



Hutchison Telecom  
Hong Kong Holdings

# BEYOND INNOVATION AND TECHNOLOGY

2023 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,

FCCG(CS, CGP), HKFCG(CS, CGP)(PE)

MA Lai Chee, Gerald, BCom, MA

*(Alternate to LAI Kai Ming, Dominic)*

### Independent Non-executive Directors

CHOW Ching Yee, Cynthia, BA, MBA

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*)

Edith SHIH

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

CHOW Yan Hing, Agnes

## Auditor

PricewaterhouseCoopers

*Certified Public Accountants*

*Registered Public Interest Entity Auditor*

# Financial Highlights

	2023 HK\$ million	2022 HK\$ million	Change
Total revenue	4,896	4,882	-
Service revenue	3,531	3,278	+8%
Total EBITDA <sup>(1)</sup>	1,457	1,420	+3%
Total LBIT <sup>(2)</sup>	(69)	(81)	+15%
Loss attributable to shareholders	(52)	(158)	+67%
Loss per share (in HK cents)	(1.08)	(3.28)	+67%
Final dividend per share (in HK cents)	5.21	5.21	-

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



# CORPORATE PROFILE AND AWARDS

The Group offers diverse and innovative mobile and data solutions in Hong Kong and Macau, providing seamless network connectivity for consumers, businesses and the local communities.



Mo+

SOSIM

SUPREME

3 Business

# 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, which for the past 40 years, has been providing advanced mobile telecommunications services and channelling the latest technologies into innovations that set market trends and steer industry development.

HTHKH is listed on the Main Board of the Stock Exchange and a constituent member in Hang Seng Corporate Sustainability Benchmark Index.



- For 40 years, the Group has been at the forefront in providing advanced mobile telecommunications services and channelling the latest technologies into innovative products and services.



The Group is committed to promoting the development of mobile telecommunications business and advanced technologies through diverse and innovative mobile and data services in Hong Kong and Macau, striving to provide seamless network connectivity for customers and the local communities.

Operating under the **3**, **SUPREME**, **3Business**, **MO+** and **SoSIM** brands, the Group offers a rich portfolio of advanced mobile devices, smart corporate solutions and 5G applications to different market segments in an era of rapid digital transformation. The Group is also dedicated to fostering Hong Kong's development as a smart city and opening up new opportunities in the era of Web3.0.

The Group has invested more than HK\$3 billion in mobile network expansion and 5G network development since 2019, promoting the digitalised lifestyle and the transformative impacts of a digitally-connected city.



**SUPREME**



**MO+**

**SoSIM**

- A rich portfolio of advanced mobile devices, smart corporate solutions and 5G applications is provided under the Group's five brands.



# Awards

## Corporate

### 14<sup>th</sup> Asia's Best Employer Brand Awards

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

### 20 Years Plus Caring Company

The Hong Kong Council of Social Service

### Environmental, Social and Governance Awards

- Best in ESG Report  
Television Broadcasts Limited

### Hong Kong Corporate Governance and ESG Excellence Award

- Hang Seng Composite Index Constituent Companies  
The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University

### Hong Kong Green Organisation Certification

- Energywi\$e Certificate - Good Level  
Environmental Campaign Committee

### Hong Kong Green Organisation Certification

- Wastewi\$e Certificate - Good Level  
Environmental Campaign Committee

### Privacy-Friendly Awards - Silver Certificate

Office of the Privacy Commissioner for Personal Data, Hong Kong

### The 100%HK Branding Award

- Greater Bay Area ESG Sustainable Development Enterprises Award  
Greater-China Association of Branding Industry and ESG Sustainability Alliance

### Web Accessibility Recognition Scheme

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

### The 2<sup>nd</sup> Environmental, Social and Governance (ESG) Awards

- Corporate Model Award  
Master-Insight.com



## Mobile

### Accredited for 20 consecutive years in the Quality Tourism Service Scheme

Hong Kong Tourism Board

### Best of I.T. Award - Commercial 5G Network Service Provider

PC Market

### Digital Ex Award

- Best in 5G Mobile Operator  
• Top Ten Online and Offline Retailers of Digital Ex Awards  
Metro Finance

### PR Awards - 3 Hong Kong "Honey Bee" Campaign

- Best Branding Strategy - Silver Award  
• Best Viral Campaign - Silver Award  
• Best Use of Celebrities/Influencers - Silver Award  
• Best Use of Social Media - Bronze Award  
Marketing-Interactive magazine

### Service and Innovative Product Awards

- 5G Mobile Operator Service Award  
Capital magazine



Service Talent Awards

- Top 10 Outstanding Flagship Service Stores - SUPREME Shop in Causeway Bay
  - Potential Brand Award - Bronze Award
  - Excellent Service Star
  - Junior Frontline - Telecommunications - Silver Award
  - Junior Frontline - Telecommunications - Bronze Award
- Hong Kong Retail Management Association

Stevie Awards - The International Business Awards

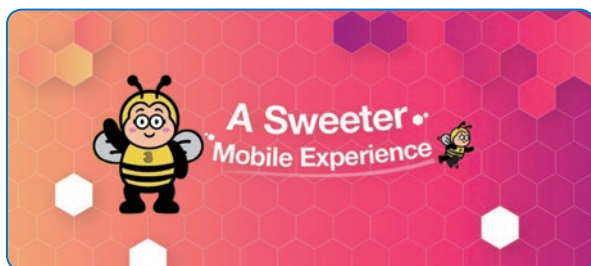
- Health & Pharmaceuticals - Products: 3 Hong Kong's 5G Robot and Smart Bracelets for Students with Special Educational Needs (SEN) - Gold Award
- The Stevies

Stevie Awards - The International Business Awards

- Industrial Products & Services: 3 Hong Kong's 5G-enabled Virtual Reality Classrooms for Immersive Learning Experiences - Bronze Award
- The Stevies

Stevie Awards - The International Business Awards:

- 3 Hong Kong "Honey Bee" Campaign
  - Marketing Campaign of the Year - Internet/Telecom - Gold Award
  - New Product & Product Management Awards - Product & Service - Telecommunications Service - Gold Award
  - Viral Marketing Campaign of the Year - Gold Award
- The Stevies



Stevie Awards - The International Business Awards

- Best User Experience: SUPREME mobile application - Bronze Award
- The Stevies



The 55<sup>th</sup> Distinguished Salesperson Award Programme

The Hong Kong Management Association Sales and Marketing Executives Club



Tiptop Service Awards

- Persistently Outstanding Service Company
  - Persistently Outstanding Service Outlet
- Tiptop Consultants Limited

# Chairman's Statement

In 2023, Hong Kong moved on from the pandemic and experienced a full Hong Kong-Mainland China border reopening and the resumption of global travel, sparking a notable revival of the Hong Kong tourism industry. The post-pandemic recovery had driven an encouraging growth in the Group's roaming service revenue and a decent increase in service revenue, which enhanced the overall financial performance of the Group.

The Group's loss attributable to shareholders and loss per share considerably narrowed to HK\$52 million and 1.08 HK cents respectively, a 67% improvement compared to last year. The Group continued to witness a more positive financial performance in the second half of 2023, primarily driven by the encouraging financial results delivered by the Group's Hong Kong business in 2023.

## Dividend

The Board recommends a final dividend of 5.21 HK cents per share for 2023 (2022 final dividend: 5.21 HK cents per share), payable on Monday, 27 May 2024, to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 16 May 2024, being the record date for determining shareholders' entitlement to the proposed final dividend. Combining with the interim dividend of 2.28 HK cents per share, the full year dividend is 7.49 HK cents per share (2022 full year dividend: 7.49 HK cents per share).

## Business Highlights

The Group's service revenue was HK\$3,531 million, up 8% year-on-year, underpinned by a solid performance in roaming service segment. Roaming service revenue serving as the key revenue growth driver for 2023 gained further momentum on the back of tourism recovery and surged by HK\$229 million or 77% year-on-year to HK\$526 million. Local service revenue, on the other hand, marginally increased by 1% to HK\$3,005 million compared to last year. The Group's total revenue maintained at HK\$4,896 million, as the aforesaid increment was substantially offset by the decrease in low-margin hardware revenue due to weaker demand and prudent market sentiment. Total margin increased by HK\$211 million or 7% year-on-year to HK\$3,071 million, mainly driven by revenue mix with an increase in high-margin service revenue.

EBITDA was up by HK\$37 million or 3% to HK\$1,457 million, largely driven by the improvement in total margin, partially offset by higher network operating costs arising from the network expansion and enhancement projects invested by the Group.

LBIT improved considerably by HK\$12 million or 15% to HK\$69 million compared to last year. The improvement in EBITDA was partially offset by higher amortisation expenses associated with capitalised CACs and higher depreciation expenses incurred in network expansion. Against the backdrop of interest rate hikes, the Group's net interest income was HK\$101 million in 2023 compared to a net interest cost of HK\$22 million last year. The increase was mainly driven by higher bank interest income resulting from a surge in deposit interest rate.

The Group's total number of customers in Hong Kong and Macau further increased to approximately 4.0 million as of 31 December 2023, compared to last year which was approximately 3.3 million. This increment was mainly driven by a notable increase in prepaid customers. With growing customer subscription of 5G services, the Group's 5G penetration rate has sustained a positive growth, witnessing an increase of 16% points to 46% compared to last year. This growth was underpinned by the continued expansion of the Group's customer base in terms of 5G broadband and other 5G customers. With the Group's customer value management initiatives and retention programmes, the postpaid customer monthly churn rate increased slightly to 1.0% (2022: 0.8%), mainly arising from a post-pandemic reduction in work-from-home arrangements from the Group's corporate customers, which only had a minimal impact on the Group's profitability. Postpaid net ARPU increased by 4% to HK\$174, primarily driven by higher revenue from roaming services.

## Outlook

Looking ahead, while Hong Kong economy is expected to witness a modest revival, the state of the macro environment still poses uncertainties over the pace of recovery. In light of the mixed outlook, the Group has undertaken a host of initiatives to uphold its commitment to service excellence and network enhancement in an effort to stay ahead of market competition.

The recovery of international travel in 2023 was fast-approaching pre-pandemic levels, prompting the Group to expand its roaming destinations and network coverage worldwide. The Group prides itself in providing over 200 5G roaming networks, and it is the only platform connecting to the three major network providers in the Mainland to offer seamless "Cross-network Roaming" services. Such initiatives have unveiled the Group's forward-looking strategy in capturing roaming service revenue.

The Board is pleased with the robust improvement in profitability for the Group's Hong Kong business in 2023 and is optimistic towards the Group's near-term outlook with stable business growth while staying vigilant amid ongoing economic uncertainties. The Group will keep exploring various long-term value-accretive opportunities for shareholders and is committed to strengthening its overall financial profile to further maximise shareholder value. The Group strives to achieve positive growth in recurring earnings while maintaining a solid financial position with disciplined and prudent financial, liquidity and cash flow management.

I would like to thank the Board, our management team and all staff members for their ongoing commitment and dedication, hard work, continued loyalty, professionalism as well as their valuable contributions to the Group.

**FOK Kin Ning, Canning**

Chairman

Hong Kong, 5 March 2024



# OPERATIONS REVIEW

The Group leverages the latest technological advancements to enhance customer experience, capture new opportunities and embrace a digital-centric future.



# Operations Review



In 2023, Hong Kong economy staged a gradual recovery and resumed normalcy in the aftermath of the pandemic. The Group continued to drive digital transformation for businesses and made remarkable progress in driving the adoption of 5G technology across diverse sectors including ports, education and entertainment as manifested in the creation of Hong Kong's first-ever 5G live broadcast concert from a cruise ship at sea. The Group also conducted network enhancement in various aspects. In addition, a wide spectrum of new corporate solutions has been introduced to cater to the growing needs of corporate clients. The Group strives to leverage the latest technological advancements to embrace a digital-centric future.

## Hong Kong

### Continuous 5G Network Enhancement

The Group has invested in its network expansion project in Hong Kong and has considerably increased the number of base stations to strengthen 5G network coverage with ample capacity in an effort to enhance customer experience. With its ongoing customer-centric strategy, the Group is committed to offering a reliable and seamless network connectivity experience by deploying advanced hardware and software technologies and equipment in the 700 MHz spectrum band which enhanced both land and sea network quality and coverage.



In 2023, the Group completed a network enhancement project covering 65 busy MTR stations across nine MTR lines and the High Speed Rail (Hong Kong Section). These measures facilitated better mobile data traffic flow and connectivity through network upgrades at stations and thus improved the overall customer experience. The Group also initiated network coverage expansion and equipment upgrades at major cross border control points to handle the surge in traffic volume arising from the explosive growth in the number of Hong Kong people travelling to mainland China.

The Group also successfully upgraded its network connectivity in multiple hotspots in Hong Kong seas with advanced technologies and equipment in the 700 MHz spectrum band, primarily covering the seas near Sai Wan, Sai Kung, Ap Lei Chau, Stanley and Cape D'Aguilar. Through enhancing the mobile hardware equipment and creating specific

antennas' configuration, the Group witnessed a considerable enhancement in 5G network coverage, network speed and stability at sea.

In pursuit of excellent network performance, the Group has introduced the Honey-Bee Campaign, aiming to identify any potential network blind spots in every district in Hong Kong as well as the outlying islands by using various customer-preferred social media and apps to conduct network performance tests for continuous network improvement.



- "Team Honey Bee", a special network testing squad, aims to optimise network performance across 18 districts for customers.



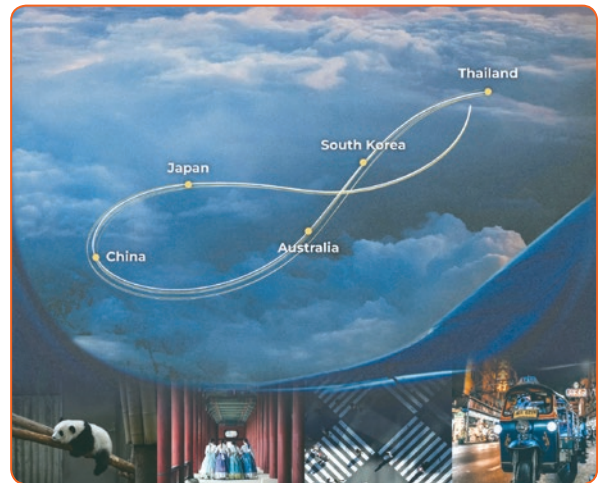
### Extensive 5G Roaming Coverage

With over 200 5G roaming networks, the Group provides customers with best-in-class roaming services worldwide. Through strategic collaboration, it is also connected to all network providers in mainland China <sup>(Note)</sup>, Japan, South Korea, Thailand and Australia to offer seamless “Cross-network Roaming” services to customers, setting the Group apart from its peers in the marketplace.

### The Debut of SUPREME

In March 2023, the Group unveiled its premium brand, SUPREME, as part of its multi-brand strategy targeting esteemed customers. With its top-notch customer service team, world-class network and innovative services, SUPREME is dedicated to delivering an exceptional digital lifestyle to high-spending customers. On the back of the Group’s extensive 5G network coverage spanning 99% of Hong Kong, SUPREME offers customers an unparalleled network experience with priority network access alongside abundant network resources. Through collaborations with leading global

partners across various industries, SUPREME offers a range of privileges and benefits, including superior communications, personalised services and offerings, as well as privileges spanning across culture, entertainment, dining and leisure, to meet the discerning customer needs.



■ The Group’s “Cross-network Roaming” service provides seamless network connectivity across popular travel destinations.



■ SUPREME, official 5G sponsor partner of the world’s wettest music party - S20 Hong Kong Songkran Music Festival 2023, provides the entire venue with high-speed 5G services.

Note:

China Broadnet does not provide inbound roaming service.

In the summer of 2023, SUPREME supported the first world-class outdoor water music party in Hong Kong hosted by S20. As the official 5G sponsor partner of the event, the Group provided network solutions to the event with comprehensive and ultra fast 5G services to ensure a smooth running of the digital systems, on-site electronic transactions and internet access for both merchants and organiser throughout the event.

### 5G Broadband Drives Digital Transformation

The Group spares no efforts in driving digital transformation in all sectors by introducing 5G Broadband services. Enterprises of all sizes, including small and medium businesses, benefit from reliable 5G broadband services which facilitate seamless electronic payments by customers and enable merchants to connect devices on 5G in outdoor venues.

### Enterprise Solutions

Enterprise solutions, which are among the focus areas of the Group, are poised for further growth. In a bid to cater to corporate customer needs in today's business landscape, 3Business has been proactive in introducing leading-edge corporate solutions including a myriad of new and customised end-to-end solutions for businesses to enhance operational efficiencies and market competitiveness of corporate customers on different fronts.

