are met and monitors the operating and financial performance of the businesses against plans and budgets. He maintains an ongoing dialogue with all Directors to keep them fully informed of all major business development and issues. In addition, he is also responsible for building and maintaining an effective executive management team to support him in his role.

Board process

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance and business activities of the Group. Throughout the year, in addition to Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. Further, Directors have full access to information on the Group and advice and services of the Company Secretary and the legal department. They also have full access to independent professional advice at all times whenever deemed necessary and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and a draft agenda for review and comment about three weeks prior thereto. The full set of Board papers is normally supplied no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association and the Listing Rules, a Director would abstain from voting on relevant resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he or she or any of his or her close associates is materially interested, and such Director is not counted for quorum determination purposes.

The Company held four Board meetings in 2021 with overall attendance of 100%. All Directors attended the annual general meeting of the Company held on 10 May 2021. The attendance record is set out below:

Directors	Board meetings attended/ Eligible to attend	Attendance at 2021 AGM
Chairman and Non-executive Director		
Fok Kin Ning, Canning	4/4	√
Co-Deputy Chairmen and Non-executive Directors		
Lui Dennis Pok Man	4/4	√
Woo Chiu Man, Cliff	4/4	√
Executive Director		
Koo Sing Fai *(Chief Executive Officer)*	4/4	√
Non-executive Directors		
Lai Kai Ming, Dominic	4/4	√
Edith Shih	4/4	√
Independent Non-executive Directors		
Ip Yuk Keung	4/4	√
Lan Hong Tsung, David	4/4	√
Wong Yick Ming, Rosanna	4/4	√

In addition to Board meetings, in 2021 the Chairman held monthly meetings with the Executive Director and senior management team and also met with Independent Non-executive Directors twice without the presence of other Directors. Such meetings provide an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and Management.

Any Director who is appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company, or in the case of an additional appointment, until the next following annual general meeting of the Company, and shall then be eligible for re-election. All Directors are subject to retirement from office by rotation and re-election by shareholders at annual general meetings at least once every three years. A retiring Director is eligible for re-election, and re-election of retiring Directors at general meetings is presented in separate resolutions. In addition, all Non-executive Directors entered into service contracts for an initial term ending on 31 December of the year of their appointments. Thereafter, the appointment is automatically renewed for successive 12-month periods, subject to re-election in accordance with the Articles of Association.

Further, no Director has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Board performance

In 2022, the Company conducted a performance evaluation on the Board and its committees. The evaluation involved each Director completing a questionnaire, the findings of which were then analysed and circulated to the Board. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them. The performance criteria included amongst others, the composition, expertise, leadership and processes of the Board. The contribution and performance of the Chairman and individual directors are taken into account in their re-appointment. The Directors' attendance, participation in and out of meetings, their skills set and expertise are also reviewed. The Board considers the existing practice as effective. The Board has reviewed and is satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

Board independence

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness.

The current composition of the Board (comprising one third Independent Non-Executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) comply with the independence requirements under the Listing Rules. The Nomination Committee and Remuneration Committee are both chaired by an Independent Non-executive Director. The Company has a vigorous selection, nomination and appointment/re-appointment process for Directors (including Independent Non-executive Directors), see "Nomination Process" on pages 63 to 66 of this report. Fees to Independent Non-executive Directors are in the form of cash payment with additional fees payable to reflect membership or chairmanship of Board committees. None of these Directors receives remuneration based on performance of the Group. The remuneration of Independent Non-executive Directors are also subject to a regular review mechanism to maintain competitiveness and commensurate with their responsibilities and workload.

To facilitate attendance and participation at the Board and other Board committee meetings, the Company plans meeting schedules for the year well in advance with remote facilities for attendance. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilities effective and active participation by all Independent Non-executive Directors, see "Board Process" on pages 49 to 50 of this report.

The Independent Non-executive Directors have historically and consistently demonstrated strong commitment, and the ability to devote sufficient time to discharge their responsibilities at the Board. Their commitment is subject to self-confirmation and their performance is subject to evaluation by the Board on an annual basis. In the performance evaluation conducted in 2022, the Board has confirmed the contributions of the Independent Non-executive Directors to the Board.

Training and commitment

Upon appointment to the Board, Directors receive a package of comprehensive orientation materials on the Group comprising information on the Group, duties as a director and board committee member, as well as internal governance and sustainability policies of the Group. These orientation materials are presented to the Directors by senior executives in the form of a detailed induction to the businesses, strategic direction and governance practice of the Group.

The Company arranges and provides Continuous Professional Development ("CPD") training such as seminars, webcasts and relevant reading materials to Directors to help them keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 18 hours had been provided to Directors during the year.

The Directors are required to provide the Company with details of CPD training undertaken by them from time to time. The training records are maintained by the Company Secretary and are made available for regular review by the Audit Committee. Based on the details so provided, the CPD training undertaken by the Directors in 2021 is summarised as follows, representing an average of approximately 16 hours undertaken by each Director during the year.

	Areas			
Directors	**Legal and Regulatory**	**Corporate Governance/ Sustainability Practices**	**Financial Reporting/ Risk Management**	**Group's Businesses/ Directors' Duties**
Chairman and Non-executive Director				
Fok Kin Ning, Canning	√	√	√	√
Co-Deputy Chairmen and Non-executive Directors				
Lui Dennis Pok Man	√	√	√	√
Woo Chiu Man, Cliff	√	√	√	√
Executive Director				
Koo Sing Fai *(Chief Executive Officer)*	√	√	√	√
Non-executive Directors				
Lai Kai Ming, Dominic	√	√	√	√
Edith Shih	√	√	√	√
Ma Lai Chee, Gerald (Alternate to Lai Kai Ming, Dominic)	√	√	√	√
Independent Non-executive Directors				
Ip Yuk Keung	√	√	√	√
Lan Hong Tsung, David	√	√	√	√
Wong Yick Ming, Rosanna	√	√	√	√

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group throughout their tenure during the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public companies and major appointments as well as update the Company on any subsequent changes.

Securities transactions

The Board has adopted its own Model Code for Securities Transactions by Directors (the "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 summary, a Director who wishes to deal in the securities of the Company must notify the Chairman (or a Director designated by the Board for such specific purpose) in writing prior to any dealings and obtain a dated written acknowledgement before any dealing. Any clearance to deal granted in response to a Director's request would be valid for no longer than five business days of clearance being received. After dealings, the Director must submit a disclosure of interests filing with respect to the dealing, within the time frame required under Part XV of the SFO.

In response to specific enquiries made, all Directors have confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the year ended 31 December 2021.

Board Committees

The Board is supported by four permanent Board Committees: Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, details of which are described later in this report. The terms of reference for these Committees, which have been adopted by the Board, are available on the websites of the Company and HKEx. Other Board Committees are established by the Board as and when warranted to take charge of specific tasks.

Company Secretary

The Company Secretary is accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board or Board Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

The Company Secretary who works closely with the Board to formulate the vision, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both regulatory and investor expectations, and to ensure the culture and the purpose, value and strategy of the Group are aligned.

The Company Secretary plays a leading role in helping the Company develop and maintain a sound and effective corporate governance framework, in particular, a set of risk management and internal control system to ensure that regulatory compliance, good corporate governance practices and culture are upheld by the Company.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory, corporate governance and sustainability developments of relevance to the Group and that it takes these developments into consideration when making decisions for the Group. From time to time, the Company Secretary organises seminars on specific topics of importance and interest and disseminates reference materials to Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations of the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information and Directors' obligation for disclosure of interests and dealings in securities of the Company, to ensure that the standards and disclosures requirements under the Listing Rules and applicable laws, rules and regulations are complied with and, where required, reported in the interim and annual reports of the Company.

The Company Secretary also serves as a crucial conduit of communications internally and externally. She facilitates information flow and communication among Directors and also conveys the Board's decisions to Management from time to time and ensures a good channel of communication with shareholders. She also works with the Board and Management to assist in responding to regulators in a timely manner.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman, all members of the Board have access to her advice and service. The Company Secretary has day-to-day knowledge of the affairs of the Group. She confirms that she has complied with all the required qualifications, experience and training requirements under the Listing Rules.

Accountability and Audit

Financial reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year end.

The responsibility of Directors in relation to the financial statements is set out below. This should be read in conjunction with but distinguished from, the Independent Auditor's Report on pages 111 to 115 which acknowledges the reporting responsibility of the auditor of the Group.

Annual report and financial statements

The Directors acknowledge their responsibility for the preparation of this Annual Report and financial statements of the Company. The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of Laws of Hong Kong) (the "Companies Ordinance") and the Listing Rules. Directors should incorporate such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accounting policies

The Directors consider that in preparing the financial statements, the Group has adopted appropriate accounting policies and made judgements and estimates that are reasonable in accordance with the applicable accounting standards.

Accounting records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position and reflect the transactions of the Group, upon which financial statements of the Group could be prepared in accordance with the accounting policies of the Group.

Safeguarding assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, risk management and internal control of the Company. The composition of the Audit Committee complied with the independence requirements under the Listing Rules. It is chaired by Mr Ip with Dr Lan and Dr Wong as members.

The Audit Committee held four meetings in 2021 with 100% attendance.

Members	Attended/Eligible to attend
Ip Yuk Keung *(Chairman)*	4/4
Lan Hong Tsung, David	4/4
Wong Yick Ming, Rosanna	4/4

Under its terms of reference, the role of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal control systems and to take on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is responsible for monitoring the integrity of the interim and annual results, and interim and annual financial statements of the Group, reviewing the risk management and internal control systems of the Group as well as overseeing the relationship between the Company and its external auditors. The Audit Committee is also required to develop and review the Company's policies and practices on corporate governance including compliance with statutory and Listing Rules requirements; and review the scope, extent and effectiveness of the activities of internal audit. In addition, it is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Throughout 2021, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The following paragraphs set out a summary of the work performed by the Audit Committee during 2021 and 2022 (up to the date of this report).

During 2021 and 2022 (up to the date of this report), the Audit Committee met with the Chief Financial Officer and other senior management of the Group to review the interim and final results, the interim and annual reports, and other financial, internal control, corporate governance and risk management matters of the Group. It received, considered and discussed the reports and presentations of Management, the Group's internal auditor and external auditor, PwC, to ensure that the 2020 and 2021 consolidated financial statements of the Group were prepared in accordance with IFRS and comply with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. It also met four times during 2021 and one time during 2022 (up to the date of this report) with PwC to consider its reports on the scope, strategy, progress and outcome of its independent review of the 2021 interim financial report and annual audit of the 2020 and 2021 consolidated financial statements. In addition, the Audit Committee held private sessions with PwC, the Chief Financial Officer and the internal auditor separately without the presence of Management.

During the reported period, the Audit Committee also reviewed the independence of PwC, as well as the objectivity and effectiveness of the audit process. It reviewed the audit fees and the fees for non-audit services payable to PwC. Having considered the performance and independence of PwC, the Audit Committee recommended to the Board on the re-appointment of PwC as the external auditor which will be considered by the shareholders at the forthcoming annual general meeting.

To assist the Board in assessing the overall governance, risk management and internal control framework and maintaining effective risk management and internal control systems, in 2021, the Audit Committee also reviewed the process by which the Group evaluated its control environment and managed significant risks (including sustainability risks). It received and considered the Risk Management Report, the composite risk register, risk heat map as well as the Management presentations on their review with respect to the effectiveness of the risk management and internal control systems of the Group. It also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

In addition, the Audit Committee reviewed, in conjunction with the internal auditor of the Group, the 2021 work plan and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal control systems in the business operations of the Group. Further, it considered the reports from the Company Secretary on the material litigation proceedings and compliance status of the Group on key legal and regulatory requirements. These reviews and reports were taken into consideration by the Audit Committee when it made its recommendation to the Board for approval of the consolidated financial statements. During 2021, the Audit Committee also received periodic presentations on, and reviewed, the compliance status of the Group with respect to the CG Code as well as other corporate governance topics including the Group's policies and practices in compliance with legal and regulatory requirements, and ensured that any deviation from the CG Code was properly explained and disclosed in this report. In July and November 2021, the Audit Committee reviewed and recommended to the Board updates to certain corporate governance policies including Whistleblowing Policy (formerly known as "Procedures for Reporting Possible Improprieties in Matters of Financial Reporting or Internal Control"), the Code of Ethics, Anti-Fraud and Anti-Bribery Policy, Information Security Policy, Media, Public Engagement and Donation Policy, Policy on Appointment of Third Party Representatives, Policy on Personal Data Governance (formerly known as "Policy on Personal Data Privacy Compliance"), Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information and Shareholders Communication Policy. It has also received reports on training and continuous professional development of the Directors.

The Audit Committee also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy. Having considered the multiple channels of communication and engagement in place (see "Relationship with Shareholders and Other Stakeholders" on pages 68 to 70 of this report), it is satisfied that the Shareholders Communication Policy has been properly implemented during 2021 and is effective.

External auditor

The Audit Committee reviews and monitors the external auditor's independence, objectivity and effectiveness of the audit process. Each year, the Audit Committee receives a letter from the external auditor confirming its independence and objectivity. It holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The policy of the Group regarding the engagement of its external auditors for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by the external auditor.

- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, such as audits of the pension plans of the Group, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that must be undertaken, or is otherwise best placed, to undertake in its capacity as auditor.

- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group engages the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

- Other services – include, amongst others, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial system consultations. The external auditor is also permitted to assist Management and the internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.

- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditors is shown in note 8 to the consolidated financial statements. For the year ended 31 December 2021, PwC fees, amounting to approximately HK$7.4 million were primarily for audit services and those for non-audit services amounted to approximately HK$0.2 million (including regulatory reporting requirements and tax compliance), representing approximately 3% of the total PwC fees (audit and non-audit).

Audit Report on the annual financial statements

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by PwC in accordance with International Standards on Auditing issued by the International Accounting Standards Board. The unqualified auditor's report is set out on pages 111 to 115. The consolidated financial statements of the Group for the year ended 31 December 2021 have also been reviewed by the Audit Committee.

Risk Management, Internal Control And Legal & Regulatory Compliance

Board oversight

The Board has overall responsibility for the systems of risk management, internal control and legal and regulatory compliance of the Group.

In meeting its responsibilities, with due regard to the Company's risk appetite, the Board evaluates and determines the nature and extent of the risks (including sustainability risks) that the Company is willing to accept in pursuit of its strategic and business objectives. In addition, the Board inculcates risk culture across the business operations of the Group and has put in place a comprehensive range of policies and systems, including parameters of delegated authority, which provide a framework for the identification, reporting and management of risks. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include review by the Executive Director, the Chief Financial Officer and the Board of budgets, strategic plans, and detailed operational and financial reports as provided by business unit management as well as review by the Audit Committee of ongoing work of internal audit and risk management functions.

On behalf of the Board, the Audit Committee also regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfilment on an ongoing basis. To assist the Audit Committee in discharging its responsibilities, a Governance Working Group chaired by the Non-executive Director and Company Secretary, comprising representatives from key departments of the Company, provides timely updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for group-wide adoption. During the year, the Company reviewed the key risk areas facing the Group in light of the current data privacy, antitrust and competition law regimes. Practical trainings, internal control measures, guidelines and policies tailor-made for key business units were introduced to strengthen the compliance programme of the Group in these areas.

The Audit Committee is satisfied that the Company has complied throughout the year with all code provisions of the CG Code.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the business objectives of the Group, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

Risk management

Based on the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) model, the Company establishes its Enterprise Risk Management (ERM) framework to support the delivery of the business and strategic objectives of the Group. The framework facilitates a systematic approach in identifying, assessing and managing risks (including sustainability risks) within the Group, be they of strategic, financial, operational or compliance nature.

The risk management of the Group is a continuous process integrated seamlessly into the day-to-day activities at all levels of the Group. There is ongoing communication between the executive management of the Group and the business units on the current and emerging risks, their plausible impact and mitigation measures so as to institute additional controls and deploy appropriate insurance instruments to minimise or transfer the impact of risks to the business of the Group. In addition, the Group's Directors and officers are protected against potential personal legal liabilities through the Directors and Officers Liability Insurance.

In terms of formal risk review and reporting, the Company adopts a "top-down and bottom-up" approach, involving input from each major business unit as well as discussions and reviews by the Executive Director and the Board, through the Audit Committee. More specifically, on a half-yearly basis, each major business unit is responsible for formally identifying the significant risks (including sustainability risks) its business faces, measuring them against a defined set of criteria, and considering likelihood of occurrence and potential impact on the business, whilst the Executive Director provides input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as part of the Risk Management Report, are submitted to the Audit Committee for review on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the nature and extent of the significant risks (including sustainability risks) facing the Group, and provides input as appropriate so as to ensure that effective risk management system is in place.

Pages 24 to 29 of this report provide a description of the risk factors of the Group which could affect the financial condition or results of operations of the Group that differ materially from expected or historical results.

Internal control environment

Group structures covering all subsidiaries and a joint venture are maintained and updated on a timely and regular basis. Directors are appointed to the boards of all material operating subsidiaries for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. The executive management team is accountable for the conduct and performance of the business of the Group within the agreed strategies. The Executive Director monitors the performance and reviews the risk profiles of the companies within the Group on an on-going basis.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management team of each business unit and the Executive Director.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management team and the Executive Director as part of the five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, Management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Director reviews monthly management reports on the financial results and key operating statistics of each business and holds monthly meetings with the senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, the Chief Financial Officer and finance managers of the business operations hold monthly meetings to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations. The finance department of the Group oversees the investment and lending activities of the Group and also evaluates and monitors financial and operational risks, and makes recommendations to Management to mitigate those risks. Treasury reports on cash and liquid investments, borrowings and movements thereof are distributed to Management weekly.

The Group has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval by the Chief Financial Officer or Executive Director are required prior to commitment for unbudgeted expenditures as well as material expenditures within the approved budget. Monthly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group also has followed group-wide treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants.

In terms of formal review of the internal control system of the Group, an internal control self-assessment process is in place, that requires the senior management of each business unit to review, evaluate and declare the effectiveness of the internal controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the Risk Management Report as mentioned earlier and the independent assessments by the auditors, form part of the bases on which the Audit Committee formulates its opinion on the effectiveness of risk management and internal control systems of the Group.

Legal and regulatory compliance

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The legal department has the responsibility of safeguarding the legal interests of the Group. It monitors the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation and corporate secretarial documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management on legal and commercial issues of concern. In addition, the legal department is responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations, and preparing and submitting response or filings with relevant regulatory and/or government authorities on regulatory issues and consultations. The legal department also prepares and updates internal policies and conducts tailor-made workshops where necessary so as to strengthen the internal controls and compliance procedures of the Group.

The legal department reports to the group legal department of the holding company of the Group on all material legal, regulatory and corporate secretarial matters. It determines and approves in conjunction with the group legal department of the holding company of the Group the engagement of external legal advisors, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, the legal department organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for Directors, business executives and the legal and corporate secretarial teams.

On the listed company level, the Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Law, the Companies Ordinance and the SFO. The legal department is vigilant with the legal requirements under these statutes, rules and regulations.

Governance policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. All employees adhere to various Group policies that reflect the core values and corporate culture of the Group. The Code of Ethics is the central tool through which the Company sets the conduct expectations for employees underscoring the strong commitment of the Group to upholding high standard of business integrity, honesty and transparency in all business dealings. The Company has also established anti-corruption and whistleblowing policies and systems, which are conducive to setting a healthy corporate culture and good corporate governance practices. In addition, the Group has adopted and implemented a number of other governance policies requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations. These policies are reviewed from time to time to ensure their relevance and appropriateness to the business, corporate strategy and stakeholder expectations of the Group.

Key governance policies and guidelines of the Group, which are posted on the website of the Company, include:

Code of Ethics

The Code of Ethics of the Group sets the standards for employees as are necessary to promote honest and ethical conduct, accurate and timely disclosure in the reports and documents that the Group files or submits to regulators, compliance with applicable laws and regulations, prompt internal reporting of violations and accountability for compliance with the Code of Ethics. Every employee is required to undertake to adhere to the Code of Ethics, which includes provisions dealing with conflict of interest, equal opportunities, diversity and a respectful workplace, health and safety, protection and proper use of company assets, record keeping, bribery and corruption, personal data protection and privacy as well as reporting procedures for illegal and unethical behaviour. It is also the Group's general policy not to make any form of donation to political associations or individual politicians. Approval from the Chairman is required for any political contributions by the Group. Employees are required to report any non-compliance with the Code of Ethics in accordance with the established reporting and escalation procedures.

Whistleblowing Policy (formerly known as "Procedures for Reporting Possible Improprieties in Matters of Financial Reporting or Internal Control")

In line with the commitment to achieve and maintain high standard of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Company will extend to them in the formal system, including anonymity and legal protection against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

Anti-Fraud and Anti-Bribery Policy

In all its business dealings, the Group does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Anti-Fraud and Anti-Bribery Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and promptly to seek guidance where necessary. Each business unit is required to report any actual or suspected incident of bribery, corruption, theft, fraud or similar offences to the Chief Financial Officer and the internal audit for independent analyses and necessary follow up (see page 83 of this Annual Report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to promoting anti-corruption practices amongst any third party representatives (such as advisers, agents, consultants, introducers and finders) it engages. All Group companies are required to exercise due care and diligence in selecting third party representatives and in monitoring their activities, and should adhere to the Policy on Appointment of Third Party Representatives of the Group in this regard.

Media, Public Engagement and Donation Policy

The Group places high value on its reputation in the communities where it operates. Employees are required to observe the Media, Public Engagement and Donation Policy to ensure that the market receives timely and accurate information about the Group. The corporate affairs department is designated to help Management provide clear, consistent and congruent messages for the Group's businesses through the media in a speedy, professional and well-coordinated manner.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group. The Shareholders Communication Policy sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information. The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and communication of information for stated purpose and on a need to know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of the Company when they are in possession of unpublished inside information, certain members of senior management or staff are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from the designated members of the Board prior to any dealing in any securities of the Company is allowed). Further, certain staff members of the finance department are subject to a 60-day blackout period prior to the release of the Company's annual results and a 30-day blackout period prior to the release of interim results.

Policy on Personal Data Governance (formerly known as "Policy on Personal Data Privacy Compliance")

The Group is also committed to the safeguard and protection of the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Policy on Personal Data Governance and the applicable local policies and procedures.

