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Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited
和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 215)

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

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

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

Note 2: EBIT represents the EBIT of the Company and subsidiary companies as well as the Group's share of the EBIT of a joint venture. EBIT is defined as earnings before net interest and other finance (costs)/income and taxation. Information concerning EBIT has been included in the Group's financial information and is used by many industries and investors as one measure of results from operations. The Group considers EBIT to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT is not a measure of financial performance under IFRS and the EBIT measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

Dividend

The Board declared an interim dividend of 2.28 HK cents (2020 interim dividend: 2.28 HK cents) per share for the six months ended 30 June 2021, in line with the same period last year. The Board is of the view that 2021 is a transitional year, there will be progressive improvement in operational performance and commercial momentum in the future. The Board expects to keep the same level of dividend payout similar to that of 2020 at HK$361 million until the recurring profit attributable to shareholders exceeds HK$361 million, which by then the dividend payout will change to the equivalent of 100% of annual profit attributable to shareholders.

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

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

Outlook

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

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

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

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

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

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

FOK Kin Ning, Canning
Chairman

Hong Kong, 27 July 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance Summary

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

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

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

Review of Financial Results

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

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

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

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

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

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

Key performance indicators

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

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

Net interest and other finance costs

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

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

Capital expenditure

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

Summary of spectrum investment as of 30 June 2021

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

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

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Details of interim dividend and special interim dividend payables to shareholders of the Company are set out in Note 9.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

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

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Unaudited						
	Share capital HK$ million	Share premium HK$ million	Accumulated losses HK$ million	Exchange reserve HK$ million	Pension reserve HK$ million	Other reserves (i) HK$ million	Total HK$ million
At 1 January 2021	1,205	11,185	(241)	1	186	(289)	12,047
Profit for the period	-	-	31	-	-	-	31
Dividend relating to 2020 paid in 2021 (Note 9)	-	-	(251)	-	-	-	(251)
At 30 June 2021	1,205	11,185	(461)	1	186	(289)	11,827
At 1 January 2020	1,205	11,185	(286)	-	148	(289)	11,963
Profit for the period	-	-	146	-	-	-	146
Dividend relating to 2019 paid in 2020 (Note 9)	-	-	(181)	-	-	-	(181)
Transfer between reserves	-	-	(25)	-	25	-	-
At 30 June 2020	1,205	11,185	(346)	-	173	(289)	11,928

(i) In prior years, the Group acquired the interests held by the non-controlling shareholders in certain subsidiaries. The other reserves mainly represent the difference between the consideration paid for the additional interests acquired by the Group and the proportionate share of the carrying amount of net assets of these subsidiaries.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

Notes to the Condensed Consolidated Interim Financial Statements

1 General Information

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

The Group is engaged in mobile telecommunications business in Hong Kong and Macau.

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

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

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

2 Basis of Preparation

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

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 "Interim financial reporting". These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with IFRS.

These interim financial statements have been prepared under the historical cost convention, except that defined benefit plans plan assets are measured at fair values, and on a going concern basis.

3 Significant Accounting Policies

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

(a) Amendments to existing standards adopted by the Group

During the six months ended 30 June 2021, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2021 (except IFRS 16 (Amendment)):

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

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

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

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

The following new standard and amendments to existing standards have been issued but are not yet effective for the six months ended 30 June 2021:

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

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

4 Revenue

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

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

Disaggregation of revenue

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

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

5 Segment Information

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

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

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

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

7 Taxation

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

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2020: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.

8 Earnings per Share

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

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

9 Dividends

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

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

10 Cash and Cash Equivalents

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

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

11 Trade Receivables and Other Current Assets

	30 June 2021 HK$ million	31 December 2020 HK$ million
Trade receivables	245	288
Less: Loss allowance provision	(52)	(47)
Trade receivables, net of provision [(a)]	193	241
Other receivables	59	75
Prepayments and deposits	456	523
	708	839

The carrying values of trade receivables, other receivables and deposits approximate their fair values. The Group has established credit policies for customers. The credit periods granted for trade receivables range from 14 to 45 days, or a longer period for corporate or carrier customers based on individual commercial terms. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(a) Trade receivables, net of provision

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

12 Trade and Other Payables

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

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

(a) Trade payables

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

GROUP CAPITAL RESOURCES AND LIQUIDITY

Treasury Management

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

Cash management and funding

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

Foreign currency exposure

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

Credit exposure

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

Capital and Net Cash

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

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

Charges on Group Assets

As at 30 June 2021 and 31 December 2020, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

Borrowing Facilities Available

The Group had no committed borrowing facilities as at 30 June 2021 (31 December 2020: Nil).

Contingent Liabilities

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

Commitments

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

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

Corporate Strategy

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

Past Performance and Forward-looking Statements

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations presented in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise.

Human Resources

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

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

Sustainability

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

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

Sustainability (continued)

The overall sustainability approach and priorities of the Group are built on four pillars. These pillars - Environmental, Social, Governance and Sustainable Business Model Innovation - are an enhancement of the previous four pillars identified by the Group in the Sustainability Report contained in the 2020 Annual Report - People, Environment, Business and Community. Under these new pillars, nine goals have been identified with four being prioritised.

Review of Interim Financial Statements

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

Record Date for Interim Dividend and Special Interim Dividend

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

Purchase, Sale or Redemption of Listed Securities

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

Compliance with the Corporate Governance Code

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

The Company has complied throughout the six months ended 30 June 2021 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted its own HTHKH Securities Code regulating Directors' dealings in securities (Group and otherwise) on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all Directors confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout their tenure during the six months ended 30 June 2021.

DEFINITIONS

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

"Board"	the Board of Directors
"CACs"	expensed customer acquisition and retention costs plus the related staff costs, rental and other expenses
"Company" or "HTHKH"	Hutchison Telecommunications Hong Kong Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 215)
"COVID-19"	coronavirus disease 2019
"Director(s)"	director(s) of the Company
"EBIT"	earnings before net interest and other finance (costs)/income and taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance (costs)/income, taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HTHKH Securities Code"	Model Code for Securities Transactions by Directors
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"interim financial statements"	unaudited condensed consolidated interim financial statements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"net customer service margin"	net customer service revenue less direct variable costs (including interconnection charges and roaming costs)

DEFINITIONS (continued)

"Postpaid gross ARPU"	monthly average spending per postpaid user including a customer's contribution to mobile devices in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to handset under the non-subsidised handset business model
"service EBITDA / EBIT"	EBITDA / EBIT excluding standalone handset sales margin
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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

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

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

Executive Director:
Mr KOO Sing Fai

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

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