The Group also expanded its strategic collaboration with fixed-line operators in 2023 to achieve the synergies of fixed mobile convergence through the integration of information and communication technology services with fixed-line telecoms solutions, with a view to catering to the growing demands from the corporate market.



■ DIGIBOX, the Group's 5G solution hub, helps enterprises in their digital transformation and drives the sustainable development of a smart city.

DIGIBOX, the Group's 5G solution hub, was officially launched in December 2023. Spanning across seven dedicated zones, DIGIBOX showcases over 40 innovative 5G solutions involving integration of cutting-edge technologies such as artificial intelligence, blockchain, cloud computing, big data and edge computing. The Group aims to share technological achievements, foster innovation and provide a platform for various industries to explore and adopt these solutions.

Riding on its close ties with members of the CKHH Group to achieve synergistic effects, the Group has entered into a strategic collaboration with Hutchison Port Holdings Trust ("HPH Trust") to deploy advanced 5G technology and to implement a host of innovative pilot projects within its Hong Kong terminals, which have proven effective in operating cost reduction, accuracy improvement and enhancements in both safety performance and operational efficiency. With this digitally-connected infrastructure in place, the terminals are empowered to unlock new levels of remote execution capabilities, facilitate a greater number of connected devices and implement virtual private real-time networks.

The Group introduced the 5G Flood Detection Solution for Smart Car Parks in light of the frequent occurrences of flooding caused by extreme weather conditions in 2023. Tailored to the specific features of each car park, the new solution alerts users to take preventive measures and helps mitigate the impact of climate change.



■ The 5G Flood Detection Solution for Smart Car Parks has been introduced in light of the frequent flooding caused by extreme weather in 2023.

The Group's new 5G innovative solutions include advanced 5G smart robots designed to effectively monitor sealed environments, in particular tunnels. Leveraging the Group's robust 5G network, the robots can transmit real-time videos to facilitate seamless monitoring of tunnel conditions. In the event of any anomalies, such as the emission of hazardous



■ The Group sets up 5G base stations within HPH Trust Hong Kong terminals, enabling HPH Trust to become the first container terminals to become 5G-operated in Hong Kong.

gases or overheating of high-voltage cables, 5G smart robots can promptly send alerts to the control centre, triggering immediate actions required. Moreover, these robots are able to inspect specific damaged areas within tunnels during emergencies, such as fire incidents or structural collapses, effectively minimising safety risks and consequences.

In March 2023, the Group collaborated with Resorts World Cruises and Hong Kong Chinese Orchestra (“HKCO”) to showcase Hong Kong’s first-ever 5G live broadcast concert from a cruise ship, enabling global audiences to participate in the momentous music event in Hong Kong on social media. The success of the debut broadcast concert underscores the Group’s advanced 5G network capabilities and the unlimited possibilities of 5G applications across various venues and industries.

The Group also strives to tap into the immense potential of 5G applications in the education sector. Through its successful implementation of 5G mobile network coverage across the entire campus of the Spanish School of Hong Kong, the Group has made it among the first international schools in Hong Kong to adopt 5G technology, creating a smart campus.



■ A variety of 5G solutions are tailored for schools and the education sector to help create smart campuses and advance smart education.

## Macau

3 Macau is committed to the continuous enhancement of its network performance and customer experience. To accommodate the ever-growing customer demands for reliable and stable mobile data services, the Group strives to enhance its network coverage such as equipping its main mobile network with dual protection. SoSIM prepaid SIM card introduced to the enclave in 2021 has proved a huge success. 3 Macau maintained its points of sale at over 20 Watsons and PARKnSHOP stores throughout Macau to cater to the growing needs amidst post-pandemic economic and tourism recovery.



■ 3 Macau is committed to the continuous enhancement of its network performance and customer experience.

Meanwhile, the simple user interface of 3 Macau’s 3Mall online application sparks a quick and easy shopping experience, enabling hassle-free applications for contract renewal and new subscriptions online, as well as offering various special and monthly promotions with easy access to the 3Fans membership and the 3Care programme.

# Management Discussion and Analysis

## Financial Performance Summary

	2023 HK\$ million	2022 HK\$ million	Change
<b>Revenue</b>	<b>4,896</b>	4,882	-
Net customer service revenue	3,531	3,278	+8%
• Local service revenue	3,005	2,981	+1%
• Roaming service revenue	526	297	+77%
Hardware and other product revenue	1,365	1,604	-15%
<b>Net customer service margin</b>	<b>3,046</b>	2,827	+8%
<i>Net customer service margin %</i>	<i>86%</i>	86%	-
Standalone hardware and other product sales margin	25	33	-24%
<b>Total margin</b>	<b>3,071</b>	2,860	+7%
- CACS	(482)	(518)	+7%
- Less: Bundled sales revenue	312	376	-17%
CACS (net of hardware and other product revenue)	(170)	(142)	-20%
Operating expenses	(1,506)	(1,356)	-11%
<i>Operating expenses as a % of net customer service margin</i>	<i>49%</i>	48%	-1% point
Share of EBITDA of a joint venture	62	58	+7%
<b>EBITDA <sup>(1)</sup></b>	<b>1,457</b>	1,420	+3%
Service EBITDA <sup>(1)</sup>	1,432	1,387	+3%
<i>Service EBITDA <sup>(1)</sup> margin %</i>	<i>41%</i>	42%	-1% point
CAPEX (excluding telecommunications licences)	(481)	(496)	+3%
EBITDA <sup>(1)</sup> less CAPEX	976	924	+6%
Depreciation and amortisation <sup>(3)</sup>	(1,526)	(1,501)	-2%
<b>LBIT <sup>(2)</sup></b>	<b>(69)</b>	(81)	+15%
Service LBIT <sup>(2)</sup>	(94)	(114)	+18%
Net interest and other finance income/(costs) <sup>(3)</sup>	101	(22)	+559%
<b>Profit/(loss) before taxation</b>	<b>32</b>	(103)	+131%
Taxation <sup>(3)</sup>	(84)	(55)	-53%
<b>Loss attributable to shareholders</b>	<b>(52)</b>	(158)	+67%

## 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 income/(costs), taxation, depreciation and amortisation. Information concerning EBITDA has been included in the Group's financial information and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under IFRS Accounting Standards 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 Accounting Standards.
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- (3) Depreciation and amortisation, net interest and other finance income/(costs) and taxation include the Group's share of joint venture's respective items.

## Review of Financial Results

The Group's service revenue was HK\$3,531 million, up 8% year-on-year (2022: HK\$3,278 million), underpinned by a solid performance in roaming service segment. Roaming service revenue serving as the key revenue growth driver for 2023 gained further momentum on the back of tourism recovery and surged by HK\$229 million or 77% year-on-year to HK\$526 million. Local service revenue, on the other hand, marginally increased by 1% to HK\$3,005 million compared to last year. The Group's total revenue maintained at HK\$4,896 million, as the aforesaid increment was substantially offset by the decrease in low-margin hardware revenue due to weaker demand and prudent market sentiment. Total margin increased by HK\$211 million or 7% year-on-year to HK\$3,071 million, mainly driven by revenue mix with an increase in high-margin service revenue.

Operating expenses increased by HK\$150 million or 11% to HK\$1,506 million (2022: HK\$1,356 million), mainly attributable to higher network operating costs arising from the network expansion and enhancement projects invested by the Group.

EBITDA was up by HK\$37 million or 3% to HK\$1,457 million, largely driven by the improvement in total margin, partially offset by higher operating expenses involved as aforesaid.

LBIT improved considerably by HK\$12 million or 15% to HK\$69 million compared to last year. The improvement in EBITDA was partially offset by higher amortisation expenses associated with capitalised CACs and higher depreciation expenses incurred in network expansion. Against the backdrop of interest rate hikes, the Group's net interest income was HK\$101 million in 2023 compared to a net interest cost of HK\$22 million last year due to a three-fold increase in bank interest income resulting from a surge in deposit interest rate.

The Group's loss attributable to shareholders and loss per share considerably narrowed to HK\$52 million (2022: HK\$158 million) and 1.08 HK cents (2022: 3.28 HK cents) respectively, a 67% improvement compared to last year. The Group continued to witness a more positive financial performance in the second half of 2023, primarily driven by the encouraging financial results delivered by the Group's Hong Kong business in 2023.

## Key Performance Indicators

	2023	2022	Change
Number of postpaid customers ('000)	1,463	1,470	-
Number of prepaid customers ('000)	2,500	1,808	+38%
Total customers ('000)	3,963	3,278	+21%
Postpaid customers to total customer base (%)	37%	45%	-8% points
Postpaid customers' contribution to net customer service revenue (%)	86%	90%	-4% points
Monthly churn rate of postpaid customers (%)	1.0%	0.8%	-0.2% point
Postpaid gross ARPU (HK\$)	190	185	+3%
Postpaid net ARPU (HK\$)	174	168	+4%
Postpaid net AMPU (HK\$)	152	145	+5%

The Group's total number of customers in Hong Kong and Macau further increased to approximately 4.0 million as of 31 December 2023, compared to last year which was approximately 3.3 million. This increment was mainly driven by a notable increase in prepaid customers. With growing customer subscription of 5G services, the Group's 5G penetration rate has sustained a positive growth, witnessing an increase of 16% points to 46% compared to last year. This growth was underpinned by the continued expansion of the Group's customer base in terms of 5G broadband and other 5G customers. With the Group's customer value management initiatives and retention programmes, the postpaid customer monthly churn rate increased slightly to 1.0% (2022: 0.8%), mainly arising from a post-pandemic reduction in work-from-home arrangements from the Group's corporate customers, which only had a minimal impact on the Group's profitability. Postpaid net ARPU increased by 4% to HK\$174, primarily driven by higher revenue from roaming services.

## Net Interest and Other Finance Income

Net interest and other finance income (with share of a joint venture) was HK\$101 million in 2023 (2022: net costs of HK\$22 million). The improvement was primarily due to a three-fold increase in bank interest income resulting from a surge in deposit interest rate from an average of 1.43% in 2022 to an average of 4.85% in 2023.

The Group continues to maintain a healthy financial position with cash and bank balances of HK\$3,684 million as of 31 December 2023 (31 December 2022: HK\$3,700 million).

## Capital Expenditure

Capital expenditure on property, plant and equipment, which accounted for 14% (2022: 15%) of the service revenue of the Group, reduced by 3% to HK\$481 million. The Group continues to examine its projects with care and discretion to ensure that resources are adequately utilised to comply with operational and technological demands.

## Summary of Spectrum Investment as of 31 December 2023

	Spectrum band	Bandwidth	Year of expiry
<b>Hong Kong</b>	700 MHz	20 MHz	2037
	900 MHz	10 MHz	2026
	900 MHz	10 MHz	2036
	1800 MHz	30 MHz	2036
	2100 MHz	29.6 MHz	2031
	2300 MHz	30 MHz	2027
	2600 MHz	30 MHz <sup>(1)(2)</sup>	2024 <sup>(2)</sup>
	2600 MHz	10 MHz <sup>(1)</sup>	2028
	3300 MHz	30 MHz	2034
	3500 MHz	40 MHz	2035
<b>Macau</b>	900 MHz	10 MHz	2025
	1800 MHz	20 MHz	2028
	2100 MHz	10 MHz	2025

Notes:

- (1) The spectrum band was shared under a 50/50 joint venture - Genius Brand Limited.
- (2) Following a successful bid of 10 MHz spectrum at the 2600 MHz spectrum band by a subsidiary of the Group in 2021 for a 15-year period to 2039, the spectrum will be transferred to the joint venture and commence immediately upon the expiry of the existing licence held by the joint venture in March 2024. Such joint venture will also obtain two other 10 MHz spectrums at the 2600 MHz spectrum band from another joint venture partner, with the assignment periods from March 2024 to March 2028 and from March 2028 to March 2039 respectively. Together, the joint venture will hold 20 MHz spectrums at the 2600 MHz spectrum band from 2024 to 2039.



# Group Capital Resources and Liquidity

## Treasury Management

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

## Cash management and funding

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

## Foreign currency exposure

The Group operates mobile telecommunications business principally in Hong Kong, with transactions denominated in Hong Kong dollars. It is exposed to other currency movements, primarily in terms of certain trade and other receivables, trade and other payables, and bank deposits denominated in United States dollars, Macau Patacas, 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 2023, the Group recorded share capital of HK\$1,205 million and total equity of HK\$9,858 million.

As at 31 December 2023, the net cash of the Group was HK\$3,684 million (2022: HK\$3,700 million), 93% of which was denominated in Hong Kong dollars with remaining in various other currencies.

## Charges on Group Assets

As at 31 December 2023, 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 2023 (2022: Nil).

## Contingent Liabilities

As at 31 December 2023, the Group provided performance, financial and other guarantees of HK\$1,227 million (2022: HK\$1,139 million), including the related performance bonds on new and renewed spectrums.

## Capital Commitments

As at 31 December 2023, the Group had total capital commitments on property, plant and equipment of HK\$121 million (2022: HK\$119 million) and had no capital commitments on telecommunications licences (2022: HK\$114 million). The decrease in capital commitments on telecommunications licences was due to the fact that the Communications Authority of Hong Kong approved the transfer of a block of spectrum at the 2600 MHz spectrum band from a subsidiary to a joint venture in November 2023 for a 15-year period commencing from March 2024.

# 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 in Hong Kong and Macau; hence, the general state of local markets or economies may have a material adverse effect on its business, the financial condition and results of operations of the Group. Any significant slowdown in economic growth in the regional or a specific economy, deterioration in social and/or political conditions in the markets in which the Group conducts business could adversely affect the financial condition or results of operations of the Group.

## Industry Trends and Interest Rates

The results of the Group are affected by the trends, consumer preferences and spending preferences in the telecommunications markets in which it operates. Industry trends and volatility in interest rates have adversely affected the Group's results historically. 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 these risks or changes in these conditions will not materially and adversely affect the financial condition and results of operations of the Group.

## Highly Competitive Markets

Telecommunications industry is very competitive. In the highly competitive market, the Group experiences significant competition in the markets in which it operates. Introduction of new services, aggressive tariff plans, customer acquisition strategies adopted by existing market players or new market entrants, as well as continued shifting of consumer behaviours from offline to online could increase pricing pressure and uncertainties, and may impact the Group's customer acquisition and retention costs, rate of customer growth, retention prospects as well as market share. 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. Disruptive alternate telecommunications technologies being developed, or to be developed by existing competitors or new market entrants could intensify competition. Development and application of new technology involves time, substantial costs and risks. In the event if the Group fails to develop, or obtain timely access to new technology and equipment, it may lead to risks for its business and market position, and hence impairment of obsolete assets. These factors 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 the 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 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, strategic alliances, 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, developing and upgrading 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.

## Risk Factors

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.

## Labour Force

Employees play an important role to build a thriving business for the Group. A decrease in the labour participation rate, net outflow of residents, or natural decrease in the local markets could cause labour shortage, which may induce recruitment difficulties. There can be no assurance that the uncertainty of talent supply in Hong Kong will not materially and adversely affect the financial condition and results of operations of the Group.

## Accounting

The International Accounting Standards Board, which issued the IFRS Accounting Standards, 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 Accounting Standards 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 subsequent 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 effects to the environment including loss of sea ice, rise in sea levels, and more frequent and severe weather events.

Changes in climate could disrupt supply chains, interrupt business operations, and cause financial and physical damage. Alteration in weather patterns and extreme weather events such as with typhoons and rainfall may cause damage to the assets and business of the Group, 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 pursuing a transition towards 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 people. 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.

## Risk Factors

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 72, 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 February 2022. Mr Fok is deputy chairman and executive 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 TPG Telecom Limited, HK Electric Investments Manager Limited as the trustee-manager of HK Electric Investments, and HK Electric Investments Limited, deputy chairman of CK Infrastructure Holdings Limited ("CKI") and deputy president commissioner of PT Indosat Tbk ("PT Indosat"). Mr Fok is also executive chairman of CK Hutchison Group Telecom Holdings Limited ("CKHGT"). He was previously chairman of Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets Holdings Limited ("Power Assets"), and a director of Cenovus Energy Inc.. In addition, Mr Fok is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company and certain companies controlled by certain 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 73, 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 Hutchison Telecommunications (Hong Kong) Limited ("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 Hutchison Telecommunications International Limited ("HTIL") from 2004 to 2010. He is also a director of certain companies controlled by certain substantial shareholders (within the meaning of Part XV 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 70, 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 commissioner 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 certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company. He possesses extensive operations experience in the telecommunications industry and has been involved in cellular technology for over 33 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 51, 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 28 years of experience in the telecommunications industry.