Information Security Policy

Employees must not disclose any confidential information of the Group, its customers, suppliers, business partners or shareholders, except when disclosure is authorised by the Group in accordance with the Information Security Policy, which defines the common policies for information confidentiality, integrity and availability to be applied across the entire Group.

Employees are required to make a self-declaration every year to confirm that he/she has read, understood and will continue to comply with the various group policies.

Board Diversity Policy and Director Nomination Policy

The two Board policies, Board Diversity Policy and Director Nomination Policy set out the approach and procedures the Board adopts for the nomination and selection of Directors as well as the approach to achieving diversity. Further details of the policies are provided on pages 63 to 66 of this report.

Internal audit

Internal audit, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management and internal control systems in the business operations of the Group. It has wide authority to access to documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the activities of the Group, internal audit devises its three-year risk-based audit plan for the Audit Committee's review. The plan is subject to continuous reassessment taking into account external and internal factors such as macro economic and regulatory changes, business and operational changes, emerging risks and opportunities (including sustainability-related ones), as well as audit and fraud findings that may affect the risk profile of the Group during the year.

Internal audit is responsible for assessing the risk management and internal control systems of the Group, including reviewing the continuing connected transactions of the Company (refer to pages 40 to 42 of this Annual Report for more details), formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the Executive Director and the executive management team concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, internal audit maintains a regular dialogue with the external auditor so that the parties are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by internal audit includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

Internal audit is also responsible for periodic fraud analyses and independent investigations. In accordance with the Code of Ethics and Anti-Fraud and Anti-Bribery Policy of the Group, each business unit is required to report to the Company any actual or suspected fraudulent activities within a 24-hour timeframe if the amount involved is greater than the de minimis threshold as agreed between internal audit and the Chief Financial Officer or the Executive Director. In addition, each business unit submits a summary of fraud incidents statistics to the Company on a quarterly basis. These cases, together with those escalated through the whistleblowing channel, are recorded in the Company's centralised fraud incidents register under the internal audit's custody, and are independently assessed and investigated as appropriate. Internal audit would promptly escalate any incidents of material nature to the Chairman of the Audit Committee for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Audit Committee on a quarterly basis.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to internal audit and, as appropriate, to the Chief Financial Officer. These reports are reviewed and appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2021 covering all material controls, including financial, operational and compliance controls, and concurs with management confirmation that such systems are effective and adequate. In addition, the Board, through the Audit Committee and the Sustainability Committee, has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting, and sustainability performance and reporting functions.

Nomination of Directors

Nomination Committee

During the year 2021 and up to the date of this report, the Nomination Committee chaired by Dr Wong, Independent Non-executive Director with the Chairman Mr Fok and Independent Non-executive Director Mr Ip as members, is in full compliance with the code provisions of the CG Code.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules, reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

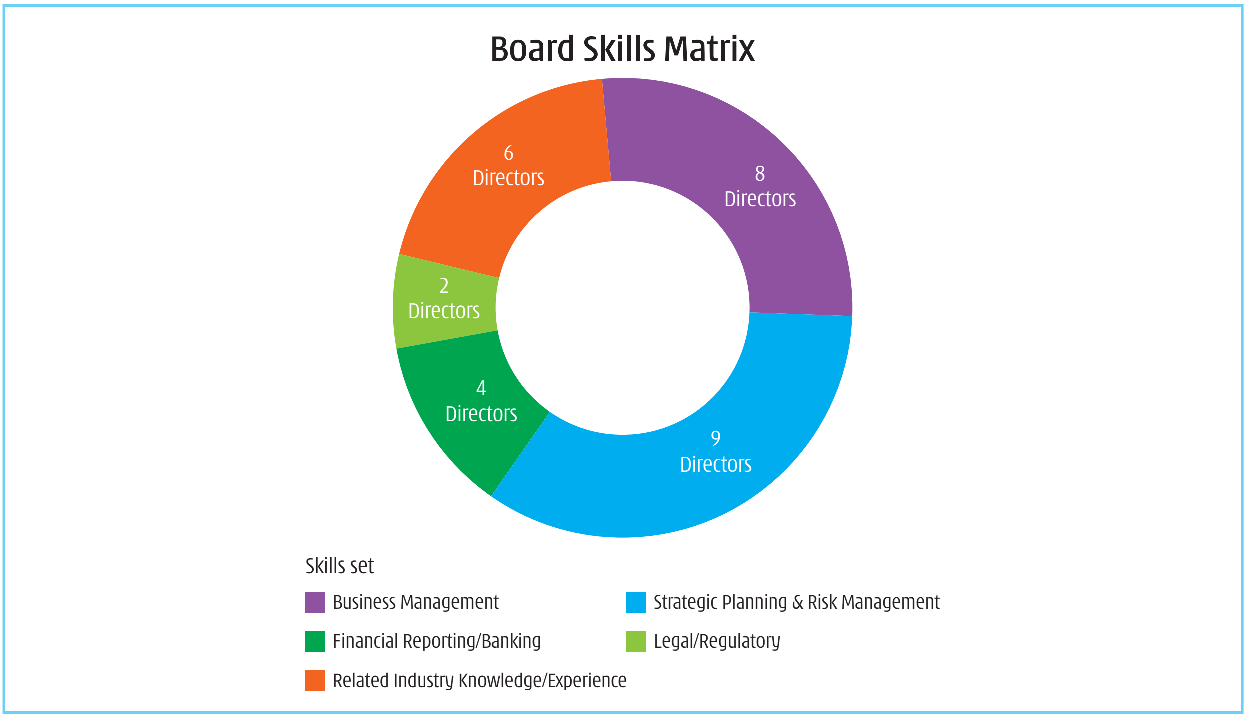
Nomination process

The nomination process has been, and will continue to be conducted in accordance with the Director Nomination Policy and Board Diversity Policy, which are available on the website of the Company. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Pursuant to the Director Nomination Policy, the Nomination Committee, in determining the suitability of a candidate, will consider the potential contributions a candidate can bring to the Board including the attributes complementary to the Board, the commitment, motivation and integrity of the candidate, having due consideration of the benefits of a diversified Board.

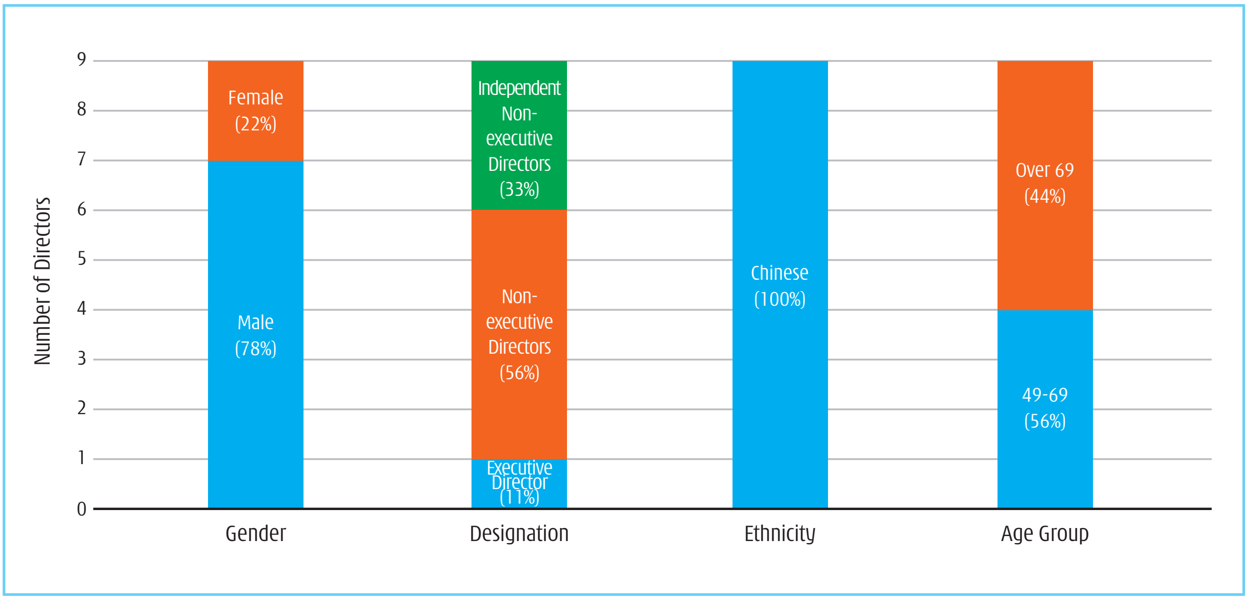
Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board.

The following Board Skills Matrix shows a breakdown of the diverse skills set of the Directors.



Note: The Board comprises nine Directors.

The following chart shows the diversity profile of the Board as at 31 December 2021:



Gender diversity of the Board stands at 22% (two out of nine), above average amongst companies listed on the Stock Exchange. The Board places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The Group has a relatively balanced workforce overall, with 42% female permanent staff and women are well represented in core corporate functions. To support diversity across all facets, beyond gender, including race and ethnicity, disability, LGBTQ+, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, can be found in the Sustainability Report, which sets out on pages 72 to 110.

If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisors of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Listing Rules.

Shareholders of the Company may also nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association and applicable laws and regulations. The procedures for such proposal are posted on the website of the Company.

The Nomination Committee held one meeting in 2021 with 100% attendance.

Members	Attended/Eligible to attend
Wong Yick Ming, Rosanna *(Chairman)*	1/1
Fok Kin Ning, Canning	1/1
Ip Yuk Keung	1/1

During 2021, the Nomination Committee reviewed the structure, size and composition (in particular with regard to gender diversity) of the Board, ensuring that it has greater diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors.

The Nomination Committee also assessed the independence of all the Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. In particular, the Nomination Committee considered that the Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board Committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. None of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company. In addition, there are no circumstance which would materially interfere with their exercise of independent judgement.

Dr Lan and Dr Wong, who have served on the Board for more than nine years, continue to bring in fresh perspectives, objective insights and independent judgement to the Board as well as the Board Committees. There is no evidence that their tenure of over nine years has compromised or would compromise their continued independence.

At its meeting in February 2022, the Nomination Committee reviewed again the structure, size and composition of the Board and affirmed the independence of the Independent Non-executive Directors. It also facilitated the nomination process described above to deliberate and select the Directors for retirement and re-election at the 2022 annual general meeting and recommended to the Board for consideration. It also reviewed the Board Diversity Policy and Director Nomination Policy as well as their implementation during 2021. These are determined to be effective.

Remuneration of Directors and Senior Management

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments.

The Remuneration Committee is chaired by Dr Lan, Independent Non-executive Director, with Chairman, Mr Fok and Independent Non-executive Director, Mr Ip, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The Remuneration Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and where warranted, at additional meetings.

The Remuneration Committee held one meeting in 2021 with 100% attendance.

Members	Attended/Eligible to attend
Lan Hong Tsung, David *(Chairman)*	1/1
Fok Kin Ning, Canning	1/1
Ip Yuk Keung	1/1

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating a broader and more diverse pool of employees of the highest calibre and experience needed to shape and execute the strategy of the Group. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of the Executive Director and senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), business activities and human resources issues, and headcount and staff costs of the Group. It also reviewed and approved the 2022 director's fees for the Executive Director and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2022 remuneration package of the Executive Director and senior executives of the Group. No Director or any of his/her associates is involved in deciding his/her own remuneration.

Remuneration policy

The remuneration of Directors and senior executives of the Group is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. The Executive Director and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

2021 remuneration

Directors' emoluments comprise payments to Directors by the Group. The emoluments of each of the Directors exclude amounts received from a subsidiary of the Group and paid to the Company, a subsidiary or an intermediate holding company of the Company. Details of emoluments paid to each Director in 2021 are set out below:

Directors	Director's fees HK $million	Basic salaries, allowances and benefits-in -kind (9) HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Fok Kin Ning, Canning (1)(2)(3)(5)	0.11	-	-	-	-	0.11
Lui Dennis Pok Man (1)	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff (1)	0.07	-	-	-	-	0.07
Koo Sing Fai (4)(6)	0.09	2.96	1.37	0.22	-	4.64
Lai Kai Ming, Dominic (1)(5)(6)	0.07	-	-	-	-	0.07
Edith Shih (1)(4)(5)	0.09	-	-	-	-	0.09
Ip Yuk Keung (2)(3)(7)(8)	0.18	-	-	-	-	0.18
Lan Hong Tsung, David (2)(7)(8)	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna (3)(4)(7)(8)	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.37	0.22	-	5.57

Notes:

(1) Non-executive Director.

(2) Member of the Remuneration Committee.

(3) Member of the Nomination Committee.

(4) Member of the Sustainability Committee.

(5) Such Directors' fees were paid to a subsidiary of CKHH.

(6) Directors' fees received by these Directors from a subsidiary of the Group during the period they served as directors that have been paid to the Company or an intermediate holding company of the Company are not included in the amounts above.

(7) Independent Non-executive Director.

(8) Member of the Audit Committee.

(9) Benefits-in-kind included insurance and transportation.

The remuneration paid to the members of senior management by bands in 2021 is set out below:

Remuneration bands	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$2,000,001 to HK$2,500,000	1
HK$3,000,001 to HK$3,500,000	1

Relationship with Shareholders and Other Stakeholders

The Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Through the Chief Executive Officer, the Chief Financial Officer, the Investor Relations Department and the Corporate Secretarial team, the Group engages with and responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, webcasts, conference calls and presentations. In 2021, meetings were conducted by means of phone calls, video calls, conference calls, group and one-on-one meetings and roadshows with institutional investors and analysts on business and financial updates, together with an increasing emphasis on sustainability strategies and priorities.

The Shareholders Communication Policy, which is available on the website of the Company, sets out the framework in place to promote two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed matter. The Audit Committee is responsible for the regular review of the policy to make sure it remains effective and complies with prevailing regulatory and other requirements. In November 2021, the Shareholders Communication Policy was updated to elaborate on the multiple avenues available for shareholders to communicate with the Company and vice versa. In February 2022, the Audit Committee reviewed the policy again and considered that the implementation of the policy was effective during 2021, see "Audit Committee" on page 56 of this report.

The Board adopted a dividend policy for the Company and recognises the benefits of providing shareholders with dividends linked to the underlying earnings performance of the business. The policy is pursued to deliver value to the shareholders while maintaining a sustainable financial position and healthy operating cash flow. Subject to business conditions, market opportunities and maintenance of the Company's strong financial position, the Company has adopted a policy of paying regular dividends with a normal target payout ratio of 75% of recurring profit attributable to shareholders for the year.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. The Memorandum and Articles of Association of the Company is published on the websites of the Company and HKEx. Moreover, a wide range of information on the Group is available to shareholders and stakeholders through the Investor Relations page on the website of the Company. A dedicated Corporate Governance section is also available on the website of the Company. This report and the corporate governance policies and practices are available and updated on a regular basis. There is also an expanded Sustainability section on the website containing further information on sustainability as well as the sustainability policies.

Annual general meetings and other general meetings of the Company provide one of the primary forums for communication with shareholders and for shareholder participation. Such meetings provide shareholders with the opportunity to share their views and to meet the Board and certain members of senior management. Question and answer sessions at general meetings foster constructive dialogues between shareholders of the Company, Board members and Management.

Shareholders are encouraged to participate at general meetings of the Company physically, through electronic means, or by proxy if they are unable to attend in person. Pursuant to the Articles of Association, any shareholder holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company has rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders, by sending the Board or the Company Secretary at the principal place of business of the Company in Hong Kong a written requisition for such general meetings, signed by the shareholders concerned together with the proposed agenda items and such meeting shall be held within two months of the deposit of such requisition.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and HKEx. In addition, regular updated financial, business and other information on the Group is made available on the website of the Company for shareholders and stakeholders.

The Company held one shareholders' meeting in 2021, being the 2021 annual general meeting (the "AGM") held on 10 May 2021 at Hutchison Telecom Tower, Tsing Yi as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2021 AGM was attended by all Directors and its external auditor. The respective chairmen of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee all attended the 2021 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2021 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 10 May 2021 are set out below:

Resolutions proposed at the 2021 AGM		Percentage of votes
Ordinary Resolutions		
1	Adoption of the audited financial statements together with the directors' report and the report of the independent auditor for the year ended 31 December 2020	99.98%
2	Declaration of a final dividend	99.93%
3(a)	Re-election of Mr LUI Dennis Pok Man as director	99.38%
3(b)	Re-election of Mr KOO Sing Fai as director	99.68%
3(c)	Re-election of Dr WONG Yick Ming, Rosanna as director	97.61%
3(d)	Authorisation of the board of directors to fix the directors' remuneration	99.96%
4	Re-appointment of PricewaterhouseCoopers as the auditor and authorisation of the board of directors to fix the auditor's remuneration	99.81%
5	Granting of a general mandate to the directors to issue new shares of the Company	98.38%
6	Granting of a general mandate to the directors to repurchase shares of the Company	99.81%

Accordingly, all resolutions put to shareholders at the 2021 AGM were passed. The results of the voting by poll were published on the websites of the Company and HKEx.

Other corporate information relating to the Company is set out in the "Information for Shareholders" section of this report. This includes, among others, dates for key corporate events for 2022 and public float capitalisation as at 31 December 2021.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Investor Relations Department or the Company Secretary by mail to 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong or by email at ir@hthkh.com. Institutional investors and analysts can contact the Investor Relations Department or the Company Secretary of the Company by mail to 15/F, Hutchison Telecom Tower, 99 Cheung Fai Road, Tsing Yi, Hong Kong or by email at ir@hthkh.com. The Board receives updates from the Company Secretary and the Head of Investor Relations from time to time on key issues raised by shareholders and investors. In developing and formulating Group strategy, the Board considers such key issues raised and takes shareholder feedback into account.

Sustainability

Sustainability governance

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its corporate social responsibility and sustainability objectives to the strategic development of its businesses. The Group is committed to contributing to sustainable living by providing connectivity and innovative services to its customers, while engaging in responsible and ethical business actions that build trust with all its stakeholders.

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

The Sustainability Committee, is chaired by Ms Shih, Non-executive Director and Company Secretary, with Mr Koo, Executive Director and Chief Executive Officer, and Dr Wong Independent Non-executive Director, as members, was formed as a Board committee.

The responsibilities of the Sustainability Committee are to propose and recommend to the Board on the Group's sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals. The Sustainability Committee also reviews and reports to the Board on sustainability risks and opportunities, monitors and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Company's sustainability programmes on its stakeholders, including employees, customers, suppliers and business partners, shareholders and investors, banks and creditors, governments and regulators, local communities and non-governmental organisations, and the environment, and appraises and advises the Board on the Company's public communication, disclosure and publications as regards to its sustainability performance.

The Sustainability Committee held two meetings in 2021 with 100% attendance.

Members	Attended/Eligible to attend
Edith Shih *(Chairman)*	2/2
Koo Sing Fai	2/2
Wong Yick Ming, Rosanna	2/2

During 2021, the Sustainability Committee reviewed the framework of the sustainability governance of the Company; the sustainability key performance indicators ("KPIs") for the year and initiatives of the Company, including those with respect to employees, customers, community and environment. In February 2022, the Sustainability Committee reviewed the 2021 sustainability KPIs and related activities as well as the 2022 sustainability initiatives of the Company. It also reviewed and approved the 2021 Sustainability Report of the Company.

In early 2022, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was examined and considered satisfactory by the Sustainability Committee.

Sustainability is embedded in the risk management approach of the Group, through the bi-annual formal examination of all business units as to their material sustainability risks and presentations to senior management their plans on how these risks are managed as part of the bi-annual review of risk management and internal control systems. As an integral part of sustainability governance, these self-assessment results are subject to internal audits, then submission to the Chief Executive Officer and Chief Financial Officer biannually as well as the Audit and Sustainability Committees for review and approval.

The Sustainability Report further discusses the sustainability mission and strategies, management approach, progress, material quantitative data, as well as policies and key initiatives of the Group. It is set out on pages 72 to 110 of this Annual Report.

By Order of the Board

Edith SHIH
Non-executive Director and Company Secretary

Hong Kong, 25 February 2022

SUSTAINABILITY REPORT

The Group is committed to contributing to sustainable living by providing connectivity and innovative services to its customers, while engaging in responsible and ethical business actions that build trust with all its stakeholders.

Sustainability Report

1. About this Report

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company" or "HTHKH") and its subsidiaries (collectively the "Group") present the following Sustainability Report (the "Report") for 2021.

The Group is a pioneer in mobile data communication technologies, offering diverse and innovative mobile telecommunications and data solutions that create new digital value and unprecedented opportunities to consumers and businesses in the ever-changing digital landscape. The collaborative approach of the Group combined with its supreme network and advanced technology, such as artificial intelligence, Internet of Things ("IoT") and big data, enables the delivery of secure, seamless and agile solutions that align perfectly with customer needs.

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning its sustainability objectives of the Group to the strategic development of its businesses. The Group is committed to contributing to sustainable living by providing connectivity and innovative services to its customers, while engaging in responsible and ethical business actions that build trust with all its stakeholders.

Reporting Period

This Report covers the year from 1 January to 31 December 2021, unless otherwise specified.

Report Boundary

The information disclosed in this Report covers the mobile telecommunications businesses of the Group in Hong Kong and Macau.

Reporting Framework

This Report was prepared in accordance with mandatory disclosure requirements and the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The ESG content index set out in Section 9. HKEx ESG Guide Content Index to this report outlines how the ESG Guide has been applied.

This Report should be read in conjunction with other sections in this Annual Report, which contains a comprehensive review of the financial performance and corporate governance as well as the key policies of the Group published on HTHKH's website.