### LAI Kai Ming, Dominic

Non-executive Director

Lai Kai Ming, Dominic, aged 70, has been a Non-executive Director of the Company since March 2009. He has also been Alternate Director to Mr Fok Kin Ning, Canning, Chairman and a Non-executive Director and Ms Edith Shih, a Non-executive Director since January 2017. Mr Lai is executive director and group co-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 was formerly listed on the Stock Exchange and has become a wholly owned subsidiary of CKHH in 2015. He is also the chairman of HPHM as the trustee-manager of HPH Trust, a director of HTAL, a commissioner of PT Duta Intidaya Tbk ("PTDI"), and an alternate director to director of HTAL and TOM Group Limited ("TOM"). In addition, Mr Lai is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company and certain companies controlled by certain 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 40 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

Edith Shih, aged 72, has been a Non-executive Director of the Company since January 2017. She has been Chairman of the Sustainability Committee since July 2020 and a member of the Nomination Committee since February 2022. She was the Company Secretary of the Company from November 2007 to 11 May 2023. 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 since 1991. Both Cheung Kong (Holdings) and HWL were formerly listed on the Stock Exchange and 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 in addition a non-executive director of HUTCHMED (China) Limited and HPHM as the trustee-manager of HPH Trust as well as a commissioner of PTDI. In addition, Ms Shih is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of the Company and certain companies controlled by certain 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 40 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is a past international president and current member of the Council of The Chartered Governance Institute ("CGI") as well as a past president and current Honorary Adviser of The Hong Kong Chartered Governance Institute ("HKCGI"). She is also current member and past chairperson of the Nomination Committee of HKCGI. Further, she is also chairperson of the Process Review Panel for the Accounting and Financial Reporting Council, and a member of the Executive Committee and Council of The Hong Kong Management Association. 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.

## CHOW Ching Yee, Cynthia

### Independent Non-executive Director

Chow Ching Yee, Cynthia, aged 60, has been appointed as Independent Non-executive Director of the Company since December 2022. She is an independent non-executive director of CKHH, a substantial shareholder (within the meaning of Part XV of the SFO) of the Company. Ms Chow is the founder and director of Discovery Mind Educational Organisation and Discovery Mind China (collectively the "Discovery Mind Group"). Ms Chow has over 25 years of experience in the operation of schools in Hong Kong and is responsible for the brand expansion and future development of the Discovery Mind Group. Before starting her educational career, Ms Chow was an Assistant Vice President in the Private Banking Division of Citibank, Hong Kong from 1994 to 1996. She holds a Bachelor of Arts degree in Economics from Occidental College, U.S.A., and a Master's degree in Business Administration from Whittier College, U.S.A..

### IP Yuk Keung

Independent Non-executive Director

Ip Yuk Keung, aged 71, 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 U.S.A., 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, New World Development Company Limited and Lifestyle International Holdings Limited (which had withdrawn its listing on 20 December 2022). He was previously an independent non-executive director of TOM. Mr Ip is an Adjunct Professor of and an advisor to various universities in Hong Kong, U.S.A. and Macau. He is a member of the Court of City University of Hong Kong ("CityU") and The Hong Kong University of Science and Technology ("HKUST"), an Honorary Fellow of CityU, HKUST and Vocational Training Council, Chairman of Business Career Development Advisory Committee of the College of Business of CityU, Senior Advisor to the President, Chairman of Career Development Advisory Council and Special Advisor to the Dean of the School of Business and Management of HKUST, an Advisory Board Member for the Faculty of Business Administration at the University of Macau, and a Beta Gamma Sigma Honoree at CityU and HKUST. Mr Ip is chairman of HKUST Foundation and also serves as a member of the Science and Technology Council, the Macau Special Administrative Region of the People's Republic of China. He was previously a Council Member of 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.

### LAN Hong Tsung, David, GBS, ISO, JP

Independent Non-executive Director

Lan Hong Tsung, David, aged 83, 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 Limited and holds directorships at Nanyang Commercial Bank Limited since 2002 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, DBE, JP**

Independent Non-executive Director

Wong Yick Ming, Rosanna, aged 71, 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 Part XV of the SFO) of the Company. She was a director of Cheung Kong (Holdings) for the period from 2001 to 2015. Cheung Kong (Holdings) was formerly listed on the Stock Exchange and 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 and Institute of Philanthropy Limited, a senior advisor of The Hong Kong Federation of Youth Groups ("HKFYG"), a honorary steward of The Hong Kong Jockey Club, a governor of Our Hong Kong Foundation and chairman of Asia International School Limited. 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, a member of the 13th session of the National Committee of the CPPCC of the People's Republic of China 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), U.S.A. and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, the University of Hong Kong, The Hong Kong Institute of Education (now known as The Education University of Hong Kong) and the University of Toronto, 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 56, 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 a non-executive director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT, and 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 Part XV of the SFO) of the Company. He has over 34 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 2023 Interim Report are set out below:

Directors	Details of changes
Fok Kin Ning, Canning	<p>Appointed as deputy chairman of CKHH<sup>(1)</sup> and ceased to be group co-managing director of CKHH on 1 April 2024, and remains as an executive director of CKHH</p> <p>Appointed as executive chairman of CKHGT on 1 April 2024</p> <p>Resigned as chairman and a director of HTAL<sup>(2)</sup> and ceased to be chairman and member of its Governance, Nomination &amp; Compensation Committee on 28 December 2023</p> <p>Ceased as chairman and non-executive director of HPHM as the trustee-manager of HPH Trust<sup>(3)</sup> on 1 April 2024</p> <p>Retired as chairman and executive director of Power Assets<sup>(1)</sup> and ceased to be member of its Remuneration Committee on 1 April 2024</p>
Lai Kai Ming, Dominic	<p>Appointed as</p> <ul style="list-style-type: none"> <li>- group co-managing director of CKHH<sup>(1)</sup> on 1 April 2024</li> <li>- chairman and non-executive director of HPHM as the trustee-manager of HPH Trust<sup>(3)</sup> on 1 April 2024</li> </ul> <p>Ceased to be alternate director to Mr Fok Kin Ning, Canning of HTAL<sup>(2)</sup> on 28 December 2023</p>
Edith Shih	<p>Ceased as the chairperson of the Nomination Committee of HKCGI on 1 January 2024, while continuing as a committee member</p>
Chow Ching Yee, Cynthia	<p>Appointed as an independent non-executive director of CKHH<sup>(1)</sup> and member of its audit committee on 14 December 2023</p>
Ip Yuk Keung	<p>Bestowed as an Honorary Fellow at HKUST on 22 September 2023</p> <p>Appointed as</p> <ul style="list-style-type: none"> <li>- chairman of HKUST Foundation on 15 December 2023</li> <li>- an Advisory Board Member for the Faculty of Business Administration at the University of Macau on 1 March 2024</li> </ul>
Wong Yick Ming, Rosanna	<p>Appointed as independent non-executive director of Institute of Philanthropy Limited on 24 January 2024</p>

Notes:

- (1) A company the shares of which are listed on The Stock Exchange of Hong Kong Limited
- (2) A company the shares of which are listed on the Australian Securities Exchange
- (3) A business trust the units of which are listed on the Singapore Stock Exchange

In respect of the updated emoluments of the Directors, please refer to note 7(a) to the consolidated financial statements on pages 170 to 171.

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

As at 31 December 2023, 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 <sup>(Note)</sup>	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 2023, 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 2023, 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 2023, personal interests in 34,200 ordinary shares, representing approximately 0.0008% of the issued voting shares, in CKHH.

## Information on Directors

Ms Edith Shih had, as at 31 December 2023, 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.

Mr Ip Yuk Keung had, as at 31 December 2023, other interest in the following interests held jointly with another person:

- (i) 177,000 ordinary shares, representing approximately 0.0046% of the issued voting shares, in CKHH; and
- (ii) a nominal amount of US\$250,000 in the 3.5% Notes due 2027 issued by CK Hutchison International (17) Limited.

Dr Lan Hong Tsung, David in his capacity as a beneficial owner had, as at 31 December 2023, 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 2023, 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 2023, 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 a director or a commissioner of associated companies 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 was a director and/or alternate director of certain subsidiaries of CKHH which are engaged in telecommunications business.
- Mr Woo Chiu Man, Cliff was a director of certain subsidiaries and a commissioner of an associated company 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

## **NG Marcus Byron**

Chief Financial Officer

NG, Marcus Byron, aged 40, has been appointed as Chief Financial Officer of the Group since April 2023. He has served CKHH Group for over 10 years. Mr Ng is a qualified accountant with membership of the Hong Kong Institute of Certified Public Accountants. He also holds a Bachelor of Science degree in Accounting. Mr Ng has more than 18 years of experience in accounting and finance for corporate and audit sectors.

## **LEONG Bing Yow**

Chief Technology Officer

LEONG Bing Yow, aged 40, has been Chief Technology Officer of the Group since January 2023. He joined the Group in January 2022. Mr Leong is responsible for network and IT strategy, engineering and operations. He holds a Bachelor of Engineering degree and has more than 17 years of experience in telecommunications.

## **Christopher John SANDERSON**

Director of Legal Services & Regulatory

Christopher John SANDERSON, aged 59, 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 36 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 2023.

## Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out on page 199.

## 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 including analysis using financial key performance indicators, 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 2023, 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 25.
- "Risk Factors" on pages 26 to 30.
- "Financial Risk Management" in note 3 to the consolidated financial statements on pages 159 to 167.
- "Corporate Governance Report" on pages 49 to 79.

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 "Corporate Governance Report" on pages 49 to 79.

All such discussions form part of this report.

## Group Loss

The consolidated income statement is set out on page 142 and shows the loss of the Group for the year ended 31 December 2023.

## Dividend

An interim dividend of 2.28 HK cents per share for the first half of 2023 was paid to shareholders in early September 2023.

The Directors also recommended the declaration of a final dividend of 5.21 HK cents per share, to be payable on Monday, 27 May 2024, to those persons registered as shareholders of the Company at close of business on Thursday, 16 May 2024, being the record date for determining shareholders' entitlement to the proposed final dividend.

## Reserves

Movements in 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

Charitable donations benefitting community projects by the Group during the year amounted to approximately HK\$8.3 million (2022: HK\$3.8 million).

## Directors

As at the date of this report, the Board comprises 10 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

Ms CHOW Ching Yee, Cynthia

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 Lui Dennis Pok Man, Mr Koo Sing Fai, Dr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna will retire by rotation at the 2024 annual general meeting (the "2024 AGM"). Dr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna will not offer themselves for re-election at the 2024 AGM while all other retiring Directors 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 refer to pages 73 to 74 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 offer themselves for re-election at the 2024 AGM 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 2023 and as of the date of this report.

### Arrangement to Purchase Shares or Debentures

At no time during the year was the Company or its subsidiary a party to any arrangements which to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate.

### 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 2023 was a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of 2023 or at any time during 2023.

### 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 2023.

### 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 three years ended 31 December 2021, 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 aggregate transaction amounts of the Continuing Connected Transactions for the year ended 31 December 2023 and the relevant annual caps as stated in the Announcement are set out below:

	<b>Aggregate transaction amount (HK\$ million)</b>	<b>2023 annual cap (HK\$ million)</b>
Provision of the Group Telecommunications Supplies by the Group to the CKHH Group	29	64
Purchase of the CKHH Telecommunications Supplies by the Group from the CKHH Group	9	135
Purchase of the Business Related Supplies by the Group from the CKHH Group	80	274

The Master Agreements expired on 31 December 2023 and in anticipation thereof, new master agreements on substantially similar terms were entered into between the Company and CKHH on 13 December 2023. An announcement in respect of the new master agreements was made by the Company on the same date. Details of the transactions under the new master agreements will be reported in the next annual report of the Company in accordance with the Listing Rules.

The internal audit of the Group has reviewed the Continuing Connected Transactions under the Master Agreements for the year ended 31 December 2023 and the relevant internal control procedures covering the price negotiation, review and approval, agreement management, reporting and consolidation processes of these transactions, and is of the view that satisfactory controls were in place in respect of the areas reviewed. All the Independent Non-executive Directors of the Company, having reviewed the Continuing Connected Transactions entered into by the Group under the Master Agreements during the year ended 31 December 2023 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 of the Company 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 letter 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 2023 (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 2023 as disclosed in the Announcement.

A summary of the related party transactions entered into by the Group during the year ended 31 December 2023 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, annual review and shareholders' approval requirements 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 2023.

## 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 2023, 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 <sup>(1)</sup> )		
	Beneficial owner	3,161,292,951 <sup>(2)</sup> )	3,184,982,840	66.09%
Gensis Lake Limited ("GLL")	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
Dynamic Zamia Limited ("DZL")	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
CKHGT	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
Barusley Limited ("BL")	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
Askern Peak Limited ("APL")	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
CK Hutchison Global Investments Limited ("CKHGI")	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	3,184,982,840	66.09%
CKHH	Interest of controlled corporations	3,184,982,840 <sup>(1)(2)</sup>	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	53,604,826 <sup>(3)</sup> )	404,132,779	8.38%
	Interest of controlled corporations	350,527,953 <sup>(4)</sup> )		
Li Tzar Kuoi, Victor	Discretionary beneficiary of discretionary trusts	53,604,826 <sup>(3)</sup> )	406,844,029	8.44%
	Interest of controlled corporations	353,047,203 <sup>(4)(5)</sup> )		
	Interest of child	192,000 <sup>(6)</sup> )		
Li Ka Shing Foundation Limited ("LKSF")	Beneficial owner	350,527,953 <sup>(4)</sup>	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) The 53,604,826 shares of the Company comprise:
  - (a) 53,451,546 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related company in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings ("TUT1 related company"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 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 DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity 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 Unity Holdco. TUT1 is only 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 Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Ka-shing may be regarded as a founder of each of DT1 and DT2 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 53,451,546 shares of the Company held by TUT1 as trustee of UT1 and TUT1 related company under the SFO as substantial shareholders of the Company.

- (b) 153,280 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3"). Mr Li Ka-shing is the settlor of each of the 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 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.

The entire issued share capital of TUT3, TDT3 and TDT4 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 only 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.

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) The 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.
- (5) 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.
- (6) 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 2023, 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.

## Bank Loans and Other Borrowings

The Group did not have any borrowing (including debentures) as at 31 December 2023.

## 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 188.

## 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:

	<b>Percentage of total purchases of the Group</b>
The largest supplier	45%
Five largest suppliers combined	69%

As at 31 December 2023, 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 2023 have been audited by PwC who will retire and, being eligible, offer themselves for re-appointment at the 2024 AGM.

By Order of the Board

**CHOW Yan Hing, Agnes**  
*Company Secretary*

Hong Kong, 5 March 2024

# 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 the 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 in light of current and emerging corporate governance development of relevance to the Group to reflect market practice, expectations and regulatory changes as appropriate, inculcating a robust culture of compliance and accountability across the businesses of the Group.

The Company has complied throughout the year ended 31 December 2023 with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 (formerly Appendix 14) of the Listing Rules.

## The Board

### Corporate purpose, values and culture

The Group's purpose is to deliver essential services that meet the needs of customers and other stakeholders, underpinned by the business values of innovation, collaboration, integrity and sustainability across all levels of the Group.

As a leading telecommunications operator, the Group is committed to conducting business responsibly and understanding its customers' needs by continuing to develop, innovate and enhance the Group's technology via various initiatives set out in the Operations Review of the Annual Report. The Group lives up to its purpose by building a culture that is forward looking and agile to improve customer experience, build sustainable growth, enhance the reputation of the Group and further invest in the network and technology leadership. It also respects and promotes creativity, opportunities to exchange ideas through employee engagement, and adopts innovative advancements and solutions to deliver long-term sustainable growth and value. Guided by the Group's core values, the Board sets the tone and shapes the corporate culture of the Company to promote a fair and responsible culture through a Code of Ethics and Group policies to ensure all businesses across the Group are aligned around the same purpose. The desired culture is developed and reflected consistently in the operating practices of the Group and the employees. Board oversight of culture encompasses a range of measures and tools to guide Directors, employees and contractors as well as suppliers and other third-party business partners to uphold the expectation of the Group to behave fairly, ethically and in accordance with the applicable laws, which include:

- **Active Collaboration:** The Group encourages collaboration across different business functions, teams and levels to promote understanding of customers' needs, cooperation and diversity of thoughts. This collaborative approach fuels innovation and creativity, providing employees with an environment where they can truly thrive and flourish, thereby contributing to the long-term performance and sustainability of the Group.
- **Employees Engagement:** This involves fostering a culture of open, clear, timely communications, and collaboration throughout the Group. The business undertakes employee engagement focused on creating innovative products and services, supporting customers and delivering an exceptional customer experience, for example, annual town hall meeting. These interactions help gauge overall employee sentiment and alignment with the values of the Group.