Feedback

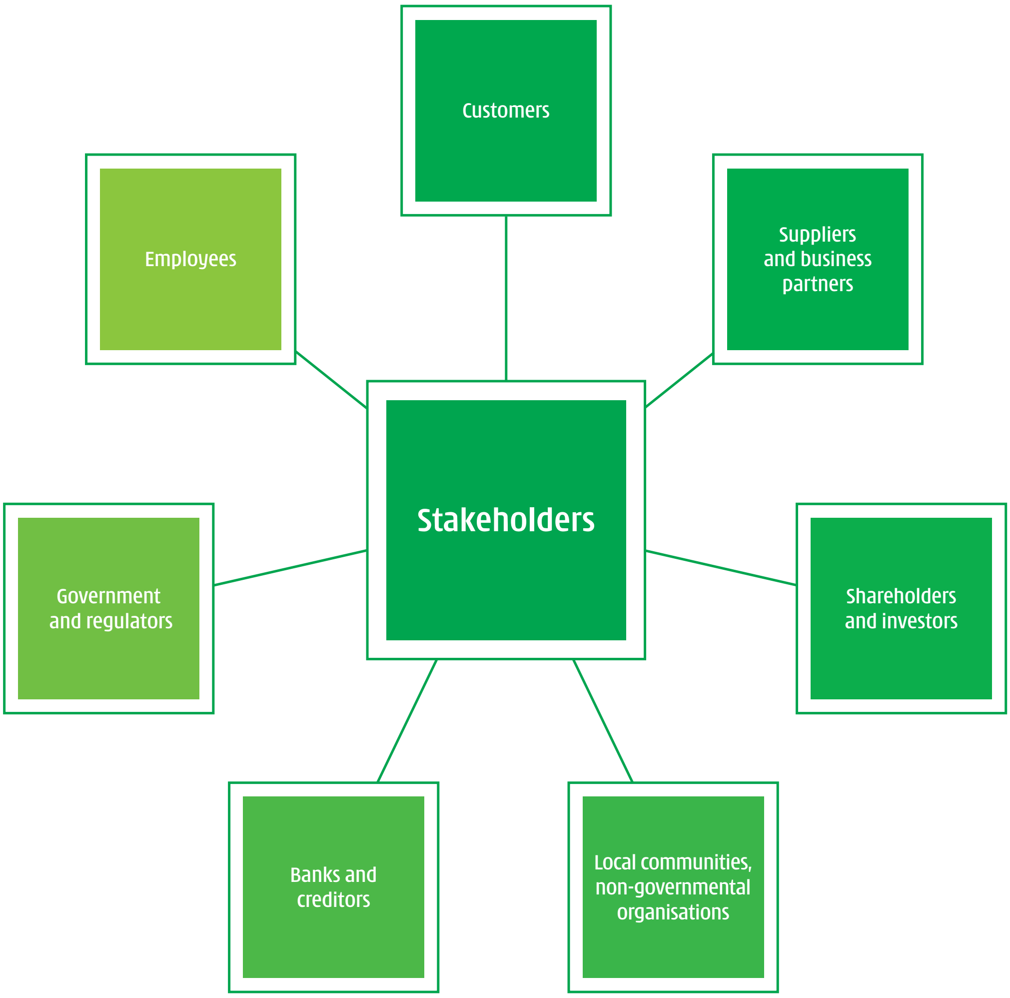
The Group values feedback and suggestions from all stakeholders on this Report, its approach to sustainability and performance. Please contact us through the QR code below or email to ir@hthkh.com.

2. Reporting on What Matters

2.1. Stakeholder Engagement

As one of the leading mobile telecommunications operators in Hong Kong and Macau, the Group is committed to a wide range of stakeholders including employees, customers, suppliers and business partners, shareholders and investors, banks and creditors, governments and regulators, local communities and non-governmental organisations. Sustainability is an integral element in maintaining the Group's position as a responsible mobile telecommunications operator and in safeguarding the well-being and prosperity of the communities in which it operates. Understanding stakeholder views is crucial to defining a strategy that has the interests of society and the environment at heart. Taking a proactive approach to sustainability is a core part of the Group's values and is displayed on multiple fronts of its corporate strategies.

The Group engages in open and transparent dialogues with its key stakeholders. The Group regularly collects stakeholders' views through a variety of channels, such as meetings, workshops, surveys and feedback programmes to understand their views and meet their expectations.



2.2. The Materiality Assessment Process

The Group conducted a materiality assessment to define the material sustainability issues faced by its operations that are perceived to be the most significant to the Group and its stakeholders. The materiality assessment of the Group is an iterative process conducted annually to account for new information and emerging trends by way of a three-step process: identification, prioritisation, and validation.

Identification

Identified potential sustainability issues relevant to the Group referencing:

- Material issues covered in industry-specific materiality frameworks such as the Global Reporting Initiative ("GRI") Standards and the Sustainable Accounting Standards Board ("SASB") Standards;
- The United Nations Sustainable Development Goals;
- Environmental, Social, and Governance ("ESG") Rating Reports;
- Employee engagement survey;
- Research on emerging issues and global socio-economic trends.

Prioritisation

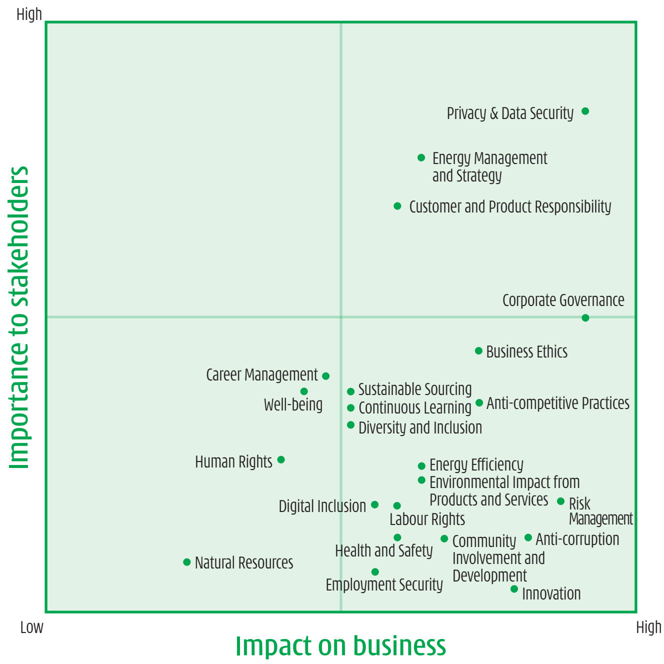
Influence of identified material issues on business success was evaluated by members of the Sustainability Working Group.

Prioritised issues that have a significant impact on the Group's ability to create long-term and sustainable value.

Validation

Material issues were reviewed and approved by the Sustainability Working Group and the Sustainability Committee.

The following table summarises the material sustainability issues for the business by importance to stakeholders and impact on business:



The results facilitate the Group in steering its sustainability strategies, prioritisation of its sustainability activities, and the establishment of meaningful metrics for effective performance evaluation. The Group also sets specific targets and roadmaps to achieve its sustainability mission.

3. Sustainability Framework

3.1. Enhanced Sustainability Framework

Following the three-step materiality assessment, the overall sustainability framework, approach and priorities of the Group are developed on four pillars: Governance, Environmental, Social, and Sustainable Business Model and Innovation. Each pillar is supported by the corresponding Group policies, leadership, and the collective efforts of the entire business. These four pillars guide the Group in setting the overall direction of its sustainability strategies for implementation across its businesses.

3.2. Group-wide Goals

The Group is committed to playing its part in achieving the United Nations Sustainable Development Goals ("SDGs") and the ambitions set out in the 2015 Paris Agreement.

Nine Group-wide goals were developed to guide the Group's sustainability strategies and initiatives. To focus on what matters the most, the Group has set out four priority focus areas for 2021-22.

While the goal — Take all steps to protect employees and support communities and other stakeholders through the pandemic — is not a perpetual goal as in the case of the others, it has been listed as a priority given the significance of the pandemic and to ensure resources are prioritised for its impacts and the path to recovery.

Governance

17 PARTNERSHIPS FOR THE GOALS

1. Embed rigorous and effective governance

- Maintain transparent corporate governance that guides the Group in making balanced decisions that benefit all stakeholders.

2. Operate responsibly with integrity

- Adhere to the highest compliance and anti-corruption standards and always act with integrity;
- Promote environments where employees feel comfortable to speak up;
- Implement leading practice approaches to data privacy and cyber security.

Enviornmental

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

3. Take action on climate change ★

- Contribute to helping the world achieve the goal set out in the 2015 Paris Agreement - to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels;
- Manage the physical and transition risks of climate change, and seize the opportunities presented as the low carbon transition continues;
- Encourage and embrace scientific and technological innovation to accelerate reductions in the carbon footprints of the Group's businesses;
- Develop carbon footprints including scope 1, 2 and 3 emissions along with the help of carbon experts;
- Set medium and long-term targets on key performance indicators ("KPIs").

4. Protect natural resources

- Conserve water, prevent pollution to land, water and air, and protect and restore biodiversity.

5. Promote a circular economy

- Integrate circular thinking into business strategies through responsible raw material sourcing, efficient production processes and product design, and inspiring sustainable consumer behaviours.

Social

10 REDUCED INEQUALITIES

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

6. Create great places to work ★

- Attract, develop and retain a high-performing and engaged workforce;
- Make work an equitable, diverse and inclusive environment that reflects the diversity of the communities in which the Group operates;
- Promote zero-harm and healthy workplaces.

7. Help to build thriving and resilient communities

- Deliver business growth that benefits the communities in which the Group operates;
- Invest in programmes for meaningful impact and foster long-term relationships.

8. Protect employees and support communities and other stakeholders through the pandemic ★

- Keep employees safe; provide employees with the tools and support to successfully work from home; support employee well-being;
- Protect the health and well-being of customers;
- Maintain focus to supporting healthcare services globally and the needs of the vulnerable;
- Prioritise health and wellness over profit whenever and wherever the Group's employees or communities are at risk.

Sustainable Business Model and Innovation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

9. Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts ★

- Invest in innovation to provide transformational sustainability impact as well as ensure future-fit businesses;
- Adapt products and services to be more sustainable, while always ensuring the highest levels of product and service quality and safety;
- Communicate the sustainability benefits of products and services to customers with transparency and authenticity;
- Partner with suppliers that share the Group's sustainability priorities and uphold high levels of environmental and ethical conduct.

★ 2021/22 priority goals

Progress and actions to address these priority goals are discussed in the section of its corresponding pillars.

4 Governance

Goals:

- Embed rigorous and effective governance
- Operate responsibly with integrity

4.1. Sustainability Governance Structure

4.1.1. Commitment

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 stakeholders, and ensuring accountability across its businesses.

A suite of foundational policies, including the Sustainability Policy (formerly known as "Corporate Social Responsibility Policy"), serves as the ultimate guiding principles for sustainability practices within Group. They are critical in translating the values of the Group into actions, reinforcing the commitments of the Group to business integrity, people, environment and the community in which it operates.

The sustainability governance of the Group is bolstered by the bi-annual self-assessment review across the business units. Together with internal audit assurance, they serve as an important tool for the Group to manage its enterprise and process risks as well as to ensure statutory and regulatory compliance including sustainability-related reporting, in order to provide reasonable assurance to the Board, via the Sustainability Committee and the Audit Committee, on an ongoing basis.

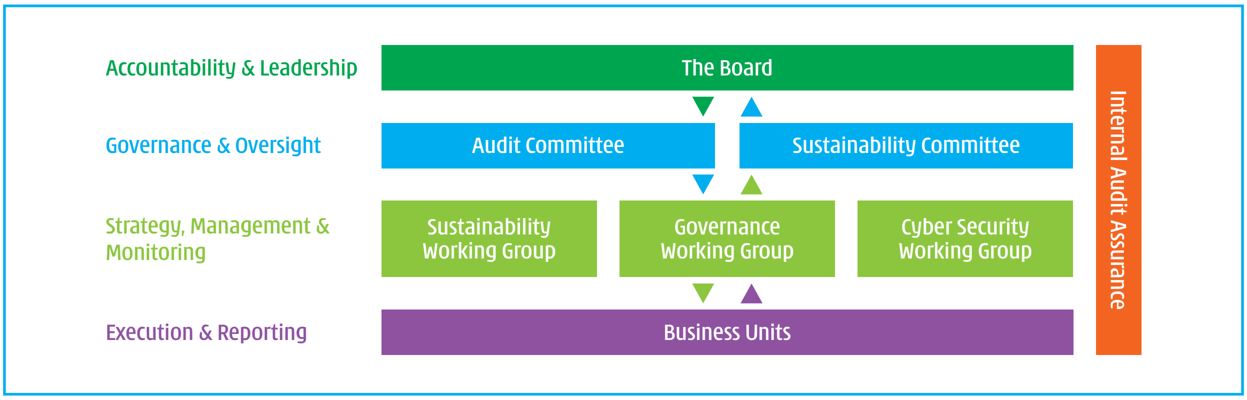
4.1.2. The Board

The Board has ultimate accountability for the sustainability strategy, management, performance and reporting of the Group through the support of the Sustainability Committee and the Audit Committee. The Board examines and approves the sustainability objectives, strategies, priorities, initiatives and goals, as well as related significant policies and framework of the Group that support their achievement.

The Sustainability Committee and the Audit Committee report to the Board on sustainability risks and opportunities, which the Board periodically examines and reviews with the committees, and their impact on business strategies, including new investments.

4.1.3. Board Diversity

As at 31 December 2021, the Board comprised nine Directors, including the Chairman (Non-executive), two Co-Deputy Chairmen (Non-executive), an Executive Director and Chief Executive Officer, two Non-executive Directors and three Independent Non-executive Directors. The Nomination Committee, chaired by Dr Wong Yick Ming, Rosanna, Independent Non-executive Director, with Chairman Mr Fok Kin Ning, Canning and Independent Non-executive Director Mr Ip Yuk Keung as members, is responsible for reviewing the structure, size, diversity profile and skills set of the members of the Board. The Group values the benefits of a diverse Board that possesses a balance of skills set, expertise, experience and perspective. Appointment of Directors is based on attributes that the selected Director will bring to the Board. Female directors accounted for 22% of the Board in 2021. On the date of this report, the Board comprised nine directors of which female directors accounted for 22% of the Board.



4.1.4. Sustainability Committee

The Sustainability Committee, formed in 2020 as a Board Committee, is chaired by Ms Edith Shih, a Non-executive Director and the Company Secretary with Mr Koo Sing Fai, Executive Director and Chief Executive Officer, and Dr Wong Yick Ming, Rosanna, Independent Non-executive Director, as members. The Sustainability Committee advises the Board and management on and oversees the development and implementation of the 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 Sustainability Committee holds meeting at least twice a year.

During 2021, the Sustainability Committee reviewed and approved the 2020 Sustainability Report, as well as sustainability priorities and target for the Group discussed in this report. The Sustainability Committee will continue to oversee and receive updates particularly on the priority goals. For more information, please refer to the Terms of Reference of the Sustainability Committee.

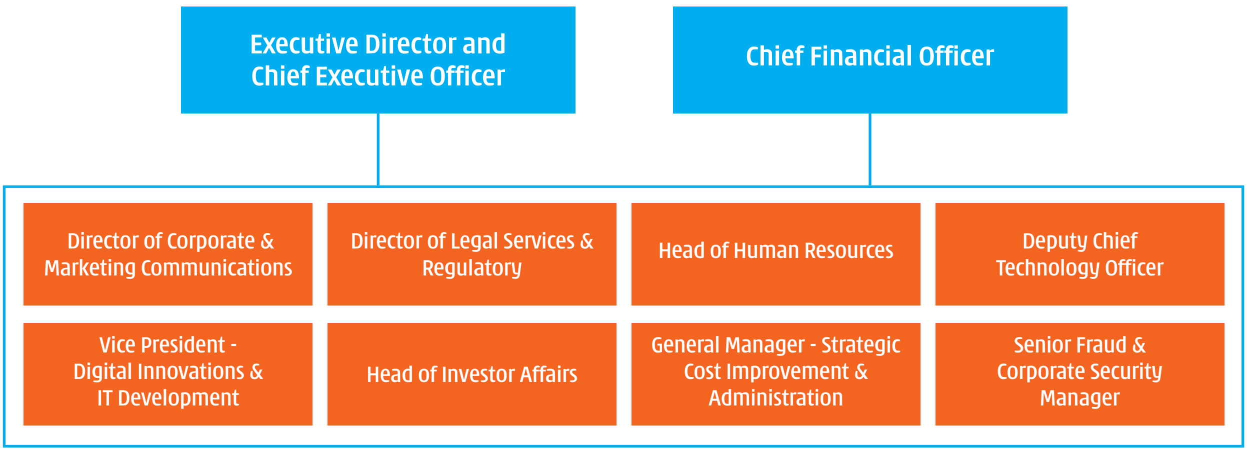
4.1.5. Audit Committee

The Audit Committee maintains oversight of the effectiveness of the financial reporting, risk management and internal control systems of the Group. It is also responsible for reviewing the corporate governance policies and practices of the Group, including compliance with legal and regulatory requirements per the Terms of Reference of the Audit Committee and the Corporate Governance Report as set out on pages 47 to 71 of this Annual Report for more information.

4.1.6. Sustainability Working Group

The Sustainability Working Group is co-chaired by the Chief Executive Officer and the Chief Financial Officer, and comprises senior executives from business units linked to sustainability topics which are deemed material to the Group. This broad-based involvement ensures that the wider interests of the Group in the development of sustainability strategies are adequately represented. To further strengthen its sustainability management approaches, the Group has dedicated sustainability resources to exchange views on the sustainability risks and opportunities with key stakeholders to drive Group-wide sustainability strategies.

Sustainability Working Group Members



4.1.7. Governance Working Group

The Governance Working Group is chaired by a Non-executive Director and comprises representatives from various business functions of the Group. The Governance Working Group assists the Audit Committee and Sustainability Committee on governance tasks by providing timely reviews and updates, identifying emerging matters on compliance, and establishing appropriate compliance policies and procedures for adoption.

On a quarterly basis, the Governance Working Group presents to the Audit Committee an overall corporate governance compliance review, providing updates on key compliance matters during the review period. The review includes a report on compliance status with respect to the Corporate Governance Code under the Listing Rules, a report on regulatory compliance and material legal matters, continuous professional development training undertaken by directors, as well as updates on governance policies and procedures.

4.1.8. Cyber Security Working Group

The Cyber Security Working Group, chaired by the Chief Financial Officer, comprises relevant technical specialists from the Information Technology department and the Business Assurance & Compliance function. It oversees the cyber security defences of the Group to ensure that its efforts in this area are effective, coherent and well-coordinated.

4.1.9. Business Units

The everyday implementation of the sustainability approach of the Group relies on the support of its business units. Regular task force meetings are held to report on sustainability target performance and self-assessment results on the effectiveness of risk management and internal control systems in place; as well as to act and respond to sustainability risks and opportunities.

4.1.10. Internal Audit Assurance

The internal audit function reports directly to the Audit Committee and provides independent assurance as to the existence and the effectiveness of risk management activities and internal controls systems including those relating to sustainability. Please refer to the Corporate Governance Report as set out on pages 47 to 71 of this Annual Report for more information.

4.1.11. Sustainability Risk Management

As part of its enterprise risk management, the Group conducts a self-assessment review to evaluate its enterprise risk management, its operations, as well as statutory and regulatory compliance matters such as tax and anti-fraud and anti-bribery practices on a half-yearly basis. A review of the goals and targets addressing sustainability issues also forms part of the self-assessment review. The self-assessment results are subject to internal audits, which are then submitted to the Directors, the Audit Committee and the Sustainability Committee for review and approval. Relevant results are also shared with external auditors.

In 2021, climate change was given additional focus during the risk assessment process and noted as a greater priority going forward.

Crisis Management Team

Safeguarding the business

As a telecommunications service provider serving millions, the Group has a vital role in keeping communities connected. It is therefore committed to protecting its assets and data from cyber-attacks and delivering stable, effective connectivity, especially in times of crisis.

To fulfil this commitment, the Group has developed specific business continuity plans and manuals designed to maintain network resilience, as part of its wider risk management framework. These policies and manuals lay out the procedures, management responsibilities, internal and external actions and communications to be undertaken in times of crisis. A Crisis Management Team consisting of senior executives of the Group has also been established to coordinate responses and actions at a strategic or tactical level. Annual crisis drills are conducted to ensure that key members of the team are well prepared for any emergency.

The Group's solid risk management framework and associated protocols proved valuable in the face of the challenges of the COVID-19 pandemic. They enabled the Crisis Management Team to make rapid and effective decisions to protect staff infected by or exposed to COVID-19, while at the same time minimising any disruptions to services and operations.

4.2. Corporate Governance

4.2.1. Commitment

The Group 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.

Accordingly, the Group has adopted and applied corporate governance principles and practices that emphasise a quality board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability. It is committed to continuously enhancing these practices and inculcating an ethical corporate culture. Please refer to the Corporate Governance Report as set out on pages 47 to 71 of this Annual Report for more information.

Corporate Governance Policies

- Anti-Fraud and Anti-Bribery Policy
- Board Diversity Policy
- Code of Ethics
- Director Nomination Policy
- Information Security Policy
- Media, Public Engagement and Donation Policy
- Policy on Appointment of Third Party Representatives
- Policy on Personal Data Governance (formerly known as "Policy on Personal Data Privacy Compliance")
- Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information
- Shareholders Communication Policy
- Whistleblowing Policy (formerly known as "Procedures for Reporting Possible Improprieties in Matters of Financial Reporting or Internal Control")

Sustainability Policies

- Environmental Policy
- Health and Safety Policy
- Human Rights Policy
- Modern Slavery and Human Trafficking Statement
- Supplier Code of Conduct
- Sustainability Policy (formerly known as "Corporate Social Responsibility Policy")

4.2.2. Anti-Fraud and Anti-Bribery ("AFAB") Policy and Code of Ethics (the "Code")

The Code, available on the website and intranet of the Company, sets out the professional and ethical standards for the employees to observe in all business dealings, including provisions dealing with conflict of interests, fair dealings and integrity, corruption, political contribution, confidentiality, personal data protection and privacy, as well as whistleblowing procedures. All employees are required to annually declare their acknowledgement and compliance with the Code and related policies.

Employees should report the conduct or action by any employee that does not comply with the law or with the Code in accordance with the Suspected Fraud and Reportable Events Report Procedures or the Confidential Whistleblowing Mechanism.

The AFAB Policy outlines the zero-tolerance approach of the Group to bribery and corruption and guides employees in victimising the circumstances which may lead to, or give the appearance of, being involved in corruption or unethical business conduct. It includes provisions relating to kickbacks, political and charitable contributions, gifts and hospitality, and procurement of goods and services. For political donations, in accordance with the AFAB Policy as well as the Media, Public Engagement and Donation Policy, it is the general policy of the Group not to make any forms of donations to political associations or individual politicians.