- **Employee Retention and Training:** The Board oversees initiatives relating to building a team with the right talent, and also a culture where those employees share their values and expectations. The Group continues to focus on attracting, developing and retaining a workforce required to achieve the Group's strategic objectives, as well as having effective leadership that develops the culture of simplicity, change, accountability and collaboration that the Group needs to embed throughout the organisation. This includes continuing to invest strongly in developing and implementing programmes that promote growth opportunities and career progression for employees at all levels and creating a positive work environment. The Group provides induction sessions for new joiners to ensure that they understand and embrace the desired culture, values and expectation of the Group. This is also supported by the Group's comprehensive performance management and reward process to ensure equity, engagement and retention.
- **Stringent Financial Reporting:** The Group maintains a robust financial reporting system to provide accurate and transparent financial information to stakeholders. This commitment promotes a culture of integrity, ethical behaviour and accountability.
- **Effective and Accessible Whistleblowing Framework:** A strong whistleblowing framework is crucial for detecting and addressing impropriety, misconduct or malpractice within the Group. The Board ensures the effectiveness and accessibility of the whistleblowing framework, where employees are encouraged to speak up and raise concerns with confidence. The Group seeks to ensure employees know how to raise concern through a range of channels, including the Whistleblowing Policy of the Company. This Policy is supported by a confidential process that provides appropriate protections for anyone to report their concerns, fostering a culture that encourages transparency, ethical behaviour and accountability.
- **Legal and Regulatory Compliance:** The Board, supported by the Company Secretary and the legal department, has overall responsibility to oversee legal and regulatory compliance within the Group. Regular reviews and assessments are conducted to ensure the Group's compliance with applicable laws and regulations. By setting a strong tone at the top and emphasising the importance of compliance, the Board fosters a culture that embodies legal and ethical standards, promoting trust, integrity and responsible decision-making. Across the operations, the Group promotes a fair and responsible culture through the Code of Ethics and Group policies as well as mandatory compliance trainings that reflect the values and corporate culture of the Group.
- **Health, Safety, Wellbeing and Support:** The Group places a high priority on creating and keeping employees, contactors and the public safe and well at the Group by maintaining a culture that is safe, healthy and supportive. The Group establishes comprehensive governance, policies and procedures to reduce health, safety and wellbeing risk in the operations. The Group also actively promotes diversity and inclusion within its workforce so as to enable employees to reach their full potential. In addition, the Group implements initiatives that promote and support work-life balance and provides resources for employee wellness.

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 principal objective of the Group is to enhance long-term total return for all its stakeholders. To achieve this objective and continue to be a leading responsible business, the Group continues to focus on achieving recurring and sustainable earnings, cash flow, dividend growth without compromising the financial strength and stability of the Group and also makes contributions to the society. 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 Group continues to focus on sustainability in delivering business solutions that support social and environmental challenges by continuing to act on key issues including climate change, such as committing the transition to a net-zero economy, promoting diversity, inclusion and wellbeing initiatives, digital inclusion and continuous community investment. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can be found in the sustainability report of the Group contained in this Annual Report. 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 in the longer term and delivers the objectives of the Group.

## 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. The responsibilities of the Board include setting the strategy of the Group, approving and monitoring the implementation of the corporate plan, setting the Group's risk appetite and overseeing the management, performance and governance of the Group, 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 10 Directors, including the Chairman (Non-executive), two Co-Deputy Chairmen (Non-executive), an Executive Director and Chief Executive Officer, two Non-executive Directors and four Independent Non-executive Directors. Throughout 2023, 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 2023 are set out in the section of "Directors' Report" on pages 40 to 48.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 31 to 35 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](http://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 resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he/she or any of his/her close associates is materially interested, and such Director is not counted for quorum determination purposes.

The Company held four Board meetings in 2023 with 100% attendance. All Directors also attended the annual general meeting of the Company held on 11 May 2023 (the "2023 AGM"). The attendance record is set out below:

Directors	Board meetings attended/ Eligible to attend	Attendance at 2023 AGM
<b>Chairman and Non-executive Director</b>		
Fok Kin Ning, Canning	4/4	√
<b>Co-Deputy Chairmen and Non-executive Directors</b>		
Lui Dennis Pok Man	4/4	√
Woo Chiu Man, Cliff	4/4	√
<b>Executive Director</b>		
Koo Sing Fai ( <i>Chief Executive Officer</i> )	4/4	√
<b>Non-executive Directors</b>		
Lai Kai Ming, Dominic	4/4	√
Edith Shih	4/4	√
<b>Independent Non-executive Directors</b>		
Chow Ching Yee, Cynthia	4/4	√
Ip Yuk Keung	4/4	√
Lan Hong Tsung, David	4/4	√
Wong Yick Ming, Rosanna	4/4	√

In addition to Board meetings, in 2023 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.

All Non-executive Directors (other than Ms Chow Ching Yee, Cynthia) 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. While the appointment of Ms Chow Ching Yee, Cynthia does not have a specific term, her appointment is subject to the same rotation requirement as the other Directors. All Directors are subject to retirement by rotation at least once every three years. A retiring Director is eligible for re-election, and the re-election of retiring Directors at general meetings is presented in separate resolutions.

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

The Company regards board evaluation as a critical tool to assess Board effectiveness and efficiency. Performance evaluation on the Board and its committees had been conducted for the year 2023. The evaluation involved each Director completing a questionnaire to provide individual ratings as well as comments covering a range of topics. The findings of the evaluation 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, and to develop action plans for improvement. The evaluation parameters included, amongst others, the composition, diversity and leadership of the Board as well as board processes. Based on the performance review, the Board considers its existing practice as effective. The Board is also 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. In March 2024, the Board conducted a review and considered that such mechanisms were properly implemented during 2023 and were effective.

The current composition of the Board (comprising more than one-third Independent Non-executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) exceed the independence requirements under the Listing Rules. The Company has a vigorous selection, nomination and appointment/re-appointment process for Directors (including Independent Non-executive Directors), see "Nomination Process" on pages 70 to 74 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. Information about remuneration of the Directors is set out on pages 74 to 76 of this report. 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 Board and other Board committee meetings, the Company plans meeting schedules for the year well in advance, with electronic facilities for attendance as required. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. A guide for obtaining independent and legal or other professional advice is provided to Directors. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all Independent Non-executive Directors, see "Board Process" on pages 52 to 54 of this report. Each year, the Chairman meets with the Independent Non-executive Directors twice without the presence of other Directors, which provides an open agenda enabling them to express their views outside the boardroom.

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 each year.

## 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 in the forms of formal training programmes, seminars, workshops, expert briefings, webcasts and selected 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. From time to time, Directors also participate as speakers at events to share knowledge and insights on different topics. 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 37 hours had been provided to Directors in 2023.

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.

During 2023, CPD training was provided to Directors on the following areas and topics:

Areas	Topics
<b>Legal and Regulatory</b>	<ul style="list-style-type: none"> <li>• Enforcement and disciplinary processes</li> <li>• Regulatory updates from HKEx and the Securities and Futures Commission</li> <li>• Financial services and tax policies</li> <li>• De-SPAC transaction in Hong Kong</li> <li>• Takeovers Code amendments</li> <li>• Legal development in directors' duties and ESG</li> </ul>
<b>Corporate Governance/ Sustainability Practices</b>	<ul style="list-style-type: none"> <li>• Climate leadership in the context of Group businesses</li> <li>• Sustainability trends and disclosures</li> <li>• Regulations and reporting on diversity, equity and inclusion</li> <li>• Global biodiversity framework</li> <li>• Ethics and anti-corruption policies and ethics training disclosure in ESG report</li> </ul>
<b>Financial Reporting/ Risk Management</b>	<ul style="list-style-type: none"> <li>• Issuers' financial statement disclosures</li> <li>• Enforcement investigations and outcomes</li> <li>• Corporate governance mosaic and financial reporting quality</li> </ul>
<b>Group's Businesses/ Directors' Duties</b>	<ul style="list-style-type: none"> <li>• Roles and responsibilities of independent non-executive directors</li> <li>• Tackling current governance and regulatory issues</li> </ul>
<b>Digital/Information Technology</b>	<ul style="list-style-type: none"> <li>• Cyber security testing, policies and training</li> <li>• Artificial Intelligence (“AI”) and ChatGPT's transformative impact on business and governance</li> </ul>



Based on the details so provided, the CPD training undertaken by the Directors during the year is summarised as follows, representing an average of approximately 16 hours undertaken by each Director during the year.

Directors	Areas				
	Legal and Regulatory	Corporate Governance/ Sustainability Practices	Financial Reporting/ Risk Management	Group's Business/ Directors' Duties	Digital/ Information Technology
<b>Chairman and Non-executive Director</b>					
Fok Kin Ning, Canning	√	√	√	√	√
<b>Co-Deputy Chairmen and Non-executive Directors</b>					
Lui Dennis Pok Man	√	√	√	√	√
Woo Chiu Man, Cliff	√	√	√	√	√
<b>Executive Director</b>					
Koo Sing Fai ( <i>Chief Executive Officer</i> )	√	√	√	√	√
<b>Non-executive Directors</b>					
Lai Kai Ming, Dominic	√	√	√	√	√
Edith Shih	√	√	√	√	√
Ma Lai Chee, Gerald (Alternate to Lai Kai Ming, Dominic)	√	√	√	√	√
<b>Independent Non-executive Directors</b>					
Chow Ching Yee, Cynthia	√	√	√	√	√
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 ended 31 December 2023. 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 C3 (formerly 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 2023.

## 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 purpose, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both mounting regulatory and investor expectations, and to ensure the culture and the purpose, values and strategy of the Group are aligned.

The Company Secretary plays a leading role in ensuring that the Company develops and maintains a sound and effective corporate governance framework, in particular, a set of risk management and internal control system so that regulatory compliance, good corporate governance practices and culture are upheld and practised by the Company.

The Company Secretary is responsible for apprising the Board with 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 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 137 to 141 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 Accounting Standards 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

During the year 2023 and up to the date of this report, 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 controls 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 2023 with 100% attendance.

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

The internal and external auditors attended all Audit Committee meetings. In addition, the Audit Committee held private sessions with them separately without the presence of Management.

The function of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Group's financial reporting, risk management and internal control systems (including cyber security risks) 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 Group's interim and annual results and financial statements, and reviewing the significant financial reporting judgements contained therein as well as overseeing the relationship between the Company and its external auditor. 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 the Group's internal audit function. In addition, it is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Throughout 2023, 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 2023 and 2024 (up to the date of this report).

During 2023 and 2024 (up to the date of this report), the Audit Committee met with the Chief Financial Officer, other senior management, and the Group's internal auditor and external auditor, PwC, to review the interim and final results, the interim and annual reports, consolidated financial statements, and other financial, corporate governance, risk management, internal control and cyber security risks of the Group. It received, considered and discussed the reports and presentations of Management, the Group's internal auditor and PwC, to ensure that the consolidated financial statements of the Group were prepared in accordance with the accounting standards issued by the International Accounting Standards Board 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. Based on these reviews and discussions, the Audit Committee was satisfied that the Group's interim and annual results, interim and annual reports, and interim and annual consolidated financial statements for 2022 and 2023 have been prepared in accordance with the aforementioned requirements and recommended that these be approved by the Board.

The Audit Committee met four times during 2023 and one time during 2024 (up to the date of this report) with PwC to consider the reports on the scope, strategy, progress and outcome of its independent review of the 2023 interim consolidated financial statements and audit of the 2022 and 2023 annual consolidated financial statements. It reviewed the composition of the audit engagement teams and PwC's strategy and approach for the annual audit, including the materiality, risk assessment and scope of the audit, and PwC's reporting obligations before the audit commenced. The Audit Committee is satisfied with PwC's competence, expertise, resources, as well as the effectiveness of the audit process.

There were no breaches of the policy on hiring employees or former employees of the external auditor during the reported period. The Audit Committee reviewed the audit fees and the fees for non-audit services payable to PwC. The non-audit services were carried out in accordance with PwC's independence policy to ensure that they do not create a conflict of interest and comply with the Group's policy regarding the engagement of its external auditor for the various services.

During the reported period, the Audit Committee also reviewed the independence and objectivity of the external auditor. It had considered all relationships (including requirements for rotation of audit partners, provision of non-audit services and long-term audit relationship) between the Company and PwC when assessing the independence and objectivity of the external auditor. The Audit Committee considered PwC to be independent and PwC, in accordance with applicable professional ethical standards, provided the Audit Committee with written confirmation of its independence and objectivity for 2023.

To assist the Board in assessing the overall governance, financial reporting, risk management and internal control framework and maintaining effective risk management and internal control systems covering all material controls, including financial, operational and compliance controls, in 2023, the Audit Committee reviewed the process by which the Group evaluated its control environment and managed significant risks (including sustainability and cyber security risks). It received, considered and provided feedback on the risk management report, the composite risk register, the risk heat map and the presentation of the internal auditor, as well as the presentation and confirmation by Management on their review with respect to the effectiveness of the risk management and internal control systems of the Group. Based on these reviews, the Audit Committee concurred with Management confirmation that such systems are effective and adequate. It also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

In addition, the Audit Committee reviewed, in conjunction with the internal auditor of the Group, the 2023 work plan and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal control systems (including cyber security risks) of the Group. Further, it also 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 2023, 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 on compliance with legal and regulatory requirements, and ensured that any deviation from the CG Code was properly explained and disclosed in this report. The Audit Committee noted that the Company has complied throughout the year with all applicable code provisions of the CG Code. In February 2023 and February 2024, the Audit Committee reviewed and recommended to the Board updates to its terms of reference and certain corporate governance policies including Whistleblowing Policy, Code of Ethics, Anti-Fraud and Anti-Bribery Policy, Corporate Communications Policy and Information Security Policy to reflect the latest amendments to the CG Code and the Listing Rules which took effect on 1 January 2023 and 31 December 2023 respectively. It has also received update reports on CPD training of the Directors.

The Audit Committee, on behalf of the Board, also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy in March 2024. Having considered the multiple channels of communication and engagement in place (see "Relationship with Shareholders and Other Stakeholders" on pages 76 to 78 of this report), the Audit Committee is satisfied that the Shareholders Communication Policy has been properly implemented during 2023 and is effective.

## External auditor

The policy of the Group regarding the engagement of its external auditor 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 is shown in note 8 to the consolidated financial statements. For the year ended 31 December 2023, PwC fees, amounting to approximately HK\$7.8 million were primarily for audit services and those for non-audit services amounted to approximately HK\$1.2 million (including regulatory reporting requirements, tax compliance and non-financial system consultations), representing approximately 13% of the total PwC fees (audit and non-audit).

The Audit Committee was satisfied with PwC's competence, expertise, resources, independence and objectivity, as well as the effectiveness of the audit process, and 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.

## Audit Report on the annual financial statements

The consolidated financial statements of the Group for the year ended 31 December 2023 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 137 to 141. The consolidated financial statements of the Group for the year ended 31 December 2023 have also been reviewed by the Audit Committee.

## Risk Management and Internal Control

Effective risk management and internal control systems are essential for the long term performance and sustainability of the Group and to protect and enhance the interests of shareholders and other stakeholders.

The Group's comprehensive governance structure plays an integral role in supporting the business of the Group and helping the Group to deliver on its strategy, it provides a structure through which the Group's strategy and business objective are set, its performance is monitored, and the risks that the Group faces are managed.

To illustrate the structure and process of the risk management and internal control systems of the Group, the following table depicts detailed roles and responsibilities for decision making and accountability across the business and provides guidance on the standards of behaviour, in terms of "Governance and Oversight" by the Board through the Audit Committee and the Sustainability Committee, "Risk Review and Communication" by the Executive Director and Chief Financial Officer, "Risk and Control Monitoring" by the Group functions, "Risk and Control Ownership" by the executive management teams of each core business, and "Independent Assurance" by the internal audit function.

### Governance and Oversight

#### The Board

- Has overall responsibility for managing the Group's business, the systems of risk management and internal control of the Group.
- Reviews and evaluates the risks faced by the Group that have the potential to have a material impact on the Group's business and determines the nature and extent of the risks (including sustainability and cyber security risks) that the Group is willing to accept in pursuit of its strategic and business objectives, with due regard to the Group's risk appetite. It also oversees the risk management framework implemented by Management to identify and manage those risks.
- Monitors internal audit activities, internal control and reporting systems of the Group.
- Inculcates appropriate risk culture across the business operations of the Group and ensure comprehensive policies and systems (including parameters of delegated authority) are in place.
- Reviews the effectiveness of the risk management and internal control systems of the Group, through delegation to the Audit Committee, and through review of Group-wide strategies, budgets, business plans and performances.