4.2.3. Confidential Whistleblowing Mechanism

The Group has monitoring measures and procedures in place to detect bribery, fraud or other acts of malpractice. Employees and all other relevant stakeholders are encouraged to raise their concerns of suspected acts of misconduct, malpractice or fraud through the whistleblowing mechanisms of the Group. All reported incidents will be investigated and followed up independently and reported by the internal audit function of the Group to the Audit Committee and senior management. All reported incidents will be treated in a highly confidential manner and whistleblowers will be protected from unfair dismissal, victimisation or unwarranted disciplinary action.

Incidents or suspected incidents of fraud and corruption are immediately investigated. Internal Audit is responsible for reviewing every reported incident, seeking relevant stakeholders for direction or comment, determining which incident requires a more in-depth investigation, and escalating promptly to the Audit Committee if the incident is of a significant nature. A summary of the reported incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Chief Financial Officer on a quarterly basis. For concerns that are substantiated, disciplinary actions including verbal or written warning and termination of employment are taken after due management consideration. Violations of the laws and regulations are reported to the police or other law enforcement organisations.

4.2.4. Communication and Training

All employees are well informed of the Code and other relevant policies and are required to annually declare their acknowledgement and compliance with the Code and related policies. The Code, the AFAB Policy and other relevant policies are available on the website and intranet of the Company.

Digitalised Training

Knowledge shaped to individuals needs and schedules

Phase 1 of the Group's digitisation project to revitalise the training experience was completed in 2020. This involved digitising the annual compliance refresher course, and creating an on-demand format available to all employees throughout the year on the intranet. Given the flexibility of the new arrangements, the Group decided to make the on-demand training a mandatory requirement for all its staff in 2021. This has resulted in employees across the Group enhancing their awareness and understanding of the internal controls and compliance procedures of the Group, and building a shared sense of responsibility and personal empowerment. Periodic fraud alerts about new or common fraud schemes are also circulated to staff to keep them up-to-date with these significant threats to the Group's business.

4.2.5. Monitoring Compliance

The Group is committed to ensuring that it operates in compliance with all applicable local laws, rules and regulations of the jurisdictions in which it operates. Regulatory frameworks within which the Group operates are scrutinised and monitored, whereby relevant internal policies are prepared and updated accordingly. These policies, procedures and guidelines have been adopted across the Group to meet operational needs as well as legal and regulatory requirements. The Group monitors the execution and compliance of these policies, procedures and guidelines through regular management reviews and reporting. Please refer to the Corporate Governance Report as set out on pages 47 to 71 of this Annual Report for more information.

4.3. Data Privacy and Information Security

4.3.1. Commitment

The rapid development of regulations on data privacy and information security is increasingly affecting the telecommunications industry, posing a growing challenge for operators in maintaining customer relationships. As such, the protection of personal data is fundamental to preserving the trust of customers and employees.

The Group is committed to safeguarding and protecting their personal data. Employees must collect and use personal data only in accordance with applicable data protection laws, the Group's policies, procedures and guidelines pertaining to data privacy and security. Employees must not disclose any confidential information on the operation of the Group, nor that of its customers, suppliers, business partners or shareholders, except when disclosure is authorised in accordance with the Information Security Policy.

The Group is committed to safeguarding and protecting personal data.

4.3.2. Data Privacy Policies and Control Systems

The Regulatory Advisory Committee, supported by the Data Protection Committee, is responsible for overseeing personal data protection of the Group. The Policy on Personal Data Governance (formerly known as "Policy on Personal Data Privacy Compliance") and Information Security Policy together with the Code and other related policies, procedures and guidelines of the Group, set out the governance framework for safeguarding employees and customers' personal data of the Group. These policies are reviewed and updated periodically to allow timely communication with employees. Employees are required to submit a self-declaration annually to acknowledge and confirm compliance with all applicable Group policies.

The Group is also committed to ensuring effective customer data management. Legislative and regulatory requirements concerning personal data processing are embedded in all business activities. Appropriate technical and organisational measures have also been implemented. These measures are designed to implement data privacy principles effectively.

4.3.3.Data Privacy Guidelines and Awareness Campaign

All employees are required to fully adhere to the Policy on Personal Data Governance, Internal Guidelines on Data Retention and Access to Personal Data, other relevant policies, procedures and guidelines of the Group as well as applicable data protection laws. Access to physical or computer records containing personal data is strictly controlled and requires management approval granted only on a "need-to-know" basis.

Regular trainings are organised to ensure that employees are up-to-date on the latest requirements and developments of the relevant rules and regulations. The Group issues operational guidelines, handbooks and periodic internal communications and conducts workshops to reinforce the importance of customer data protection among its customer-facing employees. The Group also conducts regular privacy risk assessments to evaluate prevailing privacy risks and the adequacy of mitigating controls.

Data Privacy Principles	
Data Collection	• Collect only necessary and relevant personal data for specified, clear and legitimate purposes
Use of Data / Data Access	• Use personal data in a lawful, fair and transparent manner • Provide a clear, transparent, understandable and updated Privacy Notice • Ensure the use of personal data in compliance with applicable data protection laws • Restrict employee access to personal data on a need-to-know basis only
Data Accuracy	• Take appropriate steps to ensure personal data held are accurate and up-to-date
Data Security	• Use encryption techniques to retain, use and transmit personal data • Maintain stringent and adequate security measures to protect personal data that the Group is entrusted against unauthorised or unlawful access • Review security measures regularly to ensure protection level is appropriate
Data Retention	• Keep only personal data that are necessary for the fulfilment of the purposes for which they are being used, and in accordance with internal guidelines for document retention periods • Erase personal data from the system that are no longer required for the purpose for which they were collected
Rights of Individuals	• Process personal data in accordance with the rights of individuals under applicable data protection laws • Handle requests from individuals to access, amend or delete their personal data in a manner compliant with applicable data protection laws

4.3.4. Data Security and Incident Management

Data Security Incidents ("DSIs") have increased in frequency, scale and severity in recent years globally. Loss or leakage of data, including customers' or employees' personal data as well as technical and trade information, could have significant consequences on the operations of the Group and could result in third-party claims and regulatory investigations.

The Cyber Security Working Group, chaired by the Chief Financial Officer, comprises relevant technical specialists from the Information Technology department and the Business Assurance & Compliance function. It oversees the cyber security defences of the Group to ensure that its efforts are effective, coherent and well-coordinated. The Cyber Security Working Group also monitors the cyber threat landscape to gain insights into emerging and existing attacks and their implications. For more information on its key responsibilities, please refer to Section 4.1.8. Cyber Security Working Group.

In the event of a DSI involving personal data, the Group will respond immediately according to applicable procedures to mitigate the potential consequences and secure personal data from further unauthorised access, use or damage. The Legal & Regulatory Affairs Department and the Corporate Security team of the Group will be alerted and the relevant authorities and affected individuals will be notified if required. Guidance on handling DSIs and the notification process is reviewed and updated periodically.

To raise cyber security awareness among employees, periodic training workshops are held. These equip them with adequate skills in handling customer and company information, as well as knowledge relating to the development of relevant cyber security rules and regulations. Through issuing security alerts, the Group also keeps its employees up-to-date and vigilant against fraudulent and phishing emails. Internal measures and policies are in place to minimise the risks associated with data exfiltration by restricting the use of mobile devices and removable drives.

5 The Environment

Goals:

- Take action on climate change ★
- Protect natural resources
- Promote a circular economy

★ 2021/22 priority goals

5.1. Energy Management Strategy

The Group is conscious of the environmental impact associated with its business activities, and especially the impact of rising energy usage as a result of ever-increasing data traffic. It is committed to managing its footprint across its network and operations to contribute positively to environmental sustainability, in particular by becoming more energy efficient.

There are two main ways in which the Group is working to enhance its energy management. One is by an increasing its use of innovative and efficient technologies, processes and systems to enhance connectivity while reducing energy usage. The other is by embracing and encouraging behavioural change, in its employees, suppliers, business partners and customers. To this end, it had developed an Environmental Policy that contains strategies for achieving a culture of efficiency and good environmental stewardship practices.

Approach to Environmental Sustainability

- Complying with relevant environmental legislations and regulations;
- Handling environmental complaints and responding to environmental inquiries in a timely manner, taking necessary actions to resolve any problems or concerns as soon as possible, and adopting preventive measures to avoid the recurrence of similar incidents;
- Implementing environmental management systems to embed and standardise good practices to both manage and reduce the environmental impact of its operations;
- Promoting and stimulating behavioural change amongst existing and potential employees through internal communication, training and other means;
- Cultivating a greater internal awareness of environmental issues to reduce energy consumption;
- Reporting on the environmental impact and performance of the Group through platforms such as the corporate website and, on an annual basis, the Sustainability Report contained in the annual report;
- Continuing to engage and consult with the stakeholders of the Group to improve its environmental performance and mitigate any adverse environmental impact from its operations.

The Group is committed to contributing positively to environmental sustainability.

Managing Direct Impact

- Identifying the challenges posed by climate change and ways of addressing them;
- Developing strategies in line with global best practices to help the Group adapt to and mitigate the impact of climate change on its operations;
- Assessing climate change and the associated risks and opportunities in the Group's enterprise risk management assessments;
- Implementing measures to protect natural resources and promote a circular business model.

Managing Indirect Impact

- Influencing suppliers by raising awareness of environmental issues;
- Raising awareness of environmental issues and promoting sustainable practices in the community;
- Supporting and promoting green procurement practices.

5.2. Challenges and Opportunities

Climate change is a global challenge to communities and businesses, and to the Group. The Group is striving to integrate climate change considerations across its business practices. The Group is aware that its introduction of 5G connectivity is leading to significant growth in the number of connected devices, and the growing amount of transmitted data is leading to a corresponding increase in energy consumption. One of its key challenges is therefore to enhance the energy efficiency of its mobile networks.

At the same time, 5G connectivity is offering data speed and capacity at a fundamentally different level from that of 4G. It is unlocking potential for applications in business, infrastructure, education, art & culture, sport and research that are expected to transform our modes of living over the next decade. In particular, it is enabling applications that have the potential to act as key drivers for the low carbon transition. In this way, highly efficient connectivity can bring sustainability benefits that more than offset the associated rise in energy usage.

5.3. Committed to contributing positively to sustainability goals

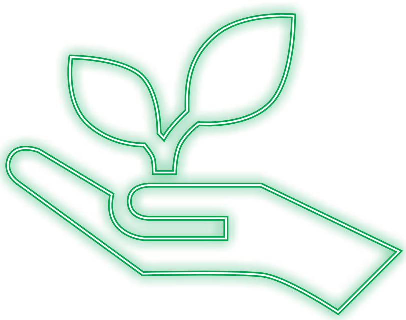
The scope 1 Greenhouse Gas emissions ("GHG") of the Group relate largely to the consumption of refrigerants for cooling, while scope 2 emissions relate to electricity consumption by its network facilities and equipment. Approximately 90% of the Group's electricity consumption relates to network infrastructure and plants which require a continuous supply of power, such as antennas and data centres, as well as air-conditioning to keep equipment within a constant and optimal temperature range. The remaining energy consumption is attributable to offices, call centres, owned stores and the corporate fleet.

The Group is committed to achieving environmental sustainability. Key performance indicators along with other Group-wide goals are helping the Group to manage the environmental impacts of its business activities without compromising network performance.

The Group is a member of CK Hutchison Group Telecom Holdings Limited ("CKHGT"), which comprises the telecommunications business units of the CKHH Group in Austria, Denmark, Ireland, Italy, Sweden and the UK (under **3** Group Europe), and in Hong Kong and Macau. One of CKHGT's key initiatives is the establishment of a Climate Working Group to drive and accelerate climate-related mitigation and policy adoption across business units and to set emission reduction targets.

Targets

Carbon Intensity Target	• 70% reduction by 2025 against 2018 baseline • 10% annual reduction
Paper consumption Target	• 40% reduction by 2025 against 2018 baseline • 2% annual reduction
Recycled Waste Target	• Achieve recycling rate of 35% for general office waste by 2022



Note: Recycled waste target only applies to waste generated from the Hong Kong office.

5.4. Enabling a low carbon transition

The Group regularly reviews its operations to enhance its operational efficiency and lower its energy consumption. Over the past few years, it has optimised floor space in its switching centres and applied energy-efficient technology to its network equipment. Other actions contributing to its transition to a low carbon future include enhanced governance reporting processes and behavioural change campaigns.

Action on Climate Change

High impact projects launched during the year

Actions to increase energy efficiency

- Floor space utilisation improved to increase energy efficiency;
- Energy saving controls and features installed to reduce energy demand;
- Legacy equipment decommissioned and replaced to enhance efficiency.

Reporting and Monitoring

- Target set for carbon intensity.

Third-party expert engagement

- As part of CKHGT, the Group took part in a project in 2020 with a third party expert to set a science-based target, develop a carbon footprint to identify hotspots, and conduct gap analysis against recommendations set out in the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations.

Behaviour Change Campaigns

- Recycling campaign to encourage behaviour change;
- A range of initiatives and system upgrades to enable a paperless workflow;
- Bring-Your-Own Cups initiative to encourage reusable cups;
- Optimised automatic switch-off configurations of monitors, lighting system and copy machines.

5.5. Optimising Resource Use

The Group engages in reduction, reuse and recycling activities to reduce waste. Relevant actions include streamlining procedures and processes to increase efficiency, digitising internal workflows to reduce consumption of supplies like paper, and procuring certain items from recycled or sustainable sources.

Waste-cutting Initiatives

Reduction	Recycling	Reuse
Ceased complimentary paper bills for new retail customers	Paper Recycle Campaign to encourage employees to recycle used paper	Bring-Your-Own cups and ceased provision of disposable cups
Default duplex printing to reduce paper consumption	Decarbonisation and Recycling Corners are set up on all floors to raise awareness and collect recyclabe items	Procured bulk packaging for common supplies

Customers can help protect the environment by disposing old or unwanted handsets and accessories.

The Group was awarded the Energywi$e and Wastewi$e Certificates by the Hong Kong Green Organisation Certification of the Environmental Campaign Committee in 2020 and 2021 respectively in recognition of its ongoing adoption of measures to reduce waste and conserve energy. For the most recent assessment period, the Group received Energywi$e and Wastewi$e Certificates at the Basic Level and Good Level respectively.

Note: The Energywi$e and Wastewi$e Certificates awarded by the Hong Kong Green Organisation Certification of the Environmental Campaign Committee will expire in June 2022 and September 2022 respectively.

5.6. Adopting a sustainable lifestyle

The Group also encourages its customers to adopt a sustainable lifestyle, and makes it easy for them to contribute to sustainability efforts. For example, it provides a one-stop trade-in service that includes complimentary handset content transfer and content and setting clearance on old handsets in stores. Customers can also help to protect the environment through the Recycling Handsets and Accessories Programme, under which they can dispose of their old or unwanted handsets and accessories (such as batteries, chargers, headphones, earpieces, USB cables and stylus pens) in recycling boxes in selected 3Shops. Items collected under this programme are passed on to the Computer and Communication Products Recycling Programme run by the government with industry partners and voluntary organisations. Equipment still in working condition is refurbished and donated to people in need, while other parts and useful materials are recycled.

Second Chance for Phone Cases

Every year, millions of mobile phones are produced, and to match with the new mobile phones, different new phone cases are introduced. Unlike mobile phones, phone cases are generally made from plastic with no resale value. Every year more than one billion mobile phone cases are dumped in landfills.

During the year, the Group joined forces with CASETiFY in support of an initiative to recycle used phone cases, placing a RECASETiFY recycling box in one of its high-traffic stores, the Causeway Bay 3Supreme Shop together with promotional discount to encourage a circular economy.

The collected cases are either properly processed for environmentally-friendly disposal or rebuilt into brand new cases.

The Group also provides useful digital services and solutions to help customers make environmentally responsible choices for living and working. For instance, customers can access their bills via email or SMS and manage their account billing arrangements through the My3 application.

5.7. Ensuring Environment and Monitoring Compliance

The Group integrates considerations of sustainability and climate change impact into its business activities in order to set a positive example for its stakeholders. It also seeks to share this vision with its business partners with the aim of collectively building a more sustainable future. It is to raise business partners' awareness of environmental issues, eco-friendly practices and professional environmental considerations as outlined in the Supplier Code of Conduct of the Group.

The Group conducts its businesses in accordance with applicable environmental laws, rules and regulations. Regulatory frameworks within the Group are analysed and monitored, with internal policies prepared and updated accordingly. The Group strives to cultivate a greater internal awareness of environmental issues through campaigns to reduce energy consumption and waste. Internal communications, trainings and workshops are used to bolster employee awareness while internal policies and compliance procedures reinforce understanding and stimulate changes in employee behaviour.

The Group is committed to fostering a collaborative and diverse working environment for employees.

6 Social

Goals:

- Create great places to work ★
- Help to build thriving and resilient communities
- Protect employees and support communities and other stakeholders through the pandemic ★

★ 2021/22 priority goals

6.1. Our People

6.1.1. Commitment

The Group is committed to fostering a collaborative and diverse working environment for its employees and offering equal opportunities to all its stakeholders.

The Group adheres to fair employment practices and promotes diversity and equal opportunity in its recruitment and promotion processes. Employees are hired and selected based on their skill sets and abilities, regardless of race, gender or religion. The Group has zero tolerance for discrimination and harassment of any kind, including but not limited to unwelcome and offensive conduct (whether verbal, physical or visual) based on a person's gender, relationship status, disability or other factors. The Group also strictly prohibits the use of child and/or forced labour. Rigorous measures and audits are taken to prevent unethical practices. The Group complies with all applicable labour standards, employment guidelines and regulations, and all labour-related legislation relevant to its operations.

As of 31 December 2021, the Group had approximately 1,045 employees in Hong Kong and Macau (2020: 990 employees). The Group strives to be an employer-of-choice by offering its employees ongoing skills development and training and the assurance of workplace inclusivity. The success of its employment practices is reflected by the variety of awards the Group has received over the years.

1,045
employees
Up 6% from 2020

93%
full time employees
Up 1% point from 2020

29
training hours per employee

222
lost days
Up 276% from 2020

$1.8m
community support

$3b
investment in network since 2019

Note: Work-related injuries in 2021 includes a traffic accident which requires a relatively longer recovery time.

Talent Development Programmes

- Management Trainee Programme
- Internship

Staff Engagement Channels

- Staff engagement survey
- Sustainability channel and mailbox
- JoMeh Channel
- Executive Sharing Sessions
- Reverse Mentorship
- 3reeative
- 3Connect

Diversified Trainings

- Management High Table
- 5G technology training
- Enterprise market training
- Product training

6.1.2. Talent Development

As the Group's success depends on its ability to attract, retain and develop suitable talents in a competitive labour market, it is committed to creating opportunities for young people and providing them with goals to aspire to. The Group works closely with educational institutions to recruit talented young people who will support its growth.

2021 Management Trainee Programme

Investing in the Future

To develop a pipeline of future talent and leaders in the telecommunication sector, the Group welcomed the first intake of its annual management trainee programme for university graduates in 2020. During 2021, the management trainees established business connections and gained experience in various lines of work. A graduation ceremony was held to celebrate their year-long efforts. A number of them continued their career with the company, landing in finance, sales, marketing and corporate functional areas.

Following the success of the first round, the Group has now welcomed the second intake of the management trainee programme. The Group also offers internship opportunities to university students who are interested in pursuing careers in telecommunications.

The Group's interactions with young people enable it to share its vision of the future and kindle a passion for the industry and the communities it serves. Its management trainees participate in the Group's businesses and interact with management as they begin to establish business contacts, at the same time learning the importance of collaboration, developing leadership qualities, and growing as socially responsible individuals.

6.1.3. Learning and Development

The Group encourages its employees to broaden their horizons and acquire "future-fit" skills by participating in a comprehensive array of training programmes. Skills gaps are identified through training needs analysis, and training is provided accordingly across a wide range of areas such as digital skills, change management, negotiation, presentation, resilience, storytelling, time management, emotional intelligence, working virtually and business writing skills. Education support funds are also available to employees seeking to strengthen their career path skills sets. In addition, site visits to mobile telecommunications operations facilities and other operations within the CKHH Group were organised in the year to help employees understand the needs of different industries.

In 2021, the Group digitised its annual policy refresh workshops. Employees can now access recorded sessions on internal controls and compliance procedures on the intranet anytime, anywhere.

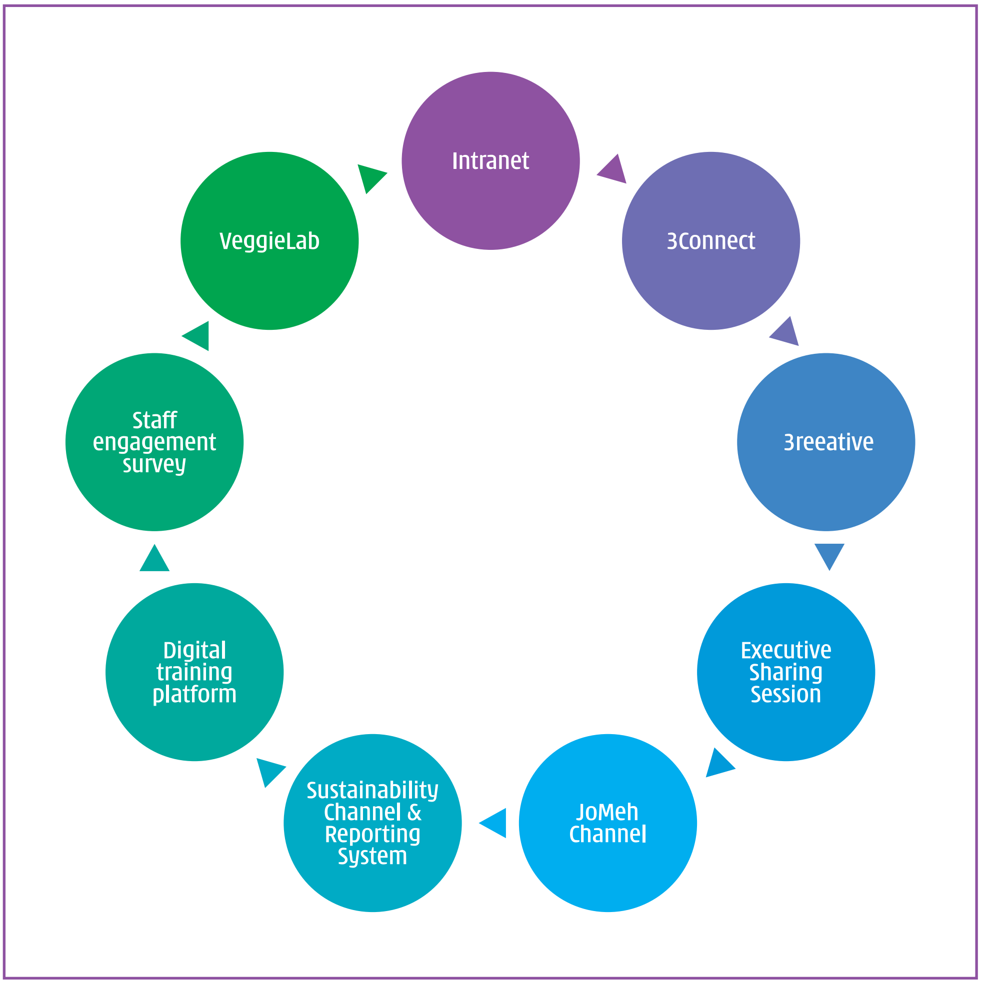
Employees are encouraged to broaden their horizons by participating in the comprehensive training programmes of the Group.

6.1.4. Connecting with Employees

The Group has established a number of communication channels for sharing its business development initiatives and facilitating open dialogue with employees. Employees are encouraged to exchange viewpoints and ideas through these channels. Feedback and suggestions from employees are important in shaping the talent management practices of the Group.

In 2021, the Group established an internal communication channel to share business update videos. It also conducted an employee engagement survey, and implemented initiatives to address gaps identified by the survey. Feedback from employees is taken into consideration when setting sustainability priorities, and progress is communicated to employees. Other notable digitisation projects were undertaken to increase sustainability awareness, streamline compliance training and share updates on business innovations.

3reeative, comprising a group of employees from different departments, was formed in late 2019 to enhance staff engagement by undertaking initiatives focused on five elements, namely communication, relationship, recognition, wellness and growth. It reinforces employees' sense of belonging by organising events, sharing sessions and group purchases.



VeggieLab

Alternative Living

In November 2021, the Group launched a one-year organic farming project at VeggieLab in the roof garden of the Group's headquarters.

Participating staff take part in a bi-weekly workshop on growing vegetables, where they learn to seed and weed across the seasons. The project not only allows the team to collaborate outside the workplace while enjoying views of the Rambler Channel, it also promotes a sustainable food chain.

In addition to the initiatives discussed above, existing initiatives including Executive Sharing Session, Management High Table programme, and Reverse Mentorship programme are in place to promote conscious leadership and the exchange of ideas. The latest Group policies, and information on topics such as office mobility, staff welfare and shuttle bus schedules, are available on the intranet and via 3Connect mobile application platforms.

JoMeh

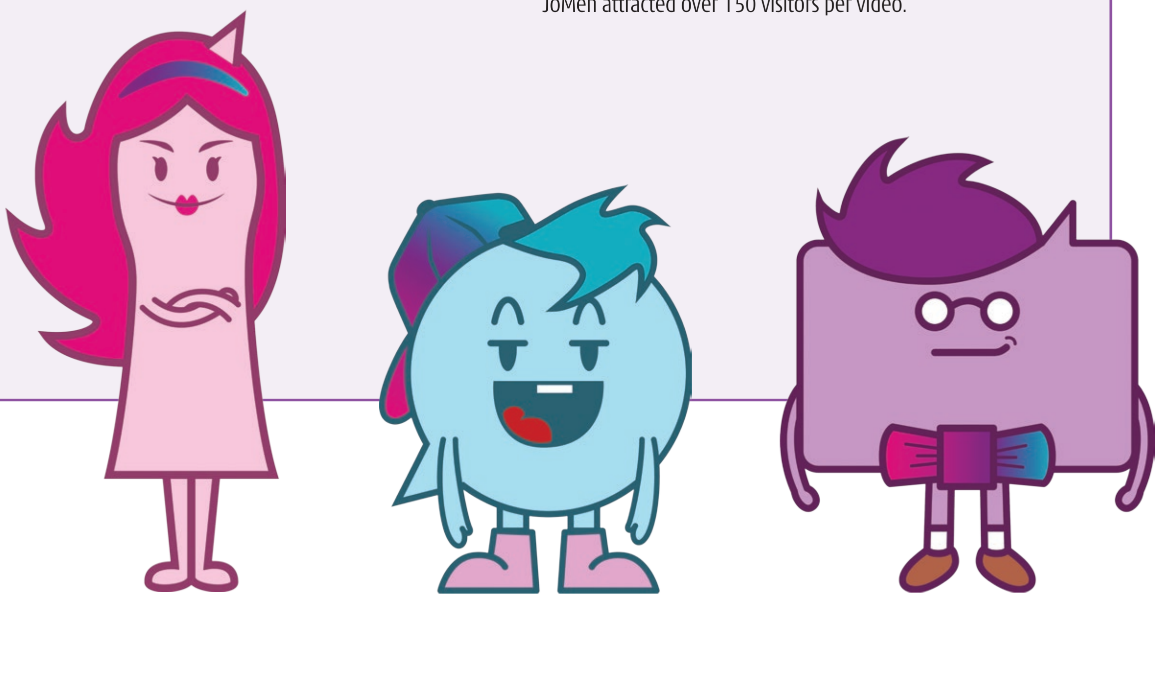
JoMeh

An Internal Communication Channel

JoMeh is an internal video communications channel launched in 2021 to provide a comprehensive look into events at the Group – from small-scale internal festivities and company announcements, to industry relevant info clips and large-scale campaign highlights. On the entertainment side, JoMeh also offers fun adaptations of the Group's key projects, including periodic behind-the-scene videos, music videos, scripted short videos, and more.

These videos are largely presented in an engaging and light-hearted manner to help staff understand the development of the Group beyond their own functional roles and responsibilities. The platform also helps new staff to familiarise themselves with the company culture.

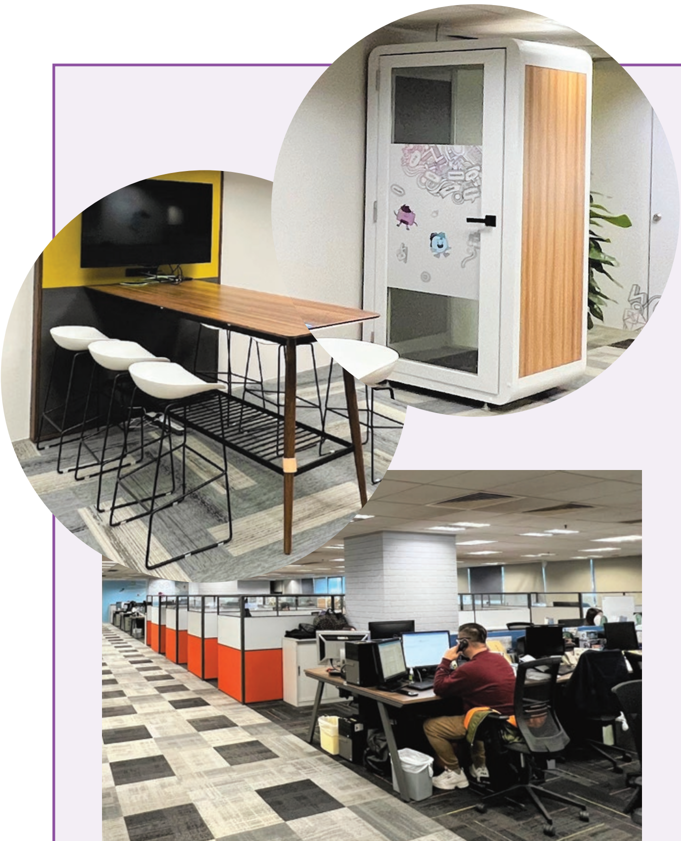
In 2021, JoMeh released 50 videos on topics such as sustainability, 5G applications and industry updates, non-fungible tokens ("NFTs") and cryptocurrencies, many featuring the new IG characters of **3** Hong Kong - **3**FAM. On average, JoMeh attracted over 150 visitors per video.



6.1.5. Health, Safety and Well-being

The health, safety and well-being of employees are core values of the Group. The Group offers employees a robust welfare programme covering a range of areas related to well-being, including work-life balance, physical health, fitness and sports, balanced and nutritious diets, and mental health. The Group provides employees with flexible paid leave and maternity and paternity leave. It also supports a 24-hour worldwide emergency hotline and medical insurance and retirement schemes as part of its extensive employee fringe benefits.

The Group is committed to providing a safe and healthy workplace. Employees are offered health and safety management programmes and related training based on the nature of their work and applicable safety standards. They can also access the latest health and safety information on the Company's intranet. Refresher courses on relevant safety guidelines are provided periodically.



Workplace Refresh

The Group renovated its headquarters as part of its efforts to create great places to work over the last few years. Fixed walls were removed and Primary Air Handling Units were replaced to improve indoor air quality, increasingly important during the pandemic. Under the open floorplan concept, breakout areas with high tables, TVs and table tennis table were introduced to facilitate interaction and foster innovation. First aid boxes were also updated with designated staff-in-charge.

Throughout the COVID-19 pandemic, the Group has been devoted to fighting the pandemic together. A variety of precautionary measures have been put in place to protect the health and safety of employees. The Crisis Management Team, together with Human Resources, closely monitored the changing situation and introduced arrangements to reduce the risk of spreading COVID- 19 in the workplace and the community. Cleaning and sanitising procedures were strengthened in all offices and retail shops to maintain a safe working environment, while employees on duty in offices and retail shops were supplied with surgical masks and hand sanitiser.

6.2. Our Community

6.2.1. Our Commitment

The Group is dedicated to making the local community a better place and creating long-lasting value for its stakeholders. It seeks to maintain long-term partnerships with local communities and charities through mutually beneficial programmes and encourages its employees to take part in volunteering activities.

In line with sound corporate governance practice, donations and contributions are subject to internal compliance guidelines and controls to protect stakeholders' interests. During the year, charitable donations benefitting community projects in Hong Kong and Macau amounted to approximately HK$1.8 million.

The Group has been granted "Caring Company" status for many consecutive years by the Hong Kong Council of Social Service, in recognition of its achievements in social responsibility. The Group remains committed to its mission of building a sustainable community.

6.2.2. Diversified Community Support

The Group is committed to giving back to the communities it serves through broad and diverse outreach initiatives that encompassing activities in education, youth engagement, and elderly support among others.

Overcoming the pandemic together	• SoSIMs and 5G Broadband service offerings to minimise disruptions resulting from social distancing. • LeaveHomeSafe application tutorial workshops to safeguard the community.
Take action on climate change	• Supporting initiatives on climate change: WWF – Hong Kong's Earth Hour programme and the Climate Step Challenge of the Hong Kong Red Cross.
Digital inclusion	• Wide range of service offerings for different needs including Lo-Yau-Kee Monthly Service Plans Sponsorship, "Safety Phones" and data service sponsorship to elderly. • **3** Hong Kong supported the Jockey Club Digital Support Project for the Elderly by providing LeaveHomeSafe compatible smartphones together with 12-month free basic mobile service. User training was also provided to help the beneficiaries learn the practical skills of using smartphones and mobile applications.
Inspiring & empowering youth	• Sponsorships to inspire the youth including the Capstone Project with students from the Hong Kong University of Science and Technology and a mentorship programme with the Hong Kong Federation of Business Students.
Enabling access to opportunities	• Collboration with the Bank of America Merill Lynch's CSR initiatives. Telecoms services were also provided for Sheng Kung Hui St Christopher's Home and the Narcotics Division of the Security Bureau.
Cultural contribution	• Promoting cultural events including 5G 4K broadcast of multiple live concerts organised by the Hong Kong Chinese Orchestra. • Arts in the aiR campaign. • **3** Hong Kong supported a world-class art event – Digital Art Fair Asia – as the exclusive 5G Technology Provider, offering reliable 5G services and applications. • Providing a Customer Premise Equipment ("CPE") to help archaeologists and forensics experts uncover fragments believed to be aircraft wreckage from a US warplane that crashed in Tai Tam Country Park during World War II.

Some senior citizens continue to benefit from the Lo-Yau-Kee Monthly Service Plans scheme to stay connected with friends and family during the COVID-19 pandemic.

6.2.3. Overcoming the Pandemic Together

During these challenging pandemic times, the Group has remained committed to maintaining its outstanding service level while at the same time reaching out to support those adversely affected in the community.

One concern has been the disruptions to the everyday life of the community as a result of social distancing. In response, the Group expanded its prepaid tariff plan, SoSIM, to enable its customers to work and learn anywhere and everywhere. Customers can simply plug-and-play to enjoy a hassle-free local data usage experience and can easily top up through the SoSIM mobile application or at more than 500 Fortress, ParknShop and Watson stores.

During the year the Group expanded its 5G Broadband service and coverage on a zonal basis, bringing ultra-fast and low-latency 5G network coverage to areas without fixed-line fibre connections. The Group's 5G Broadband service offers the flexibility and speed crucial for file sharing and video-conferencing, enabling people to connect through multiple channels anywhere and at all times.

The Group is committed to protecting the community. During the year, it held tutorial workshops for the elderly on using the government's LeaveHomeSafe mobile application. Special tariff plans and devices are also available for those in need.

6.2.4. Supporting Action on Climate Change

During the year, the Group supported the WWF – Hong Kong's Earth Hour programme and the Climate Step Challenge of the Hong Kong Red Cross. These encouraged employees to adopt an eco-conscious mindset at work and support climate-related disaster relief through celebrations of awareness and charitable campaigns.

6.2.5. Digital Inclusion

The year 2021 marked the 11th anniversary of the Group's Lo-Yau-Kee Monthly Service Plans Sponsorship. Senior citizens of various charitable organisations continued to benefit from this "waiver-of-service-fee" scheme, which has enabled more senior citizens to stay connected with friends and family during the COVID-19 pandemic.

3 Hong Kong supported the Jockey Club Digital Support Project for the Elderly by providing 5,000 bundled packages consisting of smartphones and fee-waivers of 12-month basic mobile service plans. Smartphone workshops especially for seniors were also on offer to help the elderly use smartphones with ease, in another step towards increasing digital inclusion.

The Group believes cultivation of the youth to be pivotal in driving future sustainable development.

6.2.6. Inspiring and Empowering Youth

During the year, the Group supported the Capstone Project organised by the Hong Kong University of Science and Technology. During the 6-month period, these final-year students from the university liaised with the Corporate Security team of the Group to explore the potential application of machine learning in fraud detection. The project engaged students to apply critical thinking and project management skills in corporate projects while establishing business connections.

The Group also sponsored the Mentorship programme with the Hong Kong Federation of Business Students, supporting undergraduates in the business field to develop business networks and kick start their careers.

6.2.7. Enabling Access to Opportunities

During the year, the Group supported Bank of America Merrill Lynch's CSR initiatives for the Hope of the City and J Life Foundation, in support of the underprivileged. Telecommunications services were provided to the Narcotics Division of the Security Bureau and Sheng Kung Hui St Christopher's Home.

In Macau, the Group continued to support charitable events organised by the Charity Fund from the Readers of Macao Daily News. **3** Macau made cash donations and made available free donation platforms for customers to contribute to the fund. Many of **3** Macau's employees and their friends and families again participated in the annual charity "Walk for a Million" virtual walk to raise funds for the underprivileged.

Since 2017, the Group has sponsored the Hong Chi Association's (Hong Chi) hc:Corner. Hong Chi is a non-profit organisation dedicated to serving people of all ages and grades of intellectual disability. hc:Corner offers light food and beverages in a relaxing environment for employees in Hutchison Telecom Tower, and offers job opportunities that help Hong Chi's trainees in developing to their full potential.

6.2.8. Cultural Contributions

The inaugural edition of Digital Art Fair Asia displayed digital contemporary art by over 40 international and local artists, incorporating cutting-edge technologies such as blockchain NFT, augmented reality and virtual reality. **3** Hong Kong was the exclusive 5G Technology Provider for the fair, providing highly reliable 5G services and applications in the exhibition venue.

In November 2021, the Group provided a CPE to help Project Avenger in which an international team of archaeologists, forensics experts, along with 250 volunteers uncovered fragments believed to be aircraft wreckage from a US warplane that crashed in Tai Tam Country Park during World War II. The team conducted live webcasts with local schools in Hong Kong and also a live webinar with RTHK right in the open vegetation of the country park with good mobile signal from **3** Hong Kong's network.

3 Hong Kong has been the exclusive 5G Technology Provider for Digital Art Fair Asia.

The Group provides a CPE to help Project Avenger in which an international team uncovered fragments believed to be aircraft wreckage from a US warplane that crashed in Tai Tam Country Park during World War II.

The Group live streams the "Universe in a Flower Concert" in Tsz Shan Monastery using 5G network in 4K resolution.

In June 2020, the Group organised Hong Kong's first 5G 4K live streaming Chinese music charity concert with the Hong Kong Chinese Orchestra ("HKCO"). Given the success of the inaugural event, the Group continued its collaboration with the HKCO in a concert entitled "Universe in a Flower Concert", held in Tsz Shan Monastery in 2021. The event demonstrated the power of 5G in delivering high-quality content at ultra-fast speeds, and showcased how the application of 5G technology is widening access to the arts and supporting audiences during the pandemic.

7 Sustainable Business Model and Innovation

Goals:

- Offering customers sustainable products and investing in and embracing innovation to achieve transformational impacts ★

★ 2021/22 priority goals

7.1. Commitment

As the telecommunications industry changes rapidly, it faces significant pressure from technological advances and rising consumer expectations. Operators need to build consumer trust and meet customers' growing demands for higher speeds and wider coverage. To do this, they need to do more than merely offering the latest handsets and digital devices. They must also provide customers with flexibility and choices in the services they offer, in order to complement and enrich their customers' lives.

Apart from delivering sustainable value to its customers through digital connectivity, the Group endeavours to provide safe, reliable and high-quality products and network services that meet and surpass customer expectations.

7.2. Transformative Impacts

Shortly after it rolled out its 5G network services in 2020, the Group extended its network coverage to include major highways, large shopping malls, commercial buildings, hospitals, universities and hotels. In 2021, the Group continued to expand and strengthen its network coverage on a zonal basis, bringing an ultra-fast, low-latency 5G network experience to many more users.

With territory-wide 5G coverage, 5G network services can be applied to a whole host of new solutions including solutions in data modelling, smart robots and smart parking. This is because a super-high speed and low-latency 5G network enables efficient data transmission that allows for complex data modelling and visualisation as well as real-time remote access to objects on mobile devices. For example, smart robots can be deployed in shopping malls to perform dual concierge and security guard roles, providing shoppers with customer service support during the day while guarding the facilities by capturing and reporting security breaches. Similar innovative and transformative applications of 5G-enabled technologies are streamlining and automating many processes in daily life, accelerating digital transformation and smart city development.

7.3. Digitalised Customer Engagement and Experience

Customer engagement is crucial to understanding customer expectations and building brand loyalty. The Group engages with its customers through communication channels such as its customer service centres, social networking platforms, service hotlines, live webchat, online enquiries, emails, websites and mobile applications. The Group's website at three.com.hk and the My3 application connect the Group to customers and help build long-lasting relationships with customers wherever they are. They give access to information about the Group's latest promotions and offers and allow customers to manage their data and call time usage, top up, pay their bills, manage roaming services, purchase handsets and accessories, and access the 24/7 online 3iChat customer interface. The awards that the Group has received in recent years are evidence of its success in delivering quality products and services for excellent customer experience.

The Group welcomes customer feedback, which it uses to improve customer experience and to drive positive change in its businesses. The Group has established guidelines that ensure consistency in handling customer enquiries and complaints, and customer service representatives are trained to address customer concerns in a professional manner. All complaints are acknowledged, investigated, and duly followed up, and periodic reviews and analyses of complaints are conducted for continuous improvement. Details of the Group's service performance targets and the actual performance of the Group in areas such as service hotline performance and complaints handling are available on the three.com.hk website.

7.4. Supply Chain Management

7.4.1. Commitment

The Group engages a broad range of business partners and suppliers in its operations. In 2021, the Group conducted business with over 700 suppliers including landlords and roaming partners, of which approximately 52 % were based in Hong Kong. The Group is committed to maintaining the integrity of its supply chain by managing associated complex legal, social, ethical and environmental risks. Through regular dialogue and cooperation, the Group extends its high level of business ethics and integrity standards to its business partners and suppliers. As a responsible industry leader, the Group is a proponent of sound environmental performance, social well-being and sustainable practices.

Note: To better reflect the supplier base of the Group, the number of suppliers relating to the Macau operations was included in 2021 figures.

7.4.2. Sourcing Responsibly and Engaging Suppliers

The Group recognises its far-reaching influence on its supply chain. The Supplier Code of Conduct sets out the standards expected of its business partners and suppliers, encompassing specific criteria and standards in terms of quality, environmental performance, ethics, health and safety, and regulatory compliance. The Supplier Code of Conduct is also addressed in the Human Rights Policy and Modern Slavery and Human Trafficking Statement of the Group.

Group policies including but not limited to the Purchasing Policy, Business Partner Evaluation Policy and AFAB Policy, in conjunction with various controls and procedures, provide direction and guidelines on evaluating and engaging with business partners and suppliers. The procurement teams of the Group are trained to apply these policies and procedures with due care and diligence when engaging with business partners and suppliers. Business partners are required to acknowledge compliance with the Supplier Code of Conduct in the course of their business activities with the Group. Regular assessments and thorough evaluations are also conducted on the business partners and suppliers of the Group.

7.4.3. Supply Chain Management

The Group follows international best practices and employs a fair, unbiased and transparent tendering process. All tenderers are required to declare any conflicts of interest and be vigilant against fault, bribery and misconduct. Supplier relationships will be suspended or terminated if breaches are discovered.

The Group encourages business partners and suppliers to consider the risks posed to their operations by climate change, and be proactive in mitigating the environmental impact of their activities. The Group also invites business partners and suppliers to emulate the standards, practices and principles as well as those contained in the Environmental Policy of the Group. For further information on the Group's Environmental Policy, please refer to Section 5.1 Energy Management Strategy.