#### Audit Committee

- Assists the Board with matters relating to financial reporting, risk management, compliance external audit, internal control, internal audit, corporate governance matters that may significantly impact the financial conditions or affairs of the business, with particular regard to their effectiveness, see further the terms of reference for the Audit Committee.

#### Sustainability Committee

- Reviews and monitors whether the level of sustainability-related compliance and governance of sustainability risks and opportunities were appropriate and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group to achieve the right outcomes for customers, see further the terms of reference for the Sustainability Committee.

### Risk Review and Communication

#### Executive Director and Chief Financial Officer

- Provides leadership on risk and return balance.
- Monitors the risk profile of the Group and assesses if significant risks are appropriately mitigated.
- Ensures that a review of the effectiveness of the risk management and internal control systems of the Group has been conducted, and makes recommendation to the Board, through the Audit Committee, regarding the effectiveness of the systems.

### Risk and Control Monitoring

#### Group Functions

- Reviews the key potential of risk areas facing the Group in light of the data privacy, antitrust and competition law regimes.
- Introduces practical trainings, internal control measures, guidelines and policies tailor-made for key business units to strengthen the compliance programme of the Group in these areas.
- Monitors the implementation and effectiveness of the risk management practices in core businesses and provides guidance where appropriate. In particular, the following dedicated working groups are formed:
  - Governance Working Group, chaired by a Non-executive Director and comprising representatives from key business functions of the Group, provides timely updates, identifies emerging matters of compliance and establishes appropriate compliance policies and procedures for group-wide adoption.
  - Security Committee, chaired by the Vice President - Digital Innovations & IT Development and including technical specialists from the Information Technology department and the Corporate Security & Fraud Management function, manages the cyber security defences of the Group, monitors cyber threat landscape and sets strategic plan.
  - Sustainability Working Group, comprising the Chief Executive Officer and the Chief Financial Officer as Co-Chairs, as well as other senior executives from key business functions of the Group, supports the Sustainability Committee in discharging its responsibilities.

### Risk and Control Ownership

#### Core Businesses

- Carries out risk management activities and escalates promptly on material issues.
- Ensures that a risk-aware culture is maintained at all levels of the operations through ongoing policy reinforcement and training.
- Conducts a review of the effectiveness of the risk management and internal control systems and provides management declaration on the review results half-yearly.

### Independent Assurance

#### Internal Audit

- Provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the business operations of the Group (refer to page 69 of this Annual Report for more details).



Any material breaches of the CG Code, key governance policies or legal and regulatory requirements are reported by Management to the Board and relevant Committee(s) where necessary, together with details of the actions taken by Management to address the breach. The Audit Committee is satisfied that the Company has complied throughout the year with all applicable code provisions of the CG Code.

Whilst the risk management and internal control systems of the Company are designed to identify and manage risks that could adversely impact the achievement of the strategic and 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, managing and monitoring risks (including sustainability and cyber security 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 emerging and current risks (including sustainability and cyber security risks) that are relevant to its business, the plausible impacts of the risks and mitigation measures to ensure that each business unit has performed its duty to have effective system, 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. Executive management regularly reviews the risk management framework and provides a confirmation to the Board through Audit Committee on the effectiveness of the system. 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 and cyber security 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 report, discusses the risk management and internal control systems, including matters related to cyber security risks, with the Chief Financial Officer, and provides input as appropriate so as to ensure effective systems in place.

Pages 26 to 30 of this Annual 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. More information about the Group's strategies and approaches to managing the sustainability and cyber security risks that are material and relevant to the Group's business is set out in the "Sustainability Report" on pages 80 to 136.

## Internal control

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 risk management and internal control systems of the Group, a risk management and internal control self-assessment process that, on a half-yearly basis, requires the senior management of each business unit to review, evaluate and declare the effectiveness of such systems covering all material controls, including financial, operational and compliance controls over the operations of the business 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 internal and external 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 Act, the Companies Ordinance, the SFO and/or the laws, rules and regulations of the jurisdictions where the Group companies incorporated. The legal department is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group. The Group is not aware of any incidents of non-compliance with such laws and regulations that may have a significant impact on the Group.

### 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 its 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 to incorporate the core values of the Group into its operations and practices. 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. In addition, employees are required to make a self-declaration every year to confirm that they have read, understood and would continue to comply with, the various Group policies. See the governance policies on the website of the Company.

Key governance policies and guidelines of the Group include:

### *Code of Ethics*

The Code of Ethics of the Group sets the standards for employees as are reasonably necessary to promote honest and moral 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 any violations and accountability for adherence to 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. Employees are required to report any non-compliance with the Code of Ethics in accordance with the established reporting and escalation procedures.

### *Whistleblowing Policy*

In line with the commitment to achieve and maintain the highest 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 within 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 Group 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 its business dealings, the Group does not tolerate any form of fraud or 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 to promptly seek guidance where necessary. Each business unit is required to report any actual or suspected incident of bribery, theft, fraud or similar offences to the Chief Financial Officer and the internal audit for independent analyses and necessary follow up (see page 98 of this Annual Report for more details).

### *Policy on Appointment of Third Party Representatives*

The Group is also committed to exercising proper controls in engaging third party representatives (such as advisers, agents, consultants, introducers and finders). 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.

### *Corporate Communications Policy*

The Group highly values its reputation in the communities where it operates. Employees are required to observe the Corporate Communications Policy to ensure that the market receives timely and accurate information about the Group. The corporate affairs department is designated to assist Management to 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, equal 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 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 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 dissemination 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 and price-sensitive information or confidential 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 designated members of Management prior to any dealing in any securities of the Company). 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*

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.

### *Board Diversity Policy and Director Nomination Policy*

The two Board policies, Board Diversity Policy and Director Nomination Policy, set out the approach to achieving diversity as well as the approach and procedures the Board adopts for the nomination and selection of Directors. Further details of the policies are provided on pages 70 to 74 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 activities and controls 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 review by the Audit Committee. The audit 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 and cyber-related ones), as well as audit and fraud findings which 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 42 to 44 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 Chief Financial Officer and the internal audit any actual or suspected fraudulent activities within a 24-hour timeframe should the amount involved exceeds 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 Chief Financial Officer and the internal audit on a quarterly basis. These cases, together with those escalated through the whistleblowing channels, 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 2023 covering all material controls, including financial, operational and compliance controls, and concurs with management confirmation that such systems are effective and adequate. No significant areas of concern which might affect shareholders were identified. 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 2023 and up to the date of this report, the Nomination Committee chaired by Dr Wong, Independent Non-executive Director with Non-executive Director Ms Shih 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's 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 and 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 Board comprises 10 Directors. The table below shows the Board structure, and skills set, expertise and competencies of the Directors.

Directors	Structure and Size				Committees				Qualification		Skills and Expertise					
	Age	Gender	Ethnicity (Chinese)	ED/NED/INED	Audit	Nomination	Remuneration	Sustainability	Professional	Educational	Business Management	Strategic Planning & Risk Management	Financial Reporting/banking	Legal/Regulatory	Sustainability	Related Industry Knowledge/Experience
Fok Kin Ning, Canning	72	M	√	NED			√		N1	BA	√	√	√			√
Lui Dennis Pok Man	73	M	√	NED						BSc	√	√	√			√
Woo Chiu Man, Cliff	70	M	√	NED					N2	BSc	√	√	√			√
Koo Sing Fai	51	M	√	ED			√			BSc	√	√	√		√	√
Lai Ka Ming, Dominic	70	M	√	NED						BSc, MBA	√	√	√			√
Edith Shih	72	F	√	NED		√		√	N3	BSE, MA, MA, EdM	√	√	√	√	√	√
Chow Ching Yee, Cynthia	60	F	√	INED						BA, MBA	√	√	√			
Ip Yuk Keung	71	M	√	INED	√	√	√			BSc, MSc, MSc	√	√	√	√	√	
Lan Hong Tsung, David	83	M	√	INED	√		√		N4	BA		√	√	√		
Wong Yick Ming, Rosanna	71	F	√	INED	√	√		√		BSocSc, MSW, MSc, MA, PhD	√	√	√		√	

ED: Executive Director  
 NED: Non-executive Director  
 INED: Independent Non-executive Director  
 F: Female  
 M: Male

Notes:

N1 Fellow of Chartered Accountants Australia and New Zealand

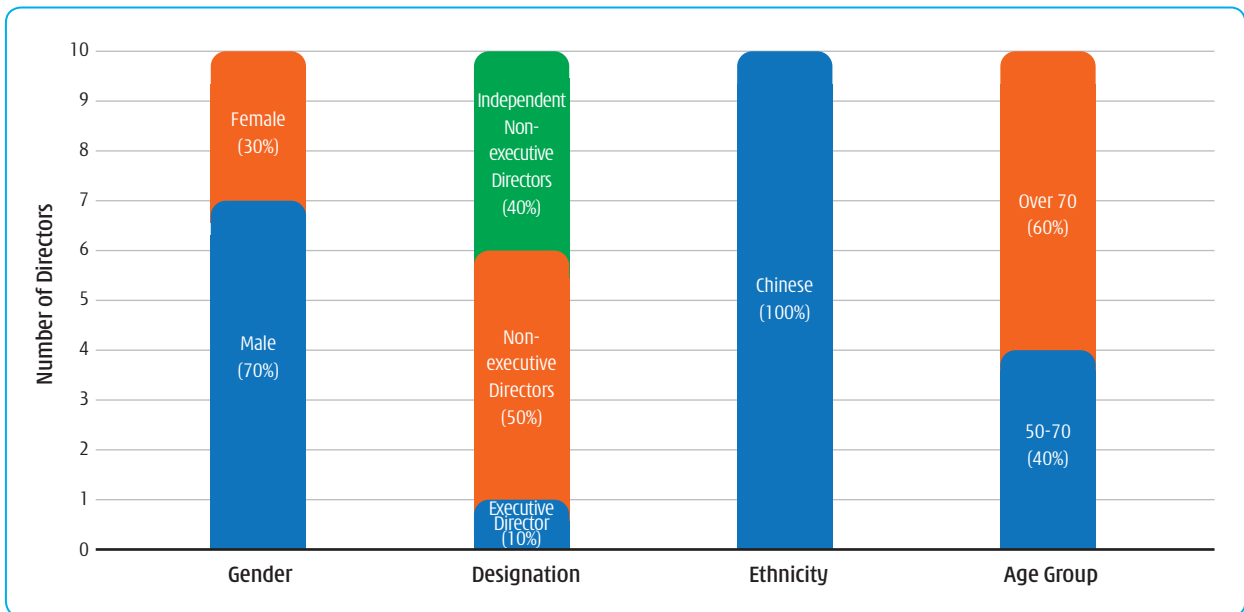
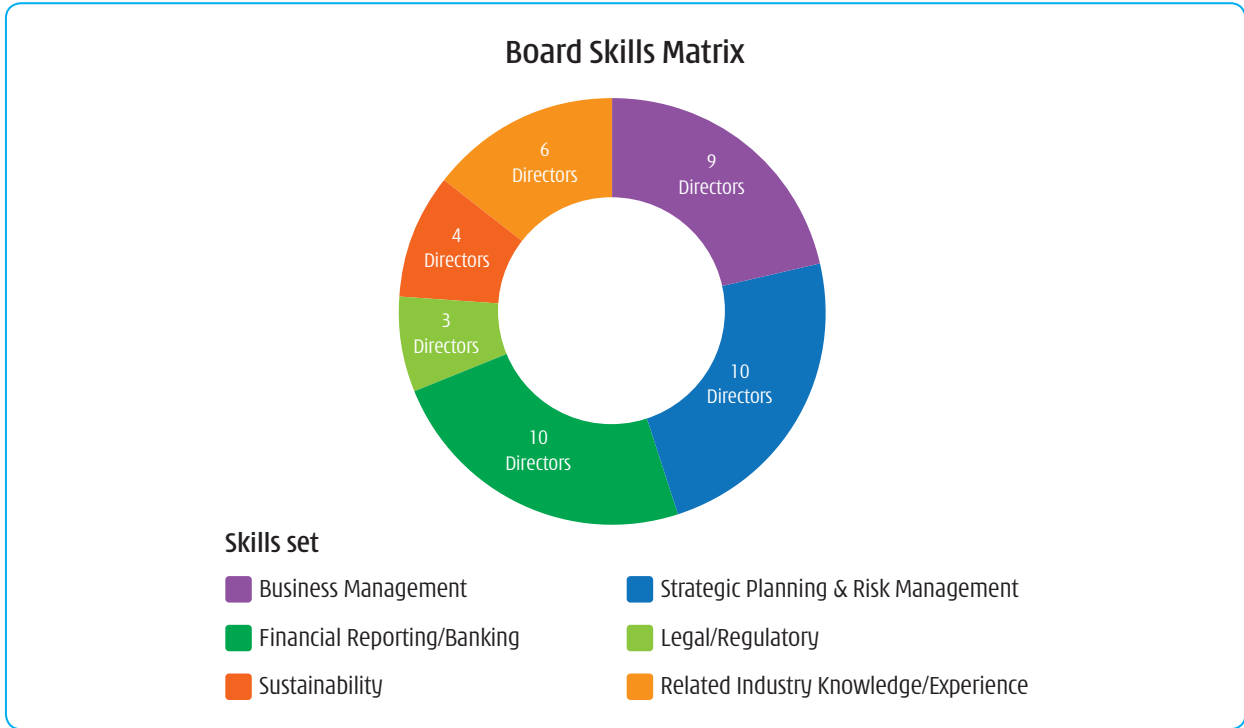
N2 member of the Institution of Engineering and Technology (UK) and the Hong Kong Institution of Engineers

N3 solicitor qualified in England and Wales, Hong Kong and Victoria, Australia, Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute, holding Chartered Secretary and Chartered Governance Professional dual designations

N4 Fellow of both The Chartered Governance Institute and The Hong Kong Chartered Governance Institute



The charts below show the diverse skills set of the Directors and the diversity profile of the Board as at the date of this report:



Female representation at the Board stands at a relatively high level (30%, three out of ten) amongst companies listed on the Stock Exchange <sup>(1)</sup>. The Company cements its commitment to gender diversity within its business so it continuous to review and assess the appropriate level of gender diversity and composition that aligns with the Company's strategy. The Company targets to maintain at least 30% female directors on its Board and such target is reviewed on an annual basis by the Nomination Committee. The Company will continue to seek to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. Structured recruitment, selection and training programmes at various levels with the Group will also continue to be conducted to develop a broader pool of skilled and experienced potential Board members.

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The Group has a relatively balanced workforce overall, with 41% female full-time employees. 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 80 to 136.

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 2023 with 100% attendance.

Members	Attended/Eligible to attend
Wong Yick Ming, Rosanna ( <i>Chairman</i> )	1/1
Edith Shih	1/1
Ip Yuk Keung	1/1

During 2023, the Nomination Committee reviewed the structure, size and composition of the Board, ensuring that it has sound 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 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 all 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.

Note:

(1) According to the result of HKEx: Building the Marketplace of the Future as of October 2023

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 2024, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors, deliberated and selected the Directors for retirement and re-election at the 2024 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 and effectiveness during 2023. These are determined to be effective. The Nomination Committee also reviewed and recommended to the Board updates to its terms of reference to reflect the latest amendments to the Listing Rules which took effect on 31 December 2023.

## Remuneration of Directors and Senior Management

### Remuneration Committee

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

During the year 2023 and up to the date of this report, 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 2023 with 100% attendance.

Members	Attended/Eligible to attend
Lan Hong Tsung, David ( <i>Chairman</i> )	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), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2024 director's fees for the Executive Director and made recommendation to the Board on the proposed 2024 directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2024 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. In February 2024, the Remuneration Committee also reviewed and recommended to the Board updates to its terms of reference to reflect the latest amendments to the Listing Rules which took effect on 31 December 2023.