8. Key Performance Indicators ("KPIs")

Environmental KPIs	Unit	2019 (1)(2) (Restated)	2020 (1)(2) (Restated)	2021
GHG emissions				
Total GHG emissions (1)(2)	tonne CO_2e	92,380	94,435	101,577
Scope 1 GHG emissions	tonne CO_2e	3,889	2,373	2,294
Scope 2 GHG emissions (1)(2)	tonne CO_2e	88,491	92,062	99,283
Total GHG emissions intensity (1)(2)	tonne CO_2e/revenue HK$'000	0.017	0.021	0.019
Scope 1 GHG emissions intensity	tonne CO_2e/revenue HK$'000	0.001	0.001	0.001
Scope 2 GHG emissions intensity (1)(2)	tonne CO_2e/revenue HK$'000	0.016	0.020	0.018
Use of energy				
Total energy consumption (1)	'000 kWh	119,553	124,819	149,304
Direct energy consumption	'000 kWh	156	125	177
Gasoline/Petrol	'000 kWh	156	125	177
Diesel	'000 kWh	-	-	-
Natural gas	'000 kWh	-	-	-
Towngas	'000 kWh	-	-	-
Other gas fuels (exclude towngas and natural gas)	'000 kWh	-	-	-
Other fuels	'000 kWh	-	-	-
Indirect energy consumption	'000 kWh	119,397	124,694	149,127
Electricity	'000 kWh	119,397	124,694	149,127
Total energy consumption intensity (1)	kWh/revenue HK$'000	21.42	27.46	27.73
Direct energy consumption intensity	kWh/revenue HK$'000	0.03	0.03	0.03
Indirect energy consumption intensity (1)	kWh/revenue HK$'000	21.39	27.43	27.70
Air emissions				
NOx emissions	kg	7.31	5.37	8.64
SOx emissions	kg	0.24	0.19	0.27
Particulate matter emissions	kg	0.54	0.40	0.64
Waste production				
Total hazardous waste produced (3)	tonne	N/A	75	65
Total hazardous waste produced intensity (3)	kg/revenue HK$'000	N/A	0.02	0.01
Total non-hazardous waste produced (4)	tonne	45	49	51
Total non-hazardous waste produced intensity (4)	kg/revenue HK$'000	0.01	0.01	0.01
Use of water				
Water consumption (5)	m^3	4,384	2,960	3,144
Water consumption intensity (5)	m^3/revenue HK$'000	0.001	0.001	0.001

Environmental KPIs	Unit	2019 (1)(2) (Restated)	2020 (1)(2) (Restated)	2021
Packaging material				
Total packaging material used for finished products	tonne	N/A	N/A	N/A
Plastic	tonne	N/A	N/A	N/A
Paper	tonne	N/A	N/A	N/A
Metal	tonne	N/A	N/A	N/A
Glass	tonne	N/A	N/A	N/A
Other packaging material	tonne	N/A	N/A	N/A
Packaging material intensity	tonne / products sold '000	N/A	N/A	N/A

Note:

(1) The Group has restated its greenhouse gas emissions and corresponding intensities as a result of restated electricity consumption which better reflected the environmental impacts of the Group for the years ending 31 December 2019 and 31 December 2020.

(2) The Group has adopted emission factors published by International Energy Agency for the year ending 31 December 2021 and emissions relating to purchased electricity have been recalculated for the years ending 31 December 2020 and 31 December 2019 for a meaningful comparison.

(3) The Group has disclosed data relating to hazardous waste from 2020 onwards.

(4) Non-hazardous waste produced excludes the waste generated by a business unit that is no longer under the control of the Group.

(5) Water consumption in 2020 has been restated to reflect the usage of a faulty metre.

Social KPIs		2020	2021
Number of employees			
Total		990	1,045
By employment type	Full-time	92%	93%
	Part-time	8%	7%
Number of full-time employees			
By gender	Male	57%	58%
	Female	43%	42%
By employee category	Manager grade or above	17%	17%
	General staff	83%	83%
By age group	Under 30	16%	15%
	30-49	68%	66%
	50 or above	16%	19%
By geographical	Hong Kong	89%	90%
	Mainland China	11%	10%
	Europe	-	-
	Canada	-	-
	Asia, Australia & Others	-	-

Social KPIs		2020	2021
Turnover rate for full-time employees			
Overall		19%	37%
By gender	Male	20%	44%
	Female	17%	29%
By age group	Under 30	34%	61%
	30-49	15%	39%
	50 or above	20%	12%
By geographical region	Hong Kong	18%	40%
	Mainland China	22%	10%
	Europe	-	-
	Canada	-	-
	Asia, Australia & Others	-	-
Work-related fatalities			
Number of work-related fatalities for full-time employees		-	-
Number of work-related fatalities for contractors		-	-
Work-related fatalities per full-time employee		-	-
Lost days due to work injury			
Number of lost days due to work injury (6)		59	222
Percentage of full-time employees who received training			
Overall		95%	100%
By gender	Male	58%	60%
	Female	42%	40%
By employee category	Manager grade or above	18%	14%
	General staff	82%	86%
Average hours of training completed by full-time employees			
Overall		28 hours	29 hours
By gender	Male	22 hours	24 hours
	Female	36 hours	35 hours
By employee category	Manager grade or above	3 hours	8 hours
	General staff	33 hours	33 hours

Social KPIs		2020	2021
Number of suppliers			
Total		383	736
By geographical region [7]	Hong Kong	313	382
	Mainland China	45	333
	Europe	5	6
	Canada	1	-
	Asia, Australia & Others	19	15
Percentage of total products sold or shipped subject to recalls for safety and health reasons			
Percentage of total products sold or shipped subject to recalls for safety and health reasons		-	-
Number of complaints received			
Products related		N/A	N/A
Services related [8]		11,357	9,455
Number of concluded legal cases regarding corrupt practices			
Brought against the Group		-	-
Brought against employees		-	-
Full-time and part-time employees who received training on anti-corruption/ethics and integrity			
Number of full-time and part-time employees who received training on anti-corruption/ethics and integrity [9]		144	878
Percentage of full-time and part-time employees who received training on anti-corruption/ethics and integrity [9]		14%	84%
Number of training hours on anti-corruption/ethics and integrity completed by full-time and part-time employees [9]		144	293

Note:

(6) Work-related injuries in 2021 amounting to 222 lost day included a traffic accident which required a relatively longer recovery time.

(7) To better reflect the supplier base of the Group, the number of suppliers relating to the Macau operations was included in 2021 figures.

(8) The reduction in the number of complaints received from 11,357 in 2020 to 9,455 in 2021 was due to a decrease in complaints received related to network performance as well as an improvement in customer hotline performance.

(9) The increase in training on anti-corruption/ethics and integrity were due to the digitalisation of the annual compliance refresher course. The new on-demand training is available to all employees throughout the year on the intranet.

9. HKEx ESG Guide Content Index

The ESG Guide Content Index set out below contains information about the extent to which the Group has applied the HKEx ESG Guide and cross-references the Group policies and initiatives outlined in this Report.

Environmental			
Aspect A1: Emissions		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG, discharges into water and land, and generation of hazardous and non-hazardous waste.	4.2.1 5.1 5.7	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.
KPI A1.1	The types of emissions and respective emissions data.	8	The Group has complied with the mandatory disclosure requirement.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG (in tonnes) and, where appropriate, intensity.	8	The Group has complied with the mandatory disclosure requirement.
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	8	The Group has complied with the mandatory disclosure requirement.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	8	The Group has complied with the mandatory disclosure requirement.
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	5.3 5.4	The Group has complied with the mandatory disclosure requirement.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.5 5.6	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to reducing the generation of hazardous and non-hazardous wastes as a result of the operations.
Aspect A2: Use of Resources		**Section**	**Remarks**
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4.2.1 5.1 5.4 5.5	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	8	The Group has complied with the mandatory disclosure requirement.
KPI A2.2	Water consumption in total and intensity.	8	The Group has complied with the mandatory disclosure requirement.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2-5.4	The Group has complied with the mandatory disclosure requirement.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	-	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to protecting the environment and supporting sustainable development by managing its environmental footprint.

Environmental			
Aspect A2: Use of Resources		**Section**	**Remarks**
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	-	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to promoting a circular economy.
Aspect A3: The Environment and Natural Resources		**Section**	**Remarks**
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.2.1 5	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.4-5.6	The Group has complied with the mandatory disclosure requirement.
Aspect A4: Climate Change		**Section**	**Remarks**
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	2.2 4.2.1 5.4-5.6	• Sustainability Policy • Environmental Policy • Supplier Code of Conduct
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1-5.6	The Group has complied with the mandatory disclosure requirement.

Social			
Employment and Labour Practices			
Aspect B1: Employment		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti- discrimination, and other benefits and welfare.	4.2.1 6.1.1	• Code of Ethics The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare during the year.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	8	The Group has complied with the mandatory disclosure requirement.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	8	The Group has complied with the mandatory disclosure requirement.

Social			
Employment and Labour Practices			
Aspect B2: Health and Safety		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.2.1 6.1.5	• Health and Safety Policy The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning providing a safe working environment and protecting employees from occupational hazards during the year.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	8	No such case recorded in each of the past three years including the reporting year.
KPI B2.2	Lost days due to work injury.	8	The Group has complied with the mandatory disclosure requirement.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2.1 6.1.5	• Health and Safety Policy
Aspect B3: Development and Training		**Section**	**Remarks**
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2.4 6.1.1 6.1.3 6.1.5	The Group has complied with the mandatory disclosure requirement.
KPI B3.1	The percentage of employees trained by gender and employee category.	8	The Group has complied with the mandatory disclosure requirement.
KPI B3.2	The average training hours completed per employee by gender and employee category.	8	The Group has complied with the mandatory disclosure requirement.
Aspect B4: Labour Standards		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.2.1 4.2.5 6.1.1	• Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct • Code of Ethics The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning preventing child and forced labour during the year.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.2.1 4.2.5 6.1.1	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	4.2.1 4.2.3 4.2.5	

Social			
Operating Practices			
Aspect B5: Supply Chain Management		**Section**	**Remarks**
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.2.1 7.4	• Human Rights Policy • Modern Slavery and Human Trafficking Statement • Supplier Code of Conduct
KPI B5.1	Number of suppliers by geographical region.	8	The Group has complied with the mandatory disclosure requirement.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7.4	• Purchasing Policy • Business Partner Evaluation Policy • Policy on Appointment of Third Party Representatives
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.4	The Group has complied with the mandatory disclosure requirement.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.4	The Group has complied with the mandatory disclosure requirement.
Aspect B6: Product Responsibility		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 3.2	• Code of Ethics • Policy on Personal Data Governance The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress during the year.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	-	The Group has complied with the mandatory disclosure requirement.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	7.3 8	The Group has complied with the mandatory disclosure requirement.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	-	• Code of Ethics The Group is primarily engaged in provision of mobile telecommunications and other related services.
KPI B6.4	Description of quality assurance process and recall procedures.	7.3	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to delivering the highest possible levels of service quality and customer satisfaction.

Social			
Operating Practices			
Aspect B6: Product Responsibility		**Section**	**Remarks**
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.3	• Information Security Policy • Policy on Personal Data Governance
Aspect B7: Anti-corruption		**Section**	**Remarks**
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.2.1 4.2.2 4.2.5 7.4.2	• Code of Ethics • Anti-Fraud and Anti-Bribery Policy • Policy on Appointment of Third Party Representatives The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	8	No such cases recorded during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	4.2.1 4.2.3	• Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.2.2 4.2.4	The Group has complied with the mandatory disclosure requirement.
Community			
Aspect B8: Community Investment		**Section**	**Remarks**
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2.1	• Sustainability Policy
KPI B8.1	Focus areas of contribution.	6.2.2 - 6.2.8	The Group has complied with the mandatory disclosure requirement.
KPI B8.2	Resources contributed to the focus area.	6.2.2 - 6.2.8	The Group has complied with the mandatory disclosure requirement.

Independent Auditor's Report

To the Shareholders of Hutchison Telecommunications Hong Kong Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 116 to 171, comprise:

- the consolidated and Company statements of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:
- Goodwill; and
- Revenue recognition.

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill	
Refer to note 14 to the consolidated financial statements	
As at 31 December 2021, the Group had goodwill amounted to HK$2,155 million. Goodwill is subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the future cash flows of the Group's telecommunications businesses and to determine the key assumptions, including the growth rates used in the cash flow projections and the discount rate applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted, the Group determined that there is sufficient headroom and therefore there is no impairment of goodwill. This conclusion is based on the recoverable amounts exceeding the book amounts of the cash generating units including goodwill and telecommunications related assets. The significant assumptions are disclosed in note 14 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the business and industry and with the involvement of our valuation specialists; • Testing source data to supporting evidence, such as approved budgets and available market data, on a sample basis, and considering the reasonableness of these budgets; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rate as these are the key assumptions to which the value-in-use calculations are most sensitive to. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition *Refer to note 5 to the consolidated financial statements* The Group recognised revenue of HK$5,385 million from the provision of mobile telecommunications and other related services and from telecommunications hardware and other products sales during the year ended 31 December 2021. Significant effort was spent in auditing the revenue recognised by the Group because of the large volume of transactions, the complexity of the systems, the regular changes in tariff structure and the different types of multiple-element contrasts.	The procedures performed in addressing the risk around the accuracy of revenue recognised included: • Testing the IT environment in which billing and other relevant support systems reside; • Obtaining an understanding and evaluating the internal controls, and testing key controls in place over revenue recognition, and • Testing a sample of revenue transactions recorded to the respective customer contracts, underlying invoices and cash receipts. We found the revenue recorded to be supportable by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Nga Sze.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 February 2022

Consolidated Income Statement

For the year ended 31 December 2021

	Note	2021 HK$ million	2020 HK$ million
Revenue	5	**5,385**	4,545
Cost of inventories sold		**(2,082)**	(1,238)
Staff costs	7	**(301)**	(316)
Expensed customer acquisition and retention costs		**(60)**	(60)
Depreciation and amortisation		**(1,300)**	(1,224)
Other operating expenses	8	**(1,522)**	(1,321)
		120	386
Interest and other finance income	9	**24**	104
Interest and other finance costs	9	**(54)**	(42)
Share of result of a joint venture	21	**(4)**	(4)
Profit before taxation		**86**	444
Taxation	10	**(82)**	(83)
Profit for the year		**4**	361
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
– basic and diluted	11	**0.08**	7.49

Details of interim dividend and special interim dividend paid, and proposed final dividend payable to shareholders of the Company are set out in Note 12. The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

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

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

Consolidated Statement of Financial Position

At 31 December 2021

	Note	2021 HK$ million	2020 HK$ million
Non-current assets			
Property, plant and equipment	13	**3,001**	2,551
Goodwill	14	**2,155**	2,155
Telecommunications licences	15	**3,900**	2,174
Right-of-use assets	16	**467**	540
Customer acquisition and retention costs	17	**165**	145
Contract assets	18	**159**	148
Other non-current assets	19	**403**	310
Deferred tax assets	20	**4**	86
Investment in a joint venture	21	**215**	282
Total non-current assets		**10,469**	8,391
Current assets			
Cash and cash equivalents	22	**1,414**	5,251
Short-term bank deposits with original maturity beyond 3 months	22	**2,561**	–
Trade receivables and other current assets	23	**729**	839
Contract assets	18	**177**	241
Inventories	24	**96**	92
Total current assets		**4,977**	6,423
Current liabilities			
Trade and other payables	25	**1,693**	1,495
Contract liabilities	26	**163**	183
Lease liabilities	27	**289**	335
Total current liabilities		**2,145**	2,013
Non-current liabilities			
Lease liabilities	27	**128**	189
Other non-current liabilities	28	**2,358**	565
Total non-current liabilities		**2,486**	754
Net assets		**10,815**	12,047
Capital and reserves			
Share capital	29	**1,205**	1,205
Reserves	30	**9,610**	10,842
Total equity		**10,815**	12,047

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

LUI Dennis Pok Man
Director

KOO Sing Fai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

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

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 HK$ million	2020 HK$ million
Cash flows from operating activities			
Cash generated from operations	31	3,398	1,348
Interest and other finance costs paid		(22)	(27)
Tax paid		-	(24)
Net cash from operating activities		3,376	1,297
Cash flows from investing activities			
Purchases of property, plant and equipment		(874)	(593)
Additions to telecommunications licences	15	(2,040)	(202)
Increase in short-term bank deposits with original maturity beyond 3 months		(2,561)	-
Interest received		16	101
Loan to a joint venture		(41)	(55)
Net cash used in investing activities		(5,500)	(749)
Cash flows from financing activities			
Principal elements of lease payments	27	(398)	(422)
Dividends paid		(1,315)	(291)
Net cash used in financing activities		(1,713)	(713)
Decrease in cash and cash equivalents		(3,837)	(165)
Cash and cash equivalents at 1 January		5,251	5,416
Cash and cash equivalents at 31 December	22	1,414	5,251

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

Notes to the Consolidated 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 financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements set out on pages 116 to 171 were approved for issuance by the Board of Directors on 25 February 2022.

The Coronavirus Disease 2019 ("COVID-19") pandemic continued to evolve and remained volatile around the world during 2021. Travel restrictions and other precautionary measures imposed by various governments to contain the virus have affected the global economic activities adversely and continuously. In response to this adversity, the Group has taken a number of proactive measures to reduce the impact of the pandemic on its business. The roaming revenue of the Group has inevitably been affected adversely since the second quarter of 2020. Given the extent and duration of the COVID-19 pandemic remain uncertain, the Group's estimates and assumptions may evolve as conditions change. The Group will remain vigilant and closely monitor the development of the COVID-19 situation and will evaluate its impact on the Group's financial position and operating results accordingly.

2 Significant Accounting Policies

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

(a) Basis of preparation

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

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("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 4.

2 Significant Accounting Policies (Continued)

(b) Amendments to existing standards adopted by the Group

During the year, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2021 (except IFRS 16 (Amendment)):

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

(i) The Group has early adopted the amendment ahead of its effective date. The amendment extends, by one year, the original amendment issued by IASB in May 2020. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.

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

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

The following new standard and amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2021:

Annual Improvement Projects [(i)]	Annual Improvements 2018 – 2020 Cycle
IAS 1 (Amendments) [(ii)]	Classification of Liabilities as Current or Non-Current
IAS 1 and IFRS Practice Statement 2 (Amendments) [(ii)]	Disclosure of Accounting Policies
IAS 8 (Amendments) [(ii)]	Definition of Accounting Estimates
IAS 12 (Amendments) [(ii)]	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 16 (Amendments) [(i)]	Proceeds before Intended Use
IAS 37 (Amendments) [(i)]	Onerous Contracts – Cost of Fulfilling a Contract
IFRS 3 (Amendments) [(i)]	Reference to the Conceptual Framework
IFRS 4 (Amendments) [(ii)]	Expiry Date of the Deferral Approach
IFRS 10 and IAS 28 (Amendments) [(iii)]	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 17 [(ii)]	Insurance Contracts

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

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

(iii) The original effective date of 1 January 2016 has been postponed until future announcement by the IASB

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

2 Significant Accounting Policies (Continued)

(d) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the fair value of the net identifiable assets acquired and liabilities assumed (Note 2(i)). If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Company's financial statements

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 Significant Accounting Policies (Continued)

(e) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

When the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(g) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 Significant Accounting Policies (Continued)

(g) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income (cumulative translation adjustments).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property, plant and equipment are depreciated on a straight-line basis to write off their costs over their estimated useful lives.

Buildings	50 years or over the unexpired period of the lease, whichever is the shorter
Telecommunications infrastructure and network equipment	2 – 15 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	5 – 10 years
Leasehold improvements	Over the unexpired period of the lease or at annual rate of 15%, whichever is the shorter

Subsequent costs on property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 Significant Accounting Policies (Continued)

(h) Property, plant and equipment (Continued)

Construction in progress is stated at cost and no depreciation is provided on construction in progress until such time when the relevant assets are completed and available for intended use.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other operating expenses" in the consolidated income statement.

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as a separate asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing.

(j) Telecommunications licences

Telecommunications licences represent the upfront payments made for acquiring telecommunications spectrum licences plus the capitalised present value of fixed periodic payments to be made in subsequent years, together with the interest accrued prior to the date the related spectrum is ready for its intended use. 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. Amortisation is calculated using the straight-line basis to allocate the cost of the telecommunications licences over their estimated useful lives from the date they are available for use. The telecommunications licences' useful lives are reviewed annually.

(k) Customer acquisition and retention costs eligible for capitalisation

The incremental costs of obtaining telecommunications service contracts are those costs that would not have been incurred if the contract had not been obtained, mainly representing commission expenses to internal sales personnel and external agents. These incremental costs are required to be capitalised as an asset when incurred, and amortised on a straight-line basis in the consolidated income statement over the enforceable contractual period.

Acquisition costs related to contracts with durations less than one year are expensed as incurred.

2 Significant Accounting Policies (Continued)

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment and when there is any indication that they may be impaired. Assets that are subject to depreciation and amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Financial assets

The Group classifies all of its financial assets as debt instruments measured at amortised cost including trade receivables, other receivables, deposits, cash and bank balances and loan to a joint venture. The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(i) Debt instruments measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(ii) Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (Note 3(a)(iii)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2 Significant Accounting Policies (Continued)

(o) Inventories

Inventories consist of handsets and phone accessories and are valued using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less the estimated costs necessary to make the sale.

(p) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables are measured at fair value at initial recognition. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (Note 2(m)).

(q) Contract assets

Contract assets relating to bundled transactions are recognised when the Group has provided the service or delivered the product to the customer before the customer pays consideration or before payment is due.

(r) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group provides a service or delivers a product to the customer.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Significant Accounting Policies (Continued)

(u) Taxation and deferred taxation

Taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are provided in full on all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is disclosed in the notes to the consolidated financial statements unless the possibility of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2 Significant Accounting Policies (Continued)

(x) Employee benefits

(i) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

(a) Defined benefit plans

Pension costs for defined benefit plans are assessed using the project unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefits plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return of plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the consolidated income statement within staff costs.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the consolidated income statement in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably committed itself to terminating employment or to providing benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 Significant Accounting Policies (Continued)

(y) Revenue recognition

The Group recognises revenue on the following bases:

(i) Sales of services

The Group provides mobile telecommunications and other related services to customers. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customer. Monthly service revenue is generally billed in advance, which results in a contract liability (Note 2(s)).