## 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.

## 2023 remuneration

Directors' emoluments comprise payments to Directors by the Group in connection with the management of the affairs of the Group. Details of emoluments paid to each Director in 2023 are set out below:

Directors	Director's fees HK\$ million	Basic salaries, allowances and benefits-in-kind <sup>(8)</sup> HK\$ million	Bonuses HK\$ million	Provident fund contributions HK\$ million	Inducement or compensation fees HK\$ million	Total emoluments HK\$ million
Fok Kin Ning, Canning <sup>(1)(2)(5)</sup>	0.09	-	-	-	-	0.09
Lui Dennis Pok Man <sup>(1)(5)</sup>	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff <sup>(1)</sup>	0.07	-	-	-	-	0.07
Koo Sing Fai <sup>(4)</sup>	0.09	2.97	1.58	0.23	-	4.87
Lai Kai Ming, Dominic <sup>(1)(5)</sup>	0.07	-	-	-	-	0.07
Edith Shih <sup>(1)(3)(4)(5)</sup>	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia <sup>(6)</sup>	0.07	-	-	-	-	0.07
Ip Yuk Keung <sup>(2)(3)(6)(7)</sup>	0.18	-	-	-	-	0.18
Lan Hong Tsung, David <sup>(2)(6)(7)</sup>	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna <sup>(3)(4)(6)(7)</sup>	0.18	-	-	-	-	0.18
<b>Total</b>	<b>1.09</b>	<b>2.97</b>	<b>1.58</b>	<b>0.23</b>	<b>-</b>	<b>5.87</b>

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) Independent Non-executive Director
- (7) Member of the Audit Committee
- (8) Benefits-in-kind included insurance and transportation

The remuneration paid to the members of senior management by bands in 2023 is set out below:

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

In order to stay attuned to changing expectations of stakeholders, the Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Multiple channels of communication and engagement are available.

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 2023, meetings were conducted with analysts by means of phone calls, video calls, conference calls, group and one-on-one meetings, with an increasing emphasis on sustainability strategies and priorities.

The Board also provides 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, including details of the arrangements on dissemination of corporate communications of the Company and for requesting printed copies of corporate communications. 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 are made available to the shareholders and stakeholders on the website of the Company.

The Company held one shareholders' meeting in 2023, being the 2023 AGM held on 11 May 2023 at Harbour Grand Kowloon as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2023 AGM was attended by all Directors and PwC. The respective chairmen of the Board, the Audit Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee all attended the 2023 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2023 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 11 May 2023 are set out below:

Resolutions proposed at the 2023 AGM	Percentage of votes
<b>Ordinary Resolutions</b>	
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 2022	99.84%
2 Declaration of a final dividend	100%
3(a) Re-election of Mr WOO Chiu Man, Cliff as director	97.97%
3(b) Re-election of Mr LAI Kai Ming, Dominic as director	97.70%
3(c) Re-election of Ms CHOW Ching Yee, Cynthia as director	99.82%
3(d) Re-election of Mr IP Yuk Keung as director	98.69%
4 Re-appointment of PricewaterhouseCoopers as the auditor and authorisation of the directors to fix the auditor's remuneration	99.99%
5 Granting of a general mandate to the directors to issue new shares of the Company	98.36%
6 Granting of a general mandate to the directors to repurchase shares of the Company	99.99%

Accordingly, all resolutions put to shareholders at the 2023 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 2023 and public float capitalisation as at 31 December 2023.

The Group values feedback from shareholders and other stakeholders 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](mailto: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](mailto:ir@hthkh.com). Stakeholders who wish to provide feedback and suggestions on the sustainability report and sustainability issues can send email to [ir@hthkh.com](mailto:ir@hthkh.com). The Board receives updates from the Company Secretary and the Investor Relations Department 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 and stakeholder feedback into account.

### Shareholders communication policy

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 regular review of the effectiveness and compliance with prevailing regulatory and other requirements of the policy. In February 2024, the policy was updated with respect to the arrangements for the electronic dissemination of corporate communications of the Company to the shareholders. In March 2024, the Audit Committee reviewed the policy and considered that the implementation of the policy was effective during 2023 (refer to "Audit Committee" on pages 59 to 60 of this report).

## Dividend policy

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.

## Sustainability

### Sustainability governance

The key sustainability mission of the Group is to create long-term value for all its stakeholders by aligning the sustainability objectives of the Group to the strategic development of its businesses. The collaborative approach of the Group combined with its supreme network and advanced technology enables the delivery of secure, seamless and innovative solutions. This accordingly supports the United Nations Sustainable Development Goals ("UNSDGs") in building sustainable, inclusive and digitally-enabled societies while engaging in responsible and ethical business actions with all its stakeholders. The Group actively fosters open and transparent dialogues with a diverse array of stakeholders, including employees, customers, suppliers and business partners, shareholders and investors, banks and creditors, governments and regulators, as well as local communities and non-governmental organisations. Further information is provided in the "Sustainability Report" on pages 80 to 136.

The sustainability governance structure of the Group has laid a sturdy foundation for fulfilling its sustainability commitment. This structure is deeply integrated throughout the Group, including the Board, the Sustainability Committee, the Audit Committee, the Security Committee, working groups and business units. It provides the Group with comprehensive guidance on executing sustainability strategies, establishing goals, setting targets and implementing reporting processes. Moreover, it fosters robust stakeholder relationships and ensures accountability across all business operations. Further information is provided in the "Sustainability Report" on pages 80 to 136.

The Sustainability Committee was formed in 2020, and is chaired by Ms Shih, Non-executive Director, with Mr Koo, Executive Director and Chief Executive Officer, and Dr Wong, Independent Non-executive Director, as members.

The Sustainability Committee holds key responsibilities in making proposal and recommendations to the Board on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals. It plays a vital role in overseeing, reviewing and evaluating 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. In addition, the Sustainability Committee 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 and the environment, and appraises and advises the Board on the Company's public communication, disclosure and publications as regards to its sustainability performance. Further information is provided in the "Sustainability Report" on pages 80 to 136.

The Sustainability Committee held two meetings in 2023 with 100% attendance.

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

During 2023, 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 March 2024, the Sustainability Committee reviewed the 2023 sustainability KPIs and related activities as well as the 2024 sustainability initiatives of the Company. It also reviewed the 2023 Sustainability Report which contained in this Annual Report and recommended to the Board for approval.

The adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was also 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 bi-annually as well as the Audit Committee and Sustainability Committee respectively for review and approval.

### Sustainability framework

The sustainability framework, approach and priorities of the Group are built upon four sustainability pillars: Governance, Sustainable Business Model & Innovation, Environment and Social. Each pillar is supported by the corresponding Group policies, leadership and collective efforts across the entire business. These four fundamental pillars serve as guiding principles for the Group to shape the overall direction of its sustainability strategies and the approach for an effective implementation across its businesses. The Group has identified eight Group-wide sustainability goals, being arranged into four sustainability pillars and mapped to the UNSDGs, with three priority focus areas. The pandemic-focused goal – Protect employees and support communities and other stakeholders through the pandemic – has been integrated into the broader goal of developing thriving and resilient communities, ensuring a comprehensive approach to sustainability. Further information is provided in the “Sustainability Report” on pages 80 to 136.

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 80 to 136 of this Annual Report.

### Compliance with laws and regulations

Regulatory frameworks are closely analysed and monitored and internal policies are prepared and updated accordingly. Trainings are conducted to strengthen awareness and understanding of the Group's internal controls and compliance procedures. In addition, refresher courses on ethical business practices are provided on a regular basis. Further, the internal audit function of the Group is responsible for the assessment of the Group's sustainability practices and relevant regulatory compliance. Further information is provided in the “Sustainability Report” on pages 80 to 136.

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 employment, occupational health and safety or labour standards, product responsibility, anti-corruption, air and water discharges, and generation of waste during the year. Further information is provided in the “Sustainability Report” on pages 80 to 136.

By Order of the Board

**CHOW Yan Hing, Agnes**  
*Company Secretary*

Hong Kong, 5 March 2024



# SUSTAINABILITY REPORT

The Group creates long-term value for stakeholders by aligning sustainability objectives with strategic development, fostering a sustainable, inclusive and digitally enabled smart city.





# Sustainability Report

## About this Report

Hutchison Telecommunications Hong Kong Holdings Limited (the “Company” or “HTHKH”) and its subsidiaries (collectively the “Group”) present the following Sustainability Report for 2023. This report outlines the Group’s sustainability strategies and management approaches to material topics as well as the Group’s sustainability performance.

The key sustainability mission of the Group is to create long-term value for all stakeholders by aligning the sustainability objectives of the Group to the strategic development of its business. As a leading player in the telecommunications industry, the Group strives to offer diverse and cutting-edge mobile telecommunications and data solutions that drive digital value and unlock unparalleled opportunities for consumers and businesses in today’s rapidly evolving digital landscape.

With its collective approach alongside its robust network and advanced technology, the Group is committed to delivering secure, seamless and innovative solutions. This unwavering commitment further reinforces the Group’s dedication to supporting the United Nations Sustainable Development Goals (“UNSDGs”) and fostering sustainable, inclusive and digitally-enabled societies. The Group conducts business activities responsibly and ethically, and engages with all its stakeholders in a transparent and accountable manner.

## Reporting period

This report covers the Group’s sustainability performance for the year from 1 January to 31 December 2023, unless otherwise specified.

## Reporting scope

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

## Reporting Framework

### HKEX ESG Guide

This report has been prepared in accordance with mandatory disclosure requirements and “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) as set out in Appendix C2 (formerly Appendix 27) to the Listing Rules. Please refer to the HKEX ESG Guide Content Index for information about the specific disclosures.

### Global Reporting Initiatives (“GRI”)

This report references selected standards from the Global Reporting Initiatives (“GRI”).

This report should be read in conjunction with the 2023 Annual Report (“Annual Report”), which provides a comprehensive review of the Group’s financial performance and corporate governance as well as the key policies of the Group published on the Company’s website [↔](#).

## Feedback

The Group welcomes feedback and suggestions. Please contact us via the QR code below or email us at [sustainability@hthkh.com](mailto:sustainability@hthkh.com).





Performance highlights



Notes:

- (1) Carbon emission intensity represents carbon emission per terabyte ("TB") of data traffic (kgCO<sub>2</sub>e per TB).
- (2) The ratio of workforce by gender refers to the number of full-time employees by gender.
- (3) The number of average training hours refers to those completed by full-time employees.



## Sustainability at HTHKH

### Reporting what matters

Sustainability plays a pivotal role in ensuring that the Group maintains its position as a responsible digital service provider and upholds the well-being and prosperity of the communities in which it operates. The Group recognises the importance of understanding stakeholder views and considering stakeholder perspectives in shaping a strategy that places the interests of society and the environment at the forefront. Embracing sustainability is deeply ingrained in the Group's core values as manifested in its corporate strategies, demonstrating its commitment to responsible business practices and long-term societal and environmental impact.

### Stakeholder engagement

The Group actively fosters open and transparent dialogues with a diverse array of stakeholders, including employees, customers, suppliers and business partners, banks and creditors, shareholders and investors, governments and regulators, as well as local communities and non-governmental organisations. To effectively engage and communicate with that broad range of stakeholders, and gain insights into their views and expectations, the Group has established a wide range of channels for effective communication. The following figure provides an overview of these channels, which serves as valuable avenues for understanding and responding to the needs and concerns of the Group's stakeholders.

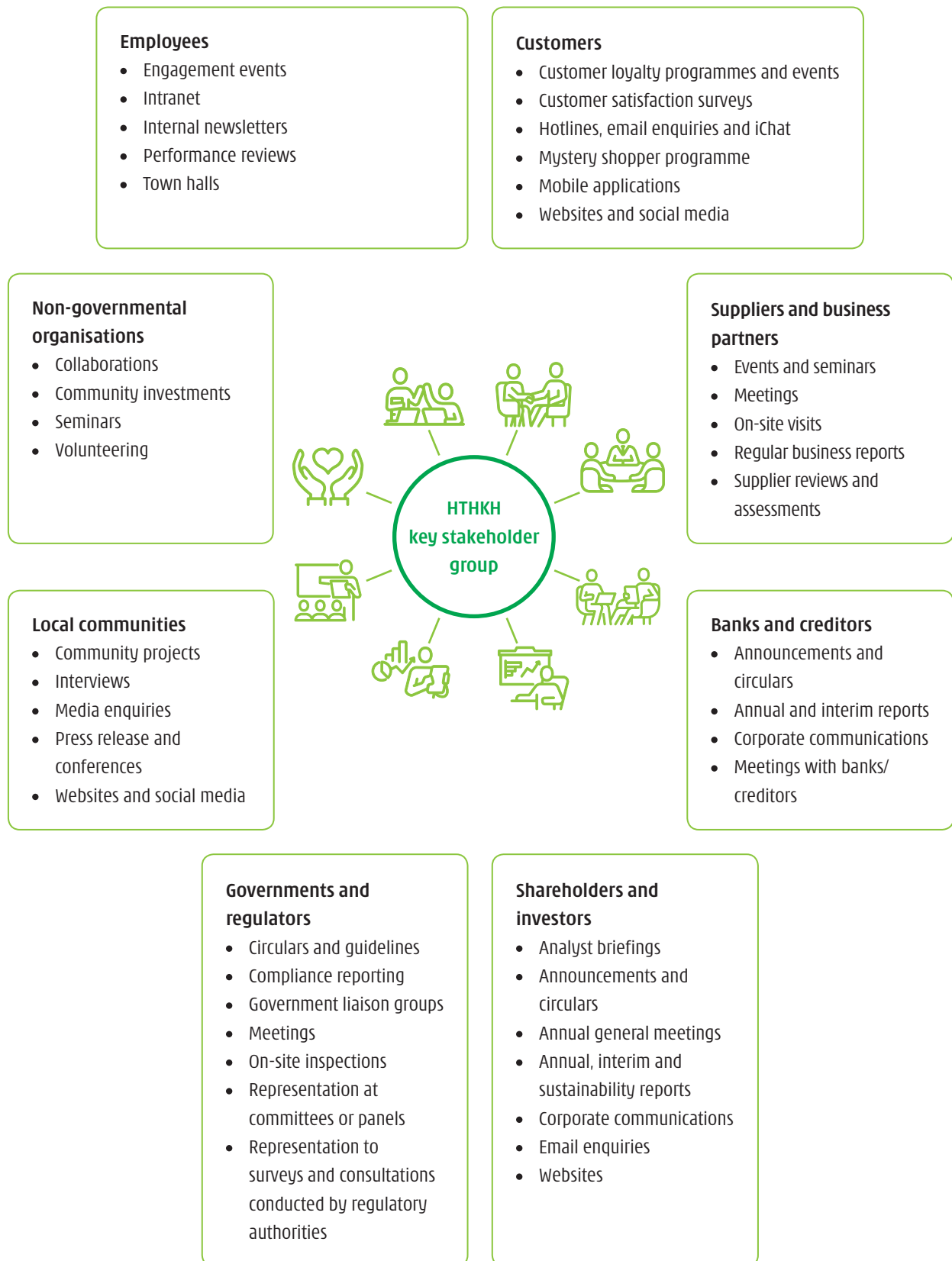
Throughout 2023, the Group has enhanced its engagement efforts including publication of its first external Environmental, Social and Governance ("ESG") newsletter in an effort to build trust with a diverse range of stakeholders. The outcomes of these structured stakeholder engagement activities serve as valuable insights into business performance that guide the development of the Group's sustainability strategy.

ESG rating agency assessments support investors and other stakeholder groups to evaluate the Group's sustainability performance and efforts. In response to valuable feedback from investors regarding the ESG rating, the Group has addressed its disclosures on various sustainability topics to adequately meet the specific information requests from the rating agencies involved.

The Group has received an upgrade in ESG rating from Morgan Stanley Capital International moving to 'AA' from 'A'.

The Group's commitment to sustainability is also reflected in its continual inclusion as one of the constituent members in the Hang Seng Corporate Sustainability Benchmark Index. Apart from that, the Group has been receiving an ESG rating of 'A' under the Hong Kong Quality Assurance Agency ESG rating model for several consecutive years. These achievements underscore the Group's ongoing dedication to sustainable practices and its ability to meet the stringent criteria set by the benchmark index. In a bid to maintain these high ESG ratings, the Group continues to devote robust sustainability efforts and develop responsible business practices so as to enhance investors and stakeholders' confidence and trust in the Group.

Figure 1: Stakeholder Engagement



## Materiality Assessment

The Group's materiality assessment is a dynamic and iterative process which considers new information, emerging trends and developments, and the three-step approach in terms of identification, prioritisation and validation for the Group's assessment. This assessment defines the material sustainability issues that hold great significance for the Group and its stakeholders. To continuously enhance its understanding of these issues, the Group takes proactive steps to address sustainability challenges for strategic alignment.

**Figure 2: The Three-step Iterative Approach for Group Materiality Assessment**

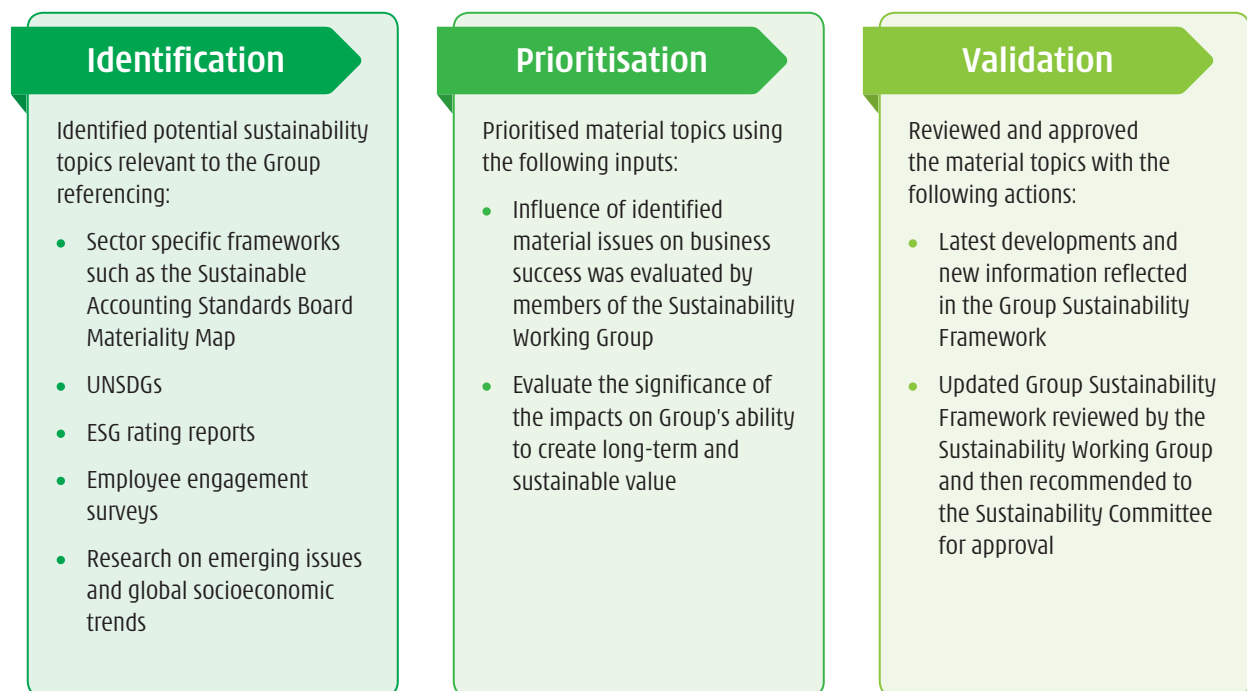
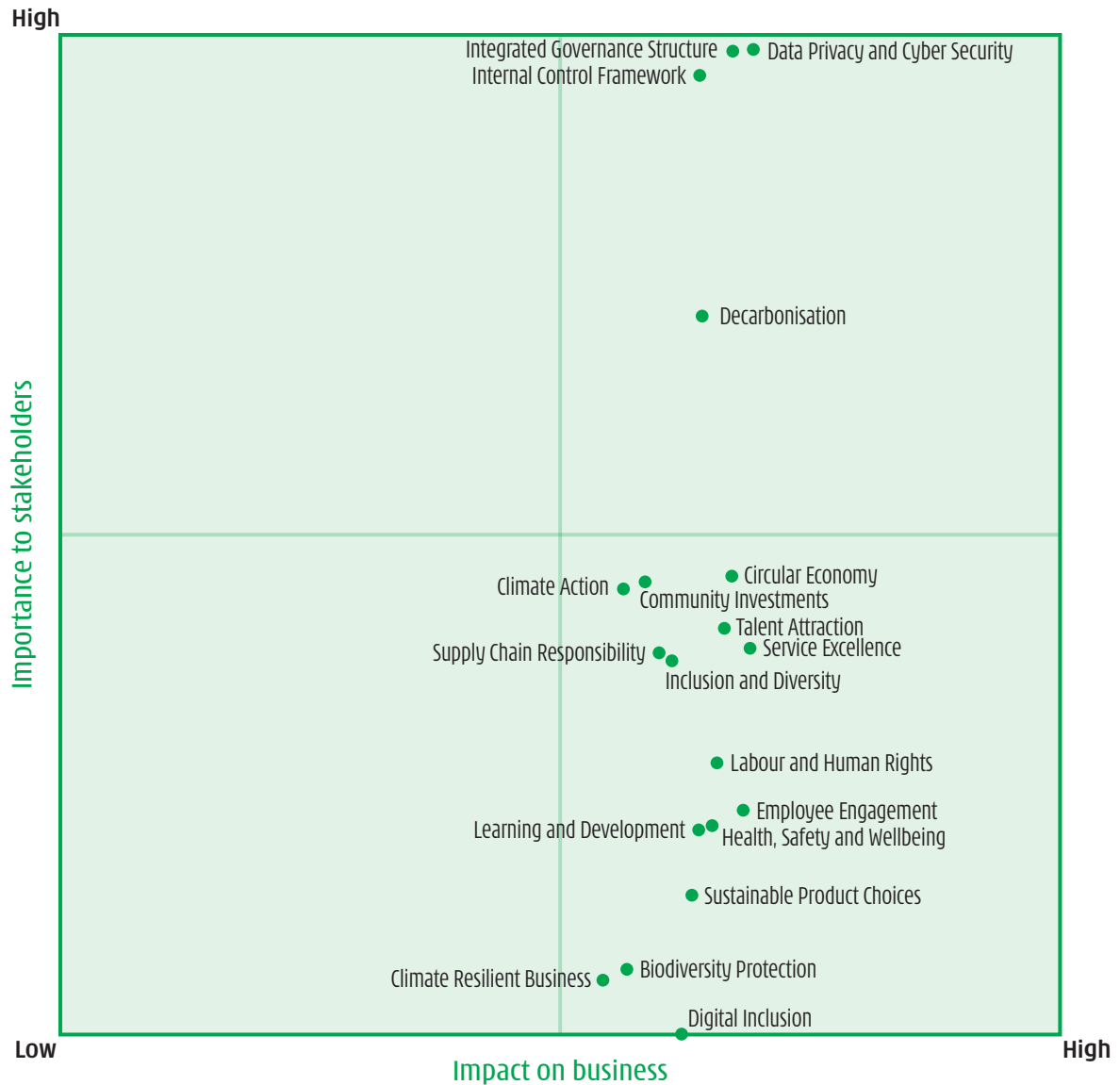




Figure 3 summarises the material sustainability issues for the business, considering their importance to stakeholders and their impacts on business. This analysis serves as a meaningful tool for the Group to develop its sustainability strategies, prioritise its initiatives and establish relevant metrics for its performance evaluation. The Group can ride on the analysis to align its sustainability strategies and initiatives with stakeholder expectations and to take proactive steps to address key issues involved.

Figure 3: Materiality Matrix



## Group Sustainability Framework

The Group is firmly committed to contributing to the achievements of the UNSDGs and the objectives outlined in the 2015 Paris Agreement. Through the comprehensive materiality assessment, the Group established its sustainability framework, approach and priorities, which are built upon four sustainability pillars: Governance, Sustainable Business Model & Innovation, Environment and Social. Each pillar is supported by the corresponding Group policies, leadership and collective efforts across the entire business. These four fundamental pillars serve as guiding principles for the Group to shape the overall direction of its sustainability strategies and approach for an effective implementation across its businesses.

In 2023, the Group identified eight Group-wide sustainability goals, being arranged into four sustainability pillars and mapped to the UNSDGs, with three priority focus areas. The pandemic-focused goal - Protect employees and support communities and other stakeholders through the pandemic - has been integrated into the broader goal (Goal eight below) of developing thriving and resilient communities, ensuring a comprehensive approach to sustainability.

**Figure 4: Group Sustainability Framework**

Pillar	Material Topics	Goals
Governance	<ul style="list-style-type: none"> <li>• Integrated Governance Structure</li> <li>• Internal Control Framework</li> <li>• Data Privacy and Cyber Security</li> <li>• Labour and Human Rights</li> <li>• Supply Chain Responsibility</li> </ul>	<ol style="list-style-type: none"> <li>1. Embed Rigorous and Effective Governance</li> <li>2. Operate Responsibly with Integrity</li> </ol>
Sustainable Business Model & Innovation	<ul style="list-style-type: none"> <li>• Service Excellence</li> <li>• Climate Resilient Business</li> <li>• Digital Inclusion</li> <li>• Sustainable Product Choices</li> </ul>	<ol style="list-style-type: none"> <li>3. Offer Customers Sustainable Products and Invest in and Embrace Innovation to Achieve Transformational Impacts*</li> </ol>
Environment	<ul style="list-style-type: none"> <li>• Climate Action</li> <li>• Decarbonisation</li> <li>• Biodiversity Protection</li> <li>• Circular Economy</li> </ul>	<ol style="list-style-type: none"> <li>4. Take Action on Climate Change*</li> <li>5. Protect Natural Resources</li> <li>6. Promote a Circular Economy</li> </ol>
Social	<ul style="list-style-type: none"> <li>• Talent Attraction</li> <li>• Employee Engagement</li> <li>• Learning and Development</li> <li>• Inclusion and Diversity</li> <li>• Health, Safety and Wellbeing</li> <li>• Community Investments</li> </ul>	<ol style="list-style-type: none"> <li>7. Create Great Places to Work*</li> <li>8. Invest in Developing Thriving and Resilient Communities</li> </ol>

\* 2023 priority focus area

Process highlights and plans

Figure 5: Group highlights and ambitions



**Governance**

**Goals**

Embed Rigorous and Effective Governance


Operate Responsibly with Integrity

**Highlights for 2023**

- Continued adoption of the Group's online sustainability data management system since 2022.
- 92% employees completed trainings on anti-corruption/ethics and integrity.
- The Cyber Security Awareness Month was successfully launched in May 2023.

**Objectives & Targets (2024-2025)**

- Support business units in rolling out sustainability strategies that address the impacts and material topics specific to their operations.
- Evolve sustainability reporting in line with sustainability reporting frameworks such as the revised ESG Guide.



**Sustainable Business Model & Innovation**

**Goal**

Offer Customers Sustainable Products and Invest in and Embrace Innovation to Achieve Transformational Impacts

**Highlights for 2023**

- Scope enhancement in terms of ISO certifications.
- Ongoing focus and delivery of smart city solutions.
- Offered Free Anti-Scam Service to postpaid elderly customers.
- Introduced the use of sustainable SIM card, EcoSIMs.

**Objectives & Targets (2024-2025)**

- Continue to build product services and solutions that help drive net-zero transition to enable greater diversity and equity.
- Collaborate and share solutions internally and externally, particularly in breakthrough scientific progress.
- Deliver digital inclusion benefits for target populations including senior citizens, remote community access and small businesses.
- Further develop sustainability reporting aligning with the new IFRS Sustainability Disclosure Standards and the revised ESG Guide.



## Environment

### Goals

Take Action on Climate Change

Protect Natural Resources

Promote a Circular Economy

### Highlights for 2023

- Participated in CK Hutchison Group Telecom Holdings Limited's ("CKHGT") initiatives to complete the external limited data assurance for the 2022 data.
- Set up a new electricity consumption target, aiming to decelerate the annual consumption growth during 2024-2030.
- Achieved 100% lead-acid batteries recycling for Hong Kong operation.
- Developed a Biodiversity Policy.

### Objectives & Targets (2024-2025)

- Further develop energy reduction initiatives to align with the Science Based Targets Initiatives ("SBTi") target committed by CKHGT.
- Further expand/improve scope 3 emissions reporting.



## Social

### Goals

Create Great Places to Work

Invest in Developing Thriving and Resilient Communities

### Highlights for 2023

- 12 graduates were recruited for the Graduate Trainee programme in 2023.
- Implemented a talent pool initiative to provide further trainings and development opportunities for the selected talents.
- Enhanced employee benefits including annual leave entitlements and provision of online general practitioner consultation services & additional panel doctor services.
- 3Education supported an art exhibition organised by Pui Tak Canossian College to showcase art pieces, fashion designs and Science, Technology, Engineering and Mathematics ("STEM") projects designed by students.
- Recognition: Received the Asia's Best Employer Brand from the 14th Asia's Best Employer Brand Awards.



### Objectives & Targets (2024-2025)

- Continue to seek potential enhancements in terms of employee benefits.
- Continue to make progress in addressing diversity and inclusion related issues, in addition to developing related targets.
- Maintain a zero harm workplace and culture. Promote healthcare and wellbeing initiatives in workplace.
- Be an active member of the community, targeting investments to meet the needs of the community.

## Governance

The Group is dedicated to achieving and upholding high standards of corporate governance that align with the needs and interests of the Group. A robust corporate governance framework plays a vital role in promoting and safeguarding the interests of shareholders and other stakeholders in tandem with enhancing shareholder value. Good governance enables the Group to act with integrity and in the best interests of stakeholders through informed and ethical decision-making.

This section could be read in conjunction with the Corporate Governance Report of the Annual Report, which unveils the Group's corporate governance framework and practices.

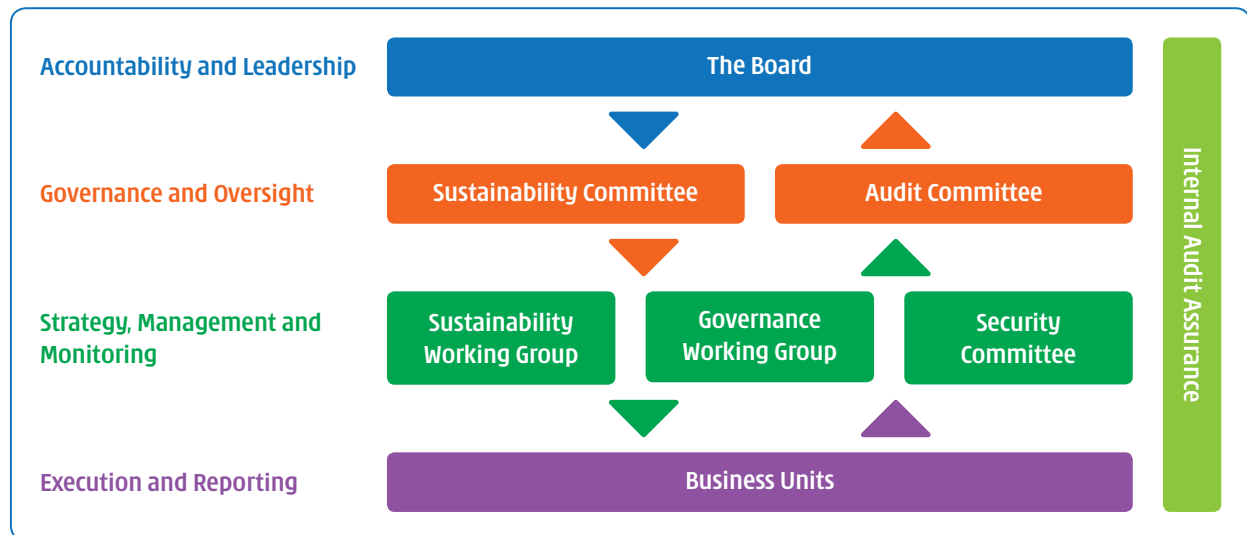
Group Goals	Mapping to the UNSDGs
<ul style="list-style-type: none"> <li>• Embed rigorous and effective governance</li> <li>• Operate responsibly with integrity</li> </ul>	 
<p data-bbox="177 853 976 920"><b>Content in this Section</b></p> <ul style="list-style-type: none"> <li>• Integrated Governance Structure</li> <li>• Internal Control Framework</li> <li>• Data Privacy and Cyber Security</li> <li>• Labour and Human Rights</li> <li>• Supply Chain Responsibility</li> </ul>	

### Integrated Governance Structure

The sustainability governance structure of the Group has laid a sturdy foundation for fulfilling its sustainability commitment. This structure is deeply integrated throughout the Group, including the Board, the Sustainability Committee, the Audit Committee, the Security Committee, working groups and business units. It provides the Group with comprehensive guidance on executing sustainability strategies, establishing goals, setting targets, and implementing reporting processes. Moreover, it fosters robust stakeholder relationships and ensures accountability across all business operations.

The governance structure of the Group is reinforced by bi-annual self-assessment reviews conducted across business units, in conjunction with internal audit assurance. These reviews enable the Group to effectively manage enterprise and process risks, and to ensure compliance with statutory and regulatory requirements, including sustainability-related reporting, as well as to provide reasonable assurance to the Board through the Sustainability Committee and the Audit Committee. The Group has adopted and implemented corporate governance principles and practices that prioritise a high-quality Board, effective risk management and internal control systems, rigorous disclosure practices, transparency and accountability. These efforts aim to relentlessly enhance and foster an ethical corporate culture.