For service plan based on usage, when monthly usage exceeds the entitlement, the overage usage represents options held by the customer for incremental services and the usage-based fee is recognised when the customer exercises the option. Revenue from other telecommunications services is recognised when the services are rendered.

Customers are invoiced on a monthly basis and consideration is payable when invoiced. The credit periods granted by the Group to customers generally range from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms.

(ii) Sales of products

The Group sells telecommunications hardware and other products to customers. Revenue is recognised upon delivery of product to customers as this is when control passes to the customers and the payment is due immediately.

(iii) Bundled transactions comprising provision of mobile telecommunications services and sale of handset/other product

Under bundled contracts, the Group sells handset device/other product in exchange for entering into a fixed-term and fixed-price service contract, representing the two distinct performance obligations in these typical bundled contracts.

The amount of revenue recognised for each performance obligation is determined by considering the standalone selling prices of each of the service element and product element provided within the bundled contracts. The payment pattern is consistent with the sales of services and products.

The bundled contracts may include the sale of a handset device and result in the creation of a contract asset when the Group delivered the product to the customer at the time of sale (Note 2(q)).

Financing components

The Group does not expect to have any contracts where the period between the provision of the promised services to the customers and payment by the customers exceeds one year. The financing component in the bundled contracts where the period between the delivery of the promised handset device/other product to the customers and payment by the customers exceeds one year is not expected to be significant. Based on current facts and circumstances, the Group determined that the financing component within the bundled contracts with customers is not significant and therefore does not adjust any of the transaction prices for the time value of money.

2 Significant Accounting Policies (Continued)

(z) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that subsequently become credit-impaired.

(aa) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

Leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar term and condition.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Significant Accounting Policies (Continued)

(aa) Leases (Continued)

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

(iii) Short-term leases

Payments associated with short-term leases for all classes of underlying assets are recognised on a straight-line basis over the lease terms as expenses in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

(ab) Government grant

Grants/subsidies from the government are recognised at their fair values where there is a reasonable assurance that the grants/subsidies will be received and the Group will comply with all attached conditions. The amounts are recognised within "other operating expenses" in the consolidated income statement.

3 Financial Risk Management

(a) Financial risk factors

The Group is exposed to market risk (from changes in interest rates and currency exchange rates), credit risk and liquidity risk. Interest rate risk exists with respect to the Group's financial assets bearing interest at floating rates. Interest rate risk also exists with respect to the fair value of fixed rate financial assets and liabilities. Exchange rate risk exists with respect to the Group's financial assets and liabilities denominated in a currency that is not the entity's functional currency. No instruments are held by the Group for speculative purposes.

(i) Foreign currency exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with the surplus funds placed with banks as deposits, trade receivables, trade and other payables denominated in United States dollars ("US$") and Euro ("EURO"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarises the foreign exchange exposure on the net monetary position of the above assets and liabilities, expressed in the Group's presentation currency of HK$.

	2021 HK$ million	2020 HK$ million
US$	**(25)**	(24)
EURO	**(37)**	(94)
Total net exposure: net liabilities	**(62)**	(118)

As at 31 December, a 5% strengthening/weakening of the currencies of the above assets and liabilities against HK$ would have decreased/increased post-tax profit for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2021 HK$ million	2020 HK$ million
US$	**(1)**	(1)
EURO	**(2)**	(4)
	(3)	(5)

There is no significant foreign currency transaction risk that would affect equity directly. The 5% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate exposure

The Group's main interest risk exposures relate to its investments of surplus funds placed with banks as deposits and loan to a joint venture. The Group manages its interest rate exposure of investments of surplus funds by placing such balances with various maturities and interest rate terms.

As at 31 December, the carrying amounts of the Group's financial assets and liabilities where their cash flows are subject to interest rate exposure are as follows:

	2021 HK$ million	2020 HK$ million
Cash at banks and short-term bank deposits	3,800	5,134
Loan to a joint venture (Note 21)	267	329
	4,067	5,463

The cash deposits placed with banks generate interest at the prevailing market interest rates and the loan to a joint venture bears interest at Hong Kong inter-bank offered rate plus 3% per annum (2020: Same).

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit for 2021 and 2020 would have increased by approximately HK$40 million and HK$54 million respectively, mainly as a result of higher interest income from cash at banks and bank deposits and interest bearing balance with a joint venture; there would have no direct impact on equity as the Group did not have financial instruments qualified for hedge accounting whereby all movement of interest expense and income as a result of interest rates changes would be charged to the consolidated income statement.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting date and had been applied to the exposure to interest rate risk for the above financial assets and liabilities in existence at that date. The 100 basis point movement represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises from cash at banks and short-term bank deposits, trade and other receivables, contract assets, deposits and loan to a joint venture.

Risk management

Credit risk is managed on a group basis. Management has policies in place and exposures to the credit risk are monitored on an ongoing basis.

For banks and financial institutions, only independently rated parties with sound credit rating are accepted.

The Group controls its credit risk by assessing the credit quality of the counterparties, taking into account their credit ratings, past experience and other factors, in measuring the expected credit loss. Individual limits are set by the management with regular monitoring.

The credit periods granted by the Group to customers generally range from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The utilisation of credit limits is regularly monitored. Debtors who have overdue accounts are requested to settle all outstanding balances before any further credit is granted. There is no concentration of credit risk with respect to trade receivables and contract assets as the Group has a large number of customers. The Group does not have significant exposure to any individual debtor.

The Group considers its maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2021 HK$ million	2020 HK$ million
Cash and bank balances (Note 22)	**3,975**	5,251
Trade and other receivables (Note 23)	**324**	316
Contract assets (Note 18)	**336**	389
Current and non-current deposits	**114**	205
Loan to a joint venture (Note 21)	**267**	329
	5,016	6,490

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model of IFRS 9:

- trade receivables from the provision of mobile telecommunications and other related services and sales of telecommunications hardware and other products;
- contract assets relating to bundled transactions; and
- other financial assets at amortised cost.

(a) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance provision against trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group considers the lifetime expected loss for contract assets relating to unbilled bundled transactions to be substantially the same as the trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on economic trend that affects the ability of the customers to settle the receivables.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Trade receivables and contract assets (Continued)

On that basis, the loss allowance provision as at 31 December 2021 and 2020 are determined as follows for trade receivables and contract assets:

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million
At 31 December 2021:						
Not yet due	1%	125	1	1%	340	4
Past due 1 - 30 days	1%	76	1			
Past due 31 - 60 days	3% - 5%	23	1			
Past due 61 - 90 days	5% - 13%	13	1			
Past due over 90 days	27% - 43%	93	37			
		330	41			

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate	Gross carrying amount HK$ million	Loss allowance provision HK$ million
At 31 December 2020:						
Not yet due	1% - 3%	96	3	2%	397	8
Past due 1 - 30 days	2% - 9%	81	4			
Past due 31 - 60 days	9% - 16%	19	3			
Past due 61 - 90 days	19% - 35%	14	3			
Past due over 90 days	43% - 45%	78	34			
		288	47			

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Trade receivables and contract assets (Continued)

Movement of loss allowance provision of trade receivables and contract assets is as follows:

	Trade receivables		Contract assets	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
At 1 January	**47**	42	**8**	9
Increase in provision recognised in the consolidated income statement	**22**	26	**2**	5
Amounts recovered in respect of brought forward balance	**(8)**	(3)	**(6)**	(6)
Write-off during the year	**(20)**	(18)	**-**	-
At 31 December	**41**	47	**4**	8

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments past due for a period of greater than 365 days. Impairment losses on trade receivables and contract assets are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement (Note 8). Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other financial assets at amortised cost

Other financial assets at amortised cost include loan to a joint venture, other receivables, deposits, and cash and bank balances. These financial assets are considered to be low credit risk as the counterparty has capacity to meet its contractual cash flow obligation. Therefore, applying the expected credit risk model resulted in an immaterial impact on the loss allowance provision for these financial assets.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management is adopted. Due to the dynamic nature of the underlying business, the Group maintains sufficient cash for operating and investing activities.

The following table details the contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group is required to pay.

	Carrying amount HK$ million	Contractual liabilities HK$ million	Contractual undiscounted cash flow HK$ million	Within 1 year HK$ million	After 1 year but within 2 years HK$ million	After 2 years but within 5 years HK$ million	After 5 years HK$ million
At 31 December 2021							
Trade payables (Note 25)	133	133	133	133	-	-	-
Other payables and accruals (Note 25)	1,282	486	486	486	-	-	-
Licence fees liabilities (Notes 25 and 28)	2,240	2,240	2,680	134	172	542	1,832
Lease liabilities (Note 27)	417	417	423	291	111	21	-
	4,072	3,276	3,722	1,044	283	563	1,832

	Carrying amount HK$ million	Contractual liabilities HK$ million	Contractual undiscounted cash flow HK$ million	Within 1 year HK$ million	After 1 year but within 2 years HK$ million	After 2 years but within 5 years HK$ million	After 5 years HK$ million
At 31 December 2020							
Trade payables (Note 25)	221	221	221	221	-	-	-
Other payables and accruals (Note 25)	1,125	399	399	399	-	-	-
Licence fees liabilities (Notes 25 and 28)	402	402	473	61	28	90	294
Lease liabilities (Note 27)	524	524	539	341	158	40	-
	2,272	1,546	1,632	1,022	186	130	294

3 Financial Risk Management (Continued)

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The Group defines capital as total equity, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

(c) Fair value estimation

The carrying amounts of cash and bank balances, trade and other receivables, deposits, and trade and other payables are assumed to approximate their fair values due to short maturity. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions.

The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(a) Estimated useful life for telecommunications infrastructure and network equipment

The Group has substantial investments in mobile telecommunications infrastructure and network equipment. As at 31 December 2021, the carrying amount of the mobile telecommunications infrastructure and network equipment was approximately HK$2,224 million (2020: HK$1,911 million). Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

(b) Estimated useful life for telecommunications licences

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

4 Critical Accounting Estimates and Judgements (Continued)

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

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

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

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

(d) Deferred taxation

Management has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the recognition criteria for deferred tax assets recorded in relation to cumulative tax loss carried forward. The assumptions regarding future profitability of various subsidiaries require significant judgements, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations. As at 31 December 2021, the Group has recognised net deferred tax assets of approximately HK$4 million (2020: HK$86 million).

5 Revenue

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

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

(a) Disaggregation of revenue

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

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

(b) Unsatisfied mobile telecommunications service contracts

The aggregate amount of the transaction price allocated to the performance obligations arisen from fixed-price mobile telecommunications service contracts that are partially or fully unsatisfied as at 31 December 2021 was HK$2,928 million (2020: HK$2,672 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

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

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

6 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.

7 Staff Costs

	2021 HK$ million	2020 HK$ million
Wages and salaries	429	442
Pension costs		
– defined benefit plans	21	20
– defined contribution plans	8	8
Termination benefits	2	3
	460	473
Less: – Amounts capitalised as property, plant and equipment	(108)	(106)
– Amounts capitalised as customer acquisition and retention costs	(51)	(51)
	301	316

(a) Directors' and chief executive's emoluments

Directors' emoluments comprise payments to directors from the Group. The emoluments of each of the directors of the Company exclude amounts received from subsidiaries of the Group and paid to the Company, a subsidiary or an intermediate holding company of the Company. The amounts paid to each director and the chief executive for 2021 and 2020 are as follows:

	2021					
	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind (iii) HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total HK$ million
Fok Kin Ning, Canning	0.11	-	-	-	-	0.11
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai (i)(ii)	0.09	2.96	1.37	0.22	-	4.64
Lai Kai Ming, Dominic (i)	0.07	-	-	-	-	0.07
Edith Shih	0.09	-	-	-	-	0.09
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.37	0.22	-	5.57

7 Staff Costs (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	2020					
	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind (iii) HK$ million	Bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total HK$ million
Fok Kin Ning, Canning	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai (i)(ii)	0.08	2.95	1.95	0.22	-	5.20
Lai Kai Ming, Dominic (i)	0.07	-	-	-	-	0.07
Edith Shih	0.08	-	-	-	-	0.08
Ip Yuk Keung	0.16	-	-	-	-	0.16
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.15	-	-	-	-	0.15
Total	0.93	2.95	1.95	0.22	-	6.05

(i) Director's fee received by these directors from a subsidiary of the Group during the period they served as directors that have been paid to the Company or an intermediate holding company of the Company are not included in the amounts above.

(ii) Mr Koo Sing Fai was the chief executive for the years ended 31 December 2021 and 2020 whose emoluments have been shown in directors' emoluments above.

(iii) Benefits-in-kind included insurance and transportation.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

7 Staff Costs (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	2021 Number of individual	2020 Number of individual
Director of the Company	1	1
Management executives	4	4

The aggregate remuneration paid to these highest paid individuals is as follows:

	2021 HK$ million	2020 HK$ million
Basic salaries, allowances and benefits-in-kind	10	10
Bonuses	4	5
Provident fund contributions	1	1
	15	16

The emoluments of the above mentioned individuals with the highest emoluments fall within the following bands:

	2021 Number of individual	2020 Number of individual
HK$2,000,001 – HK$2,500,000	2	1
HK$2,500,001 – HK$3,000,000	1	2
HK$3,000,001 – HK$3,500,000	1	-
HK$3,500,001 – HK$4,000,000	-	1
HK$4,500,001 – HK$5,000,000	1	-
HK$5,000,001 – HK$5,500,000	-	1

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2021 (2020: Nil).

8 Other Operating Expenses

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

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

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

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

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

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

10 Taxation

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

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

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses. The differences between the Group's expected tax charge at respective applicable tax rates and the Group's tax charge for the year are as follows:

	2021 HK$ million	2020 HK$ million
Tax calculated at domestic rates	16	75
Income not subject to tax	(2)	(22)
Expenses not deductible for taxation purposes	66	43
Under/(over) provision in prior years	2	(13)
Total taxation charge	82	83

11 Earnings per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK$4 million (2020: HK$361 million) and on the weighted average number of 4,819,096,208 (2020: Same) ordinary shares in issue during the year.

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

12 Dividends

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

13 Property, Plant and Equipment

The movements of property, plant and equipment for the years ended 31 December 2021 and 2020 are as follows:

	Buildings HK$ million	Telecom-munications infrastructure and network equipment HK$ million	Other assets HK$ million	Construction in progress HK$ million	Total HK$ million
Cost					
At 1 January 2021	87	4,760	2,446	305	7,598
Additions	-	508	95	271	874
Disposals/write-off	-	(109)	(361)	-	(470)
Transfer between categories	-	111	135	(246)	-
At 31 December 2021	87	5,270	2,315	330	8,002
Accumulated depreciation					
At 1 January 2021	22	2,849	2,176	-	5,047
Charge for the year	2	306	116	-	424
Disposals/write-off	-	(109)	(361)	-	(470)
At 31 December 2021	24	3,046	1,931	-	5,001
Net book value					
At 31 December 2021	63	2,224	384	330	3,001

13 Property, Plant and Equipment (Continued)

	Buildings HK$ million	Telecom-munications infrastructure and network equipment HK$ million	Other assets HK$ million	Construction in progress HK$ million	Total HK$ million
Cost					
At 1 January 2020	87	5,935	3,007	260	9,289
Additions	-	405	33	155	593
Disposals/write-off	-	(1,629)	(655)	-	(2,284)
Transfer between categories	-	49	61	(110)	-
At 31 December 2020	87	4,760	2,446	305	7,598
Accumulated depreciation					
At 1 January 2020	19	4,213	2,731	-	6,963
Charge for the year	3	265	100	-	368
Disposals/write-off	-	(1,629)	(655)	-	(2,284)
At 31 December 2020	22	2,849	2,176	-	5,047
Net book value					
At 31 December 2020	65	1,911	270	305	2,551

Other assets include motor vehicles, office furniture and equipment, computer equipment and leasehold improvements.

14 Goodwill

	2021 HK$ million	2020 HK$ million
Gross carrying amount and net book value at 1 January and 31 December	**2,155**	2,155
Accumulated impairment losses at 1 January and 31 December	**-**	-

Impairment test for CGUs containing goodwill and other non-financial assets (including telecommunications licences)

Goodwill is allocated to the groups of CGUs, the lowest level at which goodwill is monitored for internal management purposes, that are expected to benefit from the business combination in which the goodwill arose. Non-financial assets are grouped and tested for impairment at the respective CGUs. In accordance with the Group's accounting policy on asset impairment (Note 2(l)), the carrying value of goodwill was tested annually for impairment and when there is indication that it may be impaired. Other non-financial assets were tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

In assessing whether these assets have suffered any impairment, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period to 2026 and the estimated terminal value at the end of the budget period. Information about the estimates and judgements relating to the impairment test are disclosed in Note 4(c).

Key assumptions used for value-in-use calculations are:

(i) The expected growth in revenues, gross margin, operating costs, timing of future capital expenditures and growth rate. With reference to the impairment test model of the telecommunications industry, a long-term growth rate of 2.0% into perpetuity is used to extrapolate cash flows beyond the budget period in order to determine the terminal value of the Group's respective CGUs.

(ii) The discount rate applied to cash flows of the Group's respective CGUs is based on discount rate and reflects the specific risks relating to the relevant segment. The discount rate is adjusted to reflect the risk profile equivalent to those that the Group expects to derive from the assets. The pre-tax discount rate applied in the value-in-use calculations is 9.3% (2020: 9.4%) per annum.

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective CGUs. The results of the tests undertaken as at 31 December 2021 indicated no impairment charge was necessary (2020: Same).

15 Telecommunications Licences

	HK$ million
At 1 January 2020	
Cost	3,676
Accumulated amortisation	(1,438)
Net book value	2,238
Year ended 31 December 2020	
Opening net book value	2,238
Additions	202
Amortisation for the year	(266)
Closing net book value	2,174
At 31 December 2020	
Cost	3,878
Accumulated amortisation	(1,704)
Net book value	2,174
Year ended 31 December 2021	
Opening net book value	**2,174**
Additions	**2,040**
Amortisation for the year	**(314)**
Closing net book value	**3,900**
At 31 December 2021	
Cost	**5,463**
Accumulated amortisation	**(1,563)**
Net book value	**3,900**

As a result of (i) the bid of a block of 10 MHz spectrum at the 900 MHz band and (ii) the re-assignment of a block of 20 MHz spectrum and the bid of a block of 10 MHz spectrum at the 1800 MHz band (collectively, the "Re-assigned and Bidded Spectrums"), the Group acquired telecommunications licences of HK$2,040 million during the year ended 31 December 2021.

During the year ended 31 December 2020, the Group acquired telecommunications licences of HK$202 million following the bid of a block of 40 MHz spectrum at the 3500 MHz band.

The additions represent the net present value of the consideration payable for telecommunications licences acquired (Notes 28(a) and 33).

16 Right-of-use Assets

The Group leases various network sites, retail stores, office and warehouse. Rental contracts are typically made for fixed period of two to three years. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions.

	2021 HK$ million	2020 HK$ million
Network sites	**418**	445
Retail stores	**22**	52
Office	**26**	43
Warehouse	**1**	–
	467	540

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Additions to the right-of-use assets with the corresponding increase in lease liabilities and the assets retirement obligations during the year ended 31 December 2021 were HK$291 million (2020: HK$517 million) and HK$41 million (2020: HK$21 million) respectively.

Amortisation charge of right-of-use assets recognised in the consolidated income statement is as follows:

	2021 HK$ million	2020 HK$ million
Network sites	**353**	371
Retail stores	**32**	41
Office	**19**	20
Warehouse	**1**	1
	405	433

17 Customer Acquisition and Retention Costs

	HK$ million
At 1 January 2020	
Cost	625
Accumulated amortisation	(483)
Net book value	142
Year ended 31 December 2020	
Opening net book value	142
Additions	160
Amortisation for the year	(157)
Closing net book value	145
At 31 December 2020	
Cost	306
Accumulated amortisation	(161)
Net book value	145
Year ended 31 December 2021	
Opening net book value	**145**
Additions	**177**
Amortisation for the year	**(157)**
Closing net book value	**165**
At 31 December 2021	
Cost	**325**
Accumulated amortisation	**(160)**
Net book value	**165**

18 Contract Assets

	Non-current		Current		Total	
	2021 HK$ million	2020 HK$ million	**2021 HK$ million**	2020 HK$ million	**2021 HK$ million**	2020 HK$ million
Contract assets	**161**	151	**179**	246	**340**	397
Less: Loss allowance provision (Note 3(a)(iii))	**(2)**	(3)	**(2)**	(5)	**(4)**	(8)
Contract assets, net of provision	**159**	148	**177**	241	**336**	389

There is no concentration of credit risk with respect to contract assets, as the Group has a large number of customers.

19 Other Non-Current Assets

	2021 HK$ million	2020 HK$ million
Prepayments	291	256
Non-current deposits	25	35
Pension assets (Note 34(a))	87	19
	403	310

Non-current deposits are carried at amortised cost, which approximate their fair values at the reporting date.

20 Deferred Tax Assets

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

The gross movement of the deferred tax assets/(liabilities) is as follows:

	Accelerated depreciation allowance HK$ million	Tax losses HK$ million	Other HK$ million	Total HK$ million
At 1 January 2020	(35)	202	2	169
Net (charge)/credit to consolidated income statement for the year (Note 10)	(39)	(45)	1	(83)
At 31 December 2020	(74)	157	3	86
At 1 January 2021	(74)	157	3	86
Net charge to consolidated income statement for the year (Note 10)	(63)	(17)	(2)	(82)
At 31 December 2021	(137)	140	1	4

The potential deferred tax assets which have not been recognised in the consolidated financial statements are as follows:

	2021 HK$ million	2020 HK$ million
Arising from unused tax losses	1	1

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

As at 31 December 2021, subject to the agreement by tax authorities, total unrecognised tax losses of approximately HK$9 million (2020: HK$7 million) can be carried forward indefinitely.

21 Investment in a Joint Venture

	2021 HK$ million	2020 HK$ million
Loan to a joint venture	**267**	329
Share of undistributed post acquisition reserves	**(52)**	(47)
	215	282

As at 31 December 2021, the loan to a joint venture of HK$267 million (2020: HK$329 million) was unsecured, had no fixed term of repayment and bore interest at Hong Kong inter-bank offered rate plus 3% per annum (2020: Same).