Figure 6: HTHKH's integrated governance structure



## The Board

The Board has oversight and ultimate accountability for the Group's sustainability strategy, management, performance and reporting. With the complementary support from the Sustainability Committee and the Audit Committee, the Board examines and approves the sustainability objectives, strategies, priorities, initiatives and goals, along with related policies and frameworks of the Group. The Board also conducts periodic examinations and reviews of climate-related risks and opportunities reported by the Sustainability Committee and the Audit Committee, and assesses their impact on business strategies inclusive of new investments. Through these processes, the aforesaid Committees contribute to the Group's comprehensive approach to sustainability and its integration into core business practices.

## Board Diversity

As at 31 December 2023, the Board comprised 10 directors, including one Executive Director, five Non-executive Directors and four Independent Non-executive Directors. The Nomination Committee, chaired by Dr Wong Yick Ming, Rosanna (Independent Non-executive Director), with Ms Edith Shih (Non-executive Director) and Mr Ip Yuk Keung (Independent Non-executive Director) as members, is responsible for reviewing the structure, size, diversity profile and skill set of members of the Board.

The Group strives to attain and maintain high standards of corporate governance in terms of Board diversity with a broad and diverse mix of director skills, experience and attributes. Since December 2022, the Group has appointed an additional Independent Non-executive Director, resulting in the total number of Independent Non-executive Directors exceeding the minimum one-third requirement under the Listing Rules. The strategic move underlines the Group's commitment to bringing diverse perspectives into the decision-making process involved at the Board level so as to act in the best interests of the Group.

Gender diversity of the Board stands at 30%, a relatively high level amongst companies listed on the Stock Exchange <sup>(4)</sup>.

Note:

(4) According to the result of the HKEx: Building the Marketplace of the Future as of October 2023

### Sustainability Committee

The Sustainability Committee was formed in 2020 as a Board-Committee, and is chaired by Ms Edith Shih (Non-executive Director), 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 holds meetings bi-annually.

The Sustainability Committee holds key responsibilities in making recommendations to the Board on the Group's sustainability objectives, strategies and goals. It plays a vital role in overseeing, reviewing and evaluating actions taken by the Group to advance its sustainability priorities and goals. In addition, the Sustainability Committee reviews and reports to the Board on climate-related risks and opportunities, while assessing and monitoring emerging sustainability issues and trends that may affect the Group's business operations and performance. Furthermore, it considers the impact of the Group's sustainability initiatives on stakeholders and provides the Board with value-accretive advice on external communication, disclosure and publications related to sustainability performance.

In 2023, the Sustainability Committee held the primary role of advancing sustainability practices within the Group. One of its primary focuses was the development of the new Sustainability Disclosures Standards by the International Sustainability Standards Board. The Sustainability Committee addressed the urgency in adopting the new standards with appropriate actions in response to the new disclosure requirements. Furthermore, the Sustainability Committee diligently reviewed and approved the 2022 Sustainability Report, which was published in March 2023. To be better equipped with comprehensive market insights, the Sustainability Committee considered diverse feedback from ESG rating reports and analysed current market developments. Drawing adequate market references from various sources, the Sustainability Committee provided valuable guidance on the Group's future development and direction regarding sustainability-related strategies.

### Audit Committee

In accordance with the Audit Committee Terms of Reference, the Audit Committee is responsible for supervising and ensuring the effectiveness and sufficiency of the Group's risk management and internal control systems. This oversight includes financial, operational and compliance aspects, ensuring comprehensive coverage across these key areas.

The Audit Committee currently comprises three Independent Non-executive Directors. It is chaired by Mr Ip Yuk Keung with Dr Lan Hong Tsung, David and Dr Wong Yick Ming, Rosanna as members.

## Sustainability Working Group

The Sustainability Working Group, consisting of two Co-Chairs, Chief Executive Officer and Chief Financial Officer, alongside senior executives from key business functions that have a significant influence on the Group's material sustainability topics, provides support to the Sustainability Committee. Sustainability Working Group meeting is held bi-annually.

**Figure 7: Sustainability Working Group Structure**



## Governance Working Group

To facilitate the fulfilment of responsibilities by the Audit Committee and the Sustainability Committee, a Governance Working Group chaired by the Non-executive Director has been established. This working group includes representatives from key business functions of the Group. Its primary functions include providing timely updates, identifying emerging compliance matters and developing suitable compliance policies and procedures for adoption throughout the Group.

## Security Committee

The Security Committee, led by the Vice President - Digital Innovations & IT Development, consists of technical specialists from the Information Technology department and the Corporate Security & Fraud Management function. Its primary responsibility is to oversee the Group's cyber security risks and defences, ensuring their effectiveness, coherence and coordination. In addition, the committee also monitors the cyber threat landscape to gain insights into emerging and existing attacks and their implications.

## Internal Audit Assurance

Internal Audit, reporting directly to the Audit Committee, delivers independent assurance on the effectiveness of the Group's risk management activities and controls, including those associated with sustainability matters.



### Risk Management

As part of its enterprise risk management, the Group conducts bi-annual self-assessment reviews to evaluate various aspects, including operational performance, compliance with statutory and regulatory requirements such as tax and anti-fraud and anti-bribery practices as well as sustainability goals and targets. Following the internal audits, the self-assessment results are submitted to the Directors, the Audit Committee and the Sustainability Committee for review and approval. Relevant results are also shared with the external auditor to ensure transparency and accountability.

The Crisis Management Team, comprising senior executives, coordinates strategic and tactical responses during crisis. Annual crisis drills are conducted to enhance preparedness and to test the effectiveness of response protocols. Considering data privacy and cyber security to be one of the most important material issues of the Group's business, the Group has developed specific business continuity plans and manuals to protect its assets and data from cyber attacks, delivering stable and effective connectivity especially in times of crisis. Through prioritising cyber security and integrating it into its risk management practices, the Group demonstrates a commitment to safeguarding its operations, assets and stakeholder interests, while maintaining trust and resilience in the face of evolving cyber threats.

In light of the escalating significance of climate change risk, the Sustainability Working Group actively collaborates with different business units to gain insights into the latest developments in the external and internal environment. This collaborative effort enables the Group and the Board to proactively respond to emerging risks and capitalise on opportunities. Taking into account diverse perspectives and leveraging collective knowledge and expertise, the Group is better positioned to navigate sustainability challenges and to drive sustainable practices throughout its operations.



### Internal Control Framework

The internal control framework of the Group encompasses various elements such as governance policies, communication and training, due diligence, ongoing assessment, monitoring and review, and whistleblowing. This framework serves as a guide and support system for the Group's core businesses, ensuring that they operate with integrity in all aspects of their daily operations.

The Board, through the Audit Committee, holds ultimate oversight of the Group's business ethics and compliance efforts. It regularly evaluates the effectiveness of the Group's risk management and internal control systems on an ongoing basis.

Compliance with laws, rules and regulations remains a top priority for the Group. The Group thoroughly examines and monitors the regulatory frameworks of the jurisdictions in which it operates. To ensure adherence to these regulations, the Group has adopted a comprehensive set of foundational policies that serve as guiding principles for its practices. These policies, alongside specific procedures and guidelines are implemented across the Group to meet operational needs and to comply with legal and regulatory requirements.

The Group places a strong focus on monitoring and enforcing compliance with its policies, procedures and guidelines. Regular management reviews and reporting are conducted to assess the execution and adherence to these standards. The Group, through translating its values into actions, reaffirms its commitment to business integrity, its people, the environment and the communities in which it operates.

For more detailed information on corporate governance, please refer to the Corporate Governance Report shown on pages 49 to 79 of this Annual Report.

## Governance Policies

Figure 8: Internal Control Framework



## A Zero Tolerance Approach to Fraud and Corruption

The Board sets the tone of zero tolerance towards fraud and corruption.

### The Code of Ethics ↔



The Code of Ethics, accessible on the Company's website and intranet, outlines the ethical and professional standards to which employees must adhere in all business transactions. It covers various areas including provisions associated with conflict of interest, fair practices and integrity, corruption, political contributions, confidentiality, personal data protection and privacy, as well as procedures for reporting concerns through the whistleblowing mechanism.

All employees are obligated to annually declare their acknowledgement and compliance with the Code of Ethics and related policies. If employees become aware of any conduct or action that violates the laws or the Code of Ethics, they are required to report it in accordance with either the Suspected Fraud and Reportable Events Report Procedures or the Confidential Whistleblowing Mechanism.

### AFAB Policy ↔



The AFAB Policy underscores the Group's firm stance on zero tolerance towards bribery and corruption. It serves as a guide for employees and provides direction in circumstances that may potentially involve or appear to involve corruption or unethical business practices. The policy comprises provisions covering various aspects, including kickbacks, political and charitable contributions, gifts and hospitality, and the procurement of goods and services.

Regarding political donations, the AFAB Policy and the Corporate Communications Policy both dictate that the Group generally refrains from making any form of donations to political associations or individual politicians. This aligns with the overall principles and guidelines set forth by the policies involved.

## Communication and Training

The Group ensures that all employees are well-informed of the Code of Ethics and other relevant policies. These policies are accessible on the Company's website and intranet. All employees including part-time employees are required to self-declare their acknowledgement and compliance with the Code of Ethics and related policies annually, showcasing their commitment to ethical standards.

### Interactive Training



The digitalisation project for annual compliance training helped with further enhancements to improve accessibility and to incorporate knowledge assessment component. This interactive and on-demand approach provides flexibility in meeting mandatory training requirements while fostering a greater comprehension of Group policies relevant to employees' daily tasks.

The Company also organises and offers Continuous Professional Development (“CPD”) training including seminars, webcasts and relevant reading materials to Directors. This training enables Directors to keep pace with current trends and issues that are relevant to the Group. The topics covered in the training encompass industry-specific and innovative technology changes, as well as legal and regulatory updates that pertain to the Group's business operations. Furthermore, the training helps refresh the Directors' knowledge and skills regarding their roles, functions and responsibilities as directors of a listed company. Directors are required to submit their training records to the Company, which are then regularly reviewed by the Audit Committee. On average, each Director participated in approximately 16 hours of CPD training in 2023.

## Due Diligence

The Group's commitment to combating fraud and corruption extends to its management of business partners, suppliers and third-party representatives, such as advisers, agents and consultants. To assess and mitigate the risks involved, the Group conducts due diligence when selecting and renewing business partners and suppliers. This evaluation considers various factors, including transaction size, the nature of the product or service, financial and compliance status, qualifications, potential conflict of interest and country-specific risks.

Furthermore, the Group implements a thorough range of procurement and tendering protocols to ensure a fair and transparent execution of related activities. Prior to the involvement of third-party representatives, authorisation from the Group's senior management is mandatory, except in exceptional circumstances. Apart from that, significant capital expenditure projects surpassing predetermined thresholds necessitate a review and an approval from the senior management before any binding commitments can be made.

## Ongoing Assessment

To foster continuous improvement, business units are obligated to conduct bi-annual self-assessments of their control measures. Specifically, if any significant control deficiencies are detected, they must develop an action plan and closely monitor its progress. The outcomes of these self-assessments are thoroughly reviewed by Internal Audit and subsequently reported to the Executive Directors and the Audit Committee.

## Monitoring and Review

The Group has established robust financial controls to safeguard against irregularities or misconduct, which include measures such as appropriate segregation of duties, authorisation controls, meticulous record-keeping, provision of supporting documentation and audit trails. This control system undergoes regular reviews and audits. Internal Audit, specifically responsible for evaluating the effectiveness and adequacy of the Group's internal control system, conducts independent audits of the Group's ethical standards and policies across various areas such as anti-corruption, fraud incident management, supplier code of conduct, fair treatment of suppliers, donations/sponsorships, handling of confidential/inside information, personal data governance, anti-trust compliance, workplace safety and accuracy of financial records. All audit findings are reported to the Audit Committee and the Executive Directors, and they are also shared with external auditor.

## Whistleblowing

The Group has implemented monitoring measures and procedures to proactively identify acts of bribery, fraud or other forms of malpractice. All employees and relevant stakeholders, including customers, suppliers, creditors and debtors, are strongly encouraged to report any suspicions of misconduct, malpractice or fraud via the confidential reporting channels.

Investigations on incidents or suspected incidents of fraud and corruption are conducted in a timely and highly confidential manner. Internal Audit assumes responsibility for reviewing each reported incident and promptly escalating significant incidents to the Audit Committee. A summary of reported incidents, alongside relevant statistics including the outcomes of independent investigations and actions taken, is presented to the Chief Financial Officer on a quarterly basis.

As for substantiated concerns, appropriate disciplinary actions, including verbal or written warnings and termination of employment, are taken following due management consideration. Any violations of laws and regulations are reported to the police or other law enforcement organisations as applicable. The Whistleblowing Policy is readily accessible on the Company's website and intranet, providing detailed information about the reporting process and procedures.

## Data Privacy and Cyber Security

The rapid development of data privacy and information security regulations are exerting a growing influence on the telecommunications industry and poses an escalating challenge to operators in terms of maintaining customer relationships. As such, ensuring personal data protection and effective control of cyber security risks becomes increasingly important in a bid to uphold the trust of both customers and employees.

### Personal Data Governance and Information

The Group is dedicated to safeguarding and protecting personal data and sensitive information. Related legislative and regulatory requirements associated with personal data processing are embedded in all business activities of the Group. It is imperative for employees to maintain the confidentiality of any sensitive information about the Group and its stakeholders including customers, suppliers, business partners or shareholders, except where disclosures are authorised in accordance with the Information Security Policy.



Employees are expected to handle personal data in strict adherence to the policies, procedures and guidelines set forth by the Group, in compliance with relevant data protection laws pertaining to data privacy and security. The oversight of personal data protection within the Group is among the responsibilities of the Regulatory Advisory Committee, with appropriate support from the Data Protection Committee. Adequate technical and organisational measures have also been implemented to ensure proper compliance.

The Group periodically reviews and updates its policies to facilitate timely communication with employees. To acknowledge and confirm their compliance with all applicable Group policies, employees are required to submit an annual self-declaration. This reinforces employees' commitment to upholding the Group's policies and regulatory requirements.

- The Group is dedicated to safeguarding and protecting personal data and sensitive information.

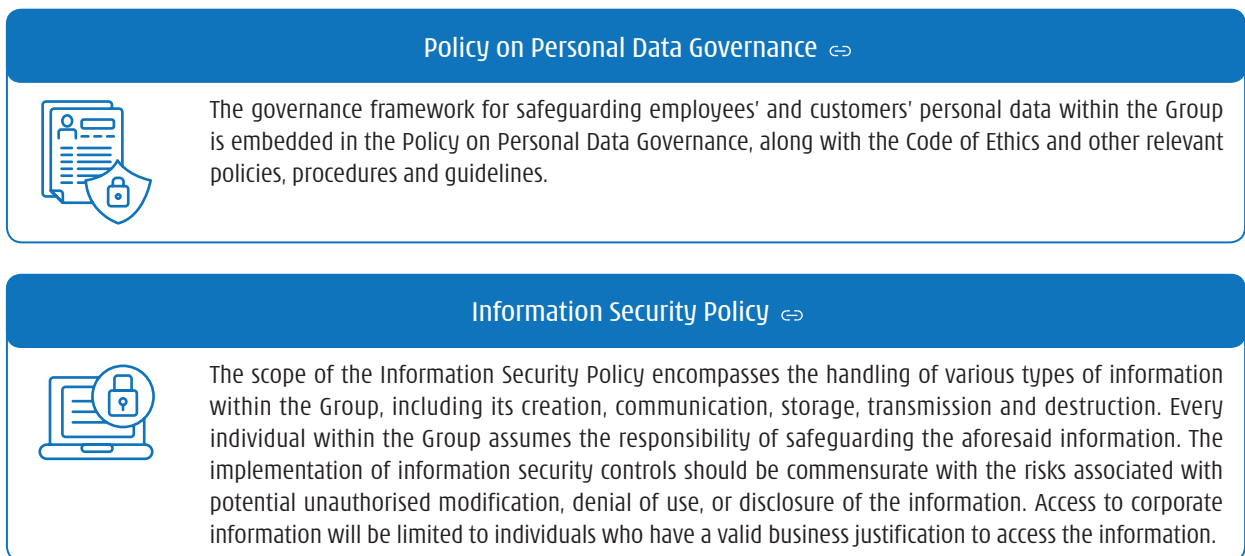