Particulars of the principal joint venture are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
Genius Brand Limited	Hong Kong	Telecommunications business in Hong Kong	50%

The Group's share of the result of its joint venture, which is unlisted, is as follows:

	2021 HK$ million	2020 HK$ million
Net loss and total comprehensive loss for the year	**(4)**	(4)
Proportionate interest in a joint venture's capital commitments		
Contracted but not provided for	**9**	6

As at 31 December 2021, there were no contingent liabilities related to the Group's interest in a joint venture (2020: Nil) and no contingent liabilities of joint venture itself (2020: Nil).

As at 31 December 2021, all the shares held by the Group in a joint venture were pledged as security in favour of another partner of the joint venture under a cross share pledge arrangement (2020: Same).

22 Cash and Bank Balances

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

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

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

23 Trade Receivables and Other Current Assets

	2021 HK$ million	2020 HK$ million
Trade receivables [(a)]	**330**	288
Less: Loss allowance provision (Note 3(a)(iii))	**(41)**	(47)
Trade receivables, net of provision	**289**	241
Other receivables [(b)]	**35**	75
Prepayments and deposits [(b)]	**405**	523
	729	839

(a) Trade receivables

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

The carrying values of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

23 Trade Receivables and Other Current Assets (Continued)

(b) Other receivables, prepayments and deposits

The carrying values of other receivables and deposits approximate their fair values. Other receivables, prepayments and deposits do not contain impaired assets. The maximum exposure to credit risk is the fair value of each class of financial assets mentioned above. The Group does not hold any collateral as security.

24 Inventories

Inventories represent handsets and related accessories held for sale. As at 31 December 2021, the amount of inventories carried at net realisable value was approximately HK$5 million (2020: HK$5 million).

25 Trade and Other Payables

	2021 HK$ million	2020 HK$ million
Trade payables [a]	133	221
Other payables and accruals [b]	1,282	1,125
Receipts in advance	147	89
Current portion of licence fees liabilities (Note 28)	131	60
	1,693	1,495

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

(a) Trade payables

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

(b) Other payables and accruals

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

26 Contract Liabilities

	2021 HK$ million	2020 HK$ million
Contract liabilities		
– mobile telecommunications service contracts	163	183

Revenue in relation to mobile telecommunications service contracts, which was included in the contract liabilities balance at the beginning of the year amounting to HK$168 million, was recognised during the year ended 31 December 2021 (2020: HK$142 million). No revenue is recognised from performance obligations satisfied in previous periods during the year ended 31 December 2021 (2020: Nil).

27 Lease Liabilities

	2021 HK$ million	2020 HK$ million
Current	289	335
Non-current	128	189
	417	524

(a) Movement of lease liabilities is as follows:

	2021 HK$ million	2020 HK$ million
At 1 January	524	429
Additions	291	517
Interest accretion	12	15
Payments for lease liabilities (including interest) [(i)]	(410)	(437)
At 31 December	417	524

(i) The payments include the principal elements of lease liabilities paid (included in "net cash used in financing activities") of HK$398 million (2020: HK$422 million) and interest elements of lease liabilities paid (included in "net cash from operating activities") of HK$12 million (2020: HK$15 million).

(b) The total cash outflow for short-term leases for the year ended 31 December 2021 was HK$36 million (2020: HK$25 million).

28 Other Non-Current Liabilities

	2021 HK$ million	2020 HK$ million
Non-current licence fees liabilities [(a)]	2,109	342
Assets retirement obligations [(b)]	249	223
	2,358	565

(a) Licence fees liabilities

	2021 HK$ million	2020 HK$ million
Licence fees liabilities – minimum annual fees payments:		
Not later than 1 year	134	61
After 1 year but within 5 years	714	118
After 5 years	1,832	294
	2,680	473
Future finance charges on licence fees liabilities	(440)	(71)
Carrying amount of licence fees liabilities	2,240	402
The carrying amount of licence fees liabilities is as follows:		
Current portion of licence fees liabilities (Note 25)	131	60
Non-current licence fees liabilities:		
After 1 year but within 5 years	662	109
After 5 years	1,447	233
	2,109	342
Total licence fees liabilities	2,240	402

(b) Assets retirement obligations

	2021 HK$ million	2020 HK$ million
At 1 January	223	205
Additions	41	21
Interest accretion	2	3
Utilisations	(17)	(6)
At 31 December	249	223

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing property, plant and equipment when they are no longer used and restoring the sites on which they are located.

29 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 (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 31 December 2021	**4,819,096,208**	**1,205**

30 Reserves

	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves [i] HK$ million	Total HK$ million
At 1 January 2020	11,185	(286)	-	148	(289)	10,758
Profit for the year	-	361	-	-	-	361
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	13	-	13
Currency translation differences	-	-	1	-	-	1
Dividend paid	-	(291)	-	-	-	(291)
Transfer between reserves	-	(25)	-	25	-	-
At 31 December 2020	11,185	(241)	1	186	(289)	10,842
At 1 January 2021	**11,185**	**(241)**	**1**	**186**	**(289)**	**10,842**
Profit for the year	**-**	**4**	**-**	**-**	**-**	**4**
Remeasurements of defined benefit plans (Note 34(a))	**-**	**-**	**-**	**79**	**-**	**79**
Dividend paid	**-**	**(1,315)**	**-**	**-**	**-**	**(1,315)**
At 31 December 2021	**11,185**	**(1,552)**	**1**	**265**	**(289)**	**9,610**

(i) In prior years, the Group acquired the interests in certain subsidiaries held by the non-controlling shareholders. The other reserves mainly represent the difference between the consideration paid for the additional interests acquired by the Group and the proportionate share of the carrying amount of net assets of these subsidiaries.

31 Cash Generated from Operations

	2021 HK$ million	2020 HK$ million
Cash flows from operating activities		
Profit before taxation	86	444
Adjustments for:		
– Interest and other finance income	(24)	(104)
– Interest and other finance costs	54	42
– Depreciation and amortisation	1,300	1,224
– Capitalisation of customer acquisition and retention costs (Note 17)	(177)	(160)
– Share of result of a joint venture (Note 21)	4	4
– Decrease/(increase) in trade receivables and other assets	136	(339)
– Increase in inventories	(4)	(37)
– Increase in trade and other payables, and license fees liabilities	2,012	268
– Changes in retirement benefits	11	6
Cash generated from operations	3,398	1,348

Non-cash transactions from investing activities

Save as disclosed in elsewhere in the consolidated financial statements, the non-cash transactions during the year ended 31 December 2021 include (i) the network access fee payable to a joint venture of HK$114 million (2020: HK$120 million) and (ii) the interest income from the loan to a joint venture of HK$10 million (2020: HK$15 million), which have been settled by offsetting the loan to a joint venture.

32 Contingent Liabilities

As at 31 December, the Group had contingent liabilities in respect of the following:

	2021 HK$ million	2020 HK$ million
Performance guarantees	234	184
Financial guarantees	882	146
Others	1	–
	1,117	330

The contingent liabilities mainly comprise of the performance guarantees and financial guarantees provided to the Communications Authority of Hong Kong ("CA"). The Group is required to lodge a performance bond with the CA to guarantee (i) the network and service rollout requirement and (ii) to maintain at all times throughout the whole assignment term for payment of the Spectrum Utilisation Fee ("SUF") payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years, in respect of those spectrums which the Group elected to pay annually in 15 instalments.

33 Capital Commitments

As at 31 December, the Group had capital commitments contracted but not provided for as follows:

	2021 HK$ million	2020 HK$ million
Property, plant and equipment	269	502
Telecommunications licences	252	2,040
	521	2,542

On 27 October 2021, Hutchison Telephone Company Limited ("HTCL"), a subsidiary of the Group, successfully bid two blocks of 10 MHz spectrum at the 700 MHz band and a block of 10 MHz spectrum at the 2600 MHz band (collectively, the "2021 Bidded Spectrums"), for a 15-year period (commencing March 2024 for 2600 MHz band, while the commencement date for 700 MHz band is to be fixed by the CA at aggregate SUFs of approximately HK$252 million. SUFs for the 2021 Bidded Spectrums are payable either (i) in full as a lump sum payment upfront (by January 2024 for 2600 MHz band, and by a later date to be notified by the CA for 700 MHz band); or (ii) annually in 15 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%. As at 31 December 2021, standby letters of credit of HK$252 million that cover the aggregate SUFs for the 2021 Bidded Spectrums were issued in favour of the CA.

HTCL had capital commitments of HK$2,040 million as at 31 December 2020 that covered the aggregate SUFs for the Re-assigned and Bidded Spectrums. The Group has determined to settle the aggregate SUFs in 15 annual instalments with the first instalment equivalent to the aggregate SUFs divided by 15 and for each subsequent instalment an amount equal to the SUF payable in the immediately preceding instalment increased by 2.5%. The Re-assigned and Bidded Spectrums were recognised as telecommunications licences during the year ended 31 December 2021 (Note 15).

34 Employee Retirement Benefits

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's defined benefit plans represent principally contributory final salary pension plans in Hong Kong. As at 31 December 2021, the Group's plans were valued by the independent qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs (2020: Same).

	2021 HK$ million	2020 HK$ million
The amount recognised in the consolidated statement of financial position:		
Present value of funded plans' obligations	(203)	(229)
Less: Fair value of plan assets	290	248
Pension assets recognised in the consolidated statement of financial position (Note 19)	87	19

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

The movements in the defined benefit obligations during the year are as follows:

	Present value of obligations HK$ million	Fair value of plan assets HK$ million	Total HK$ million
At 1 January 2021	(229)	248	19
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
– Current service cost	(21)	-	(21)
– Net interest (expense)/income	(1)	1	-
	(22)	1	(21)
Amounts recognised in other comprehensive income			
Remeasurements:			
– Gain on plan assets, excluding amounts included in interest income	-	52	52
– Gain from change in financial assumptions	16	-	16
– Experience gains	11	-	11
	27	52	79
Contributions:			
– Employers	-	10	10
Actual benefits paid	21	(21)	-
At 31 December 2021	(203)	290	87

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	Present value of obligations HK$ million	Fair value of plan assets HK$ million	Total HK$ million
At 1 January 2020	(219)	231	12
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
– Current service cost	(20)	–	(20)
– Net interest (expense)/income	(3)	3	–
	(23)	3	(20)
Amounts recognised in other comprehensive income			
Remeasurements:			
– Gain on plan assets, excluding amounts included in interest income	–	25	25
– Loss from change in financial assumptions	(16)	–	(16)
– Experience gains	4	–	4
	(12)	25	13
Contributions:			
– Employers	–	14	14
Actual benefits paid	24	(24)	–
Net transfer	1	(1)	–
At 31 December 2020	(229)	248	19

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

Plan assets consist of the following:

	2021 HK$ million	2020 HK$ million
Equity instruments	**210**	170
Debt instruments	**54**	59
Other assets	**26**	19
	290	248

The principal actuarial assumptions and the sensitivity of the defined benefit obligations to changes in the principal assumptions are:

	2021		
	Assumption used	**Impact to the defined benefit obligations if rate increases by 0.25%**	**Impact to the defined benefit obligations if rate decreases by 0.25%**
Discount rate	**1.2% - 1.5%**	**-2.1%**	**+2.1%**
Future salary rate	**3.5%**	**+0.4%**	**-0.4%**

	2020		
	Assumption used	Impact to the defined benefit obligations if rate increases by 0.25%	Impact to the defined benefit obligations if rate decreases by 0.25%
Discount rate	0.3% - 0.6%	-2.2%	+2.3%
Future salary rate	3.5%	+0.4%	-0.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied in calculating the pension liability recognised within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change comparing to the previous period.

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	2021	2020
Weighted average duration of defined benefit obligations	**8 years**	9 years

Expected contributions to defined benefit plans for the year ending 31 December 2022 are approximately HK$13 million.

Forfeited contributions totalling HK$3 million (2020: HK$2 million) were used to reduce the current year's level of contributions during the year and no forfeited contribution was available as at 31 December 2021 (2020: HK$0.1 million) to reduce future years' contributions.

Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group's pension plans to fully fund the relevant schemes on an ongoing basis. The realisation of the surplus/deficit is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2019 reported a funding level of 134% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2021, vested benefits under this plan were fully funded in accordance with the ORSO funding requirements.

(b) Defined contribution plans

Employees of certain subsidiaries are entitled to receive benefits from a provident fund, which is a defined contribution plan. The employee and the employer both make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The fund is administered and managed by the relevant agencies. Forfeited contributions totalling HK$0.2 million (2020: HK$0.1 million) were used to reduce the current year's level of contributions during the year and no forfeited contribution was available as at 31 December 2021 (2020: insignificant amounts) to reduce future years' contributions.

35 Ultimate Holding Company

As at 31 December 2021 and 2020, approximately 66% of the issued share capital of the Company was owned by CK Hutchison Holdings Limited ("CKHH"), which was incorporated in the Cayman Islands with limited liability. The directors regarded CKHH as the Company's ultimate holding company.

36 Related Party Transactions

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Related Party Group:

(1) CKHH Group – CKHH together with its direct and indirect subsidiaries, associated companies and joint ventures

(2) Joint venture of the Group

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the consolidated financial statements, transactions between the Group and other related parties during the year are summarised below.

(a) Key management personnel remuneration

No transaction has been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 7.

(b) Transactions with related parties

	2021 HK$ million	2020 HK$ million
CKHH Group		
Provision of mobile telecommunications services	22	20
Sharing of services arrangement income	4	3
Purchase of telecommunications services	(5)	(4)
Purchase of telecommunications products	(8)	(2)
Purchase of non-telecommunications products	(10)	–
Rental expenses on lease arrangements	(5)	(6)
Dealership service expenses	(44)	(11)
Billing collection service expenses	(5)	(5)
Purchase of office supplies	(4)	(5)
Advertising and promotion expenses	(1)	(1)
Global procurement service arrangement expenses	(12)	(14)
Sharing of services arrangement expenses	(22)	(25)
Corporate guarantee expenses	(8)	(8)
Joint Venture of the Group		
Interest income	10	15
Sharing of services arrangement income	1	1
Purchase of telecommunications services	(114)	(118)

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

37 Statement of Financial Position of the Company as at 31 December 2021

	2021 HK$ million	2020 HK$ million
Non-current assets		
Investments in subsidiaries, at cost [(a)]	5,577	4,071
Receivables from subsidiaries [(b)]	4,073	5,218
Total non-current assets	9,650	9,289
Current assets		
Cash and cash equivalents [(c)]	1,253	4,971
Other current assets	3	6
Short-term bank deposits with original maturity beyond 3 months [(c)]	2,561	–
Total current assets	3,817	4,977
Current liabilities		
Other payables	6	7
Payables to subsidiaries [(d)]	94	531
Total current liabilities	100	538
Net assets	13,367	13,728
Capital and reserves		
Share capital (Note 29)	1,205	1,205
Reserves [(e)]	12,162	12,523
Total equity	13,367	13,728

LUI Dennis Pok Man
Director

KOO Sing Fai
Director

37 Statement of Financial Position of the Company as at 31 December 2021 (Continued)

(a) Particulars regarding the principal subsidiaries are set out on page 171.

(b) Receivables from subsidiaries are unsecured and not repayable within 12 months from the date of the financial statements. Except for the balance of HK$661 million (2020: HK$300 million) which bears interest at Hong Kong inter-bank offered rate plus 0.8% per annum (2020: Same), the remaining balance of HK$3,412 million (2020: HK$4,918 million) are interest-free. During the year ended 31 December 2021, receivables of HK$1,506 million was capitalised and transferred to investments in subsidiaries.

(c) As at 31 December 2021, the weighted average interest rate on short-term bank deposits was 0.34% (2020: 0.57%) per annum.

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

(d) Payables to subsidiaries are interest-free, unsecured and repayable on demand.

(e) Reserve movement of the Company

	Share premium HK$ million	Retained earnings HK$ million	Total HK$ million
At 1 January 2020	11,185	1,543	12,728
Profit for the year	-	86	86
Dividend paid	-	(291)	(291)
At 31 December 2020	11,185	1,338	12,523
At 1 January 2021	**11,185**	**1,338**	**12,523**
Profit for the year	**-**	**954**	**954**
Dividend paid	**-**	**(1,315)**	**(1,315)**
At 31 December 2021	**11,185**	**977**	**12,162**

Reserve of the Company available for distribution to shareholders of the Company as at 31 December 2021 amounted to HK$12,162 million (2020: HK$12,523 million).

List of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2021 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Direct interest held	Indirect interest held
Hutchison Telecommunications (HK) Holdings Limited	The British Virgin Islands, limited liability company	Investment holding	11 ordinary shares of US$1 each	100%	-
Hutchison Telecommunications (Hong Kong) Limited	Hong Kong, limited liability company	Investment holding	HK$5,000,020	-	100%
Hutchison Telecommunication Services Limited	Hong Kong, limited liability company	Telecommunications retail operations in Hong Kong	HK$20	-	100%
Hutchison Telephone Company Limited	Hong Kong, limited liability company	Mobile telecommunications business in Hong Kong	HK$2,730,684,340	-	100%
Hutchison Telephone (Macau) Company Limited	Macau, limited liability company	Mobile telecommunications business in Macau	MOP10,000,000	-	100%

Supplementary Financial Information

(1) Reconciliation of key financial information between Consolidated Income Statement and Management Discussion and Analysis Section

	2021			2020		
	Company and Subsidiaries HK$ million	Joint Venture HK$ million	Total HK$ million	Company and Subsidiaries HK$ million	Joint Venture HK$ million	Total HK$ million
EBITDA (i)	1,420	57	1,477	1,610	62	1,672
Depreciation and amortisation	(1,300)	(45)	(1,345)	(1,224)	(45)	(1,269)
EBIT (ii)	120	12	132	386	17	403
Interest and other finance income	24	-	24	104	-	104
Interest and other finance costs	(54)	(10)	(64)	(42)	(15)	(57)
Share of result of a joint venture	(4)	4	-	(4)	4	-
Profit before taxation	86	6	92	444	6	450
Taxation	(82)	(6)	(88)	(83)	(6)	(89)
Profit attributable to shareholders of the Company	4	-	4	361	-	361

(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.

(2) Five-year financial summary [i]

	2021 HK$ million	2020 HK$ million	2019 HK$ million	2018 HK$ million	2017 [ii] HK$ million
RESULTS					
Revenue – continuing operations	**5,385**	4,545	5,582	7,912	6,752
Profit for the year	**4**	361	437	433	4,354
Non-controlling interests	**-**	–	(8)	(29)	412
Net profit attributable to shareholders of the Company	**4**	361	429	404	4,766
ASSETS					
Total non-current assets	**10,469**	8,391	8,201	7,854	7,700
Cash and bank balances	**3,975**	5,251	5,416	9,555	13,717
Other current assets	**1,002**	1,172	859	929	1,075
Total assets	**15,446**	14,814	14,476	18,338	22,492
LIABILITIES					
Short-term borrowings	**-**	–	–	–	3,900
Other current liabilities	**2,145**	2,013	1,975	1,903	2,307
Other non-current liabilities	**2,486**	754	538	288	330
Total liabilities	**4,631**	2,767	2,513	2,191	6,537
Net assets	**10,815**	12,047	11,963	16,147	15,955
CAPITAL AND RESERVES					
Share capital	**1,205**	1,205	1,205	1,205	1,205
Reserves	**9,610**	10,842	10,758	14,771	14,639
Total shareholders' funds	**10,815**	12,047	11,963	15,976	15,844
Non-controlling interests	**-**	–	–	171	111
Total equity	**10,815**	12,047	11,963	16,147	15,955

(i) Details of the basis of preparation of the consolidated financial statements are set out in Note 2 to the consolidated financial statements.

(ii) The financial information of 2017 included the fixed-line telecommunications business which was disposed on 3 October 2017. A net gain on disposal of subsidiaries was recognised in 2017.

Glossary

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

Terms	Definitions
"Articles of Association"	the Articles of Association of the Company as amended from time to time
"A.S. Watson"	A.S. Watson Holdings Limited, an indirect subsidiary of CKHH and the holding company of the retail division of CKHH
"A.S. Watson Group"	A.S. Watson and its subsidiaries
"Board"	the Board of Directors of the Company
"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)
"CKHH Group"	CKHH and its subsidiaries
"CKI"	CK Infrastructure Holdings Limited
"Company" or "HTHKH"	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215)
"COVID-19"	coronavirus disease 2019
"Director(s)"	director(s) of the Company
"EBIT"	earnings before net interest and other finance (costs)/income, taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance (costs)/income, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKEx"	Hong Kong Exchanges and Clearing Limited
"HPHM"	Hutchison Port Holdings Management Pte. Limited

Terms	Definitions
"HTAL"	Hutchison Telecommunications (Australia) Limited
"HTHK"	Hutchison Telecommunications (Hong Kong) Limited
"HTIL"	Hutchison Telecommunications International Limited
"HWL"	Hutchison Whampoa Limited, a company incorporated in Hong Kong with limited liability, whose shares were previously listed on the Main Board of the Stock Exchange (Stock Code: 13) and was privatised by way of a scheme of arrangement on 3 June 2015; the then substantial shareholder of the Company
"HWL Group"	HWL and its subsidiaries
"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)
"NFT"	non-fungible token
"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
"PricewaterhouseCoopers" or "PwC"	PricewaterhouseCoopers, Certified Public Accountants and Registered Public Interest Entity Auditor
"service EBITDA/EBIT"	EBITDA/EBIT excluding standalone hardware and other product 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

215

Public Float Capitalisation

As at 31 December 2021:
Approximately HK$1,517 million (approximately 25.19% of the issued share capital of the Company)

Financial Calendar

Payment of 2021 Interim Dividend and Special Interim Dividend:	3 September 2021
2021 Final Results Announcement:	25 February 2022
Closure of Register of Members:	5 May 2022 to 11 May 2022
Annual General Meeting:	11 May 2022
Record Date for 2021 Final Dividend:	17 May 2022
Payment of 2021 Final Dividend:	26 May 2022
2022 Interim Results Announcement:	July 2022

Registered Office

P.O. Box 31119 Grand Pavilion, Hibiscus Way,
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48th Floor, Cheung Kong Center, 2 Queen's Road Central,
Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1705

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 at the website of the Company.

Investor Relations Contact

Please direct enquiries to:
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Website Address

www.hthkh.com

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Hong Kong Holdings

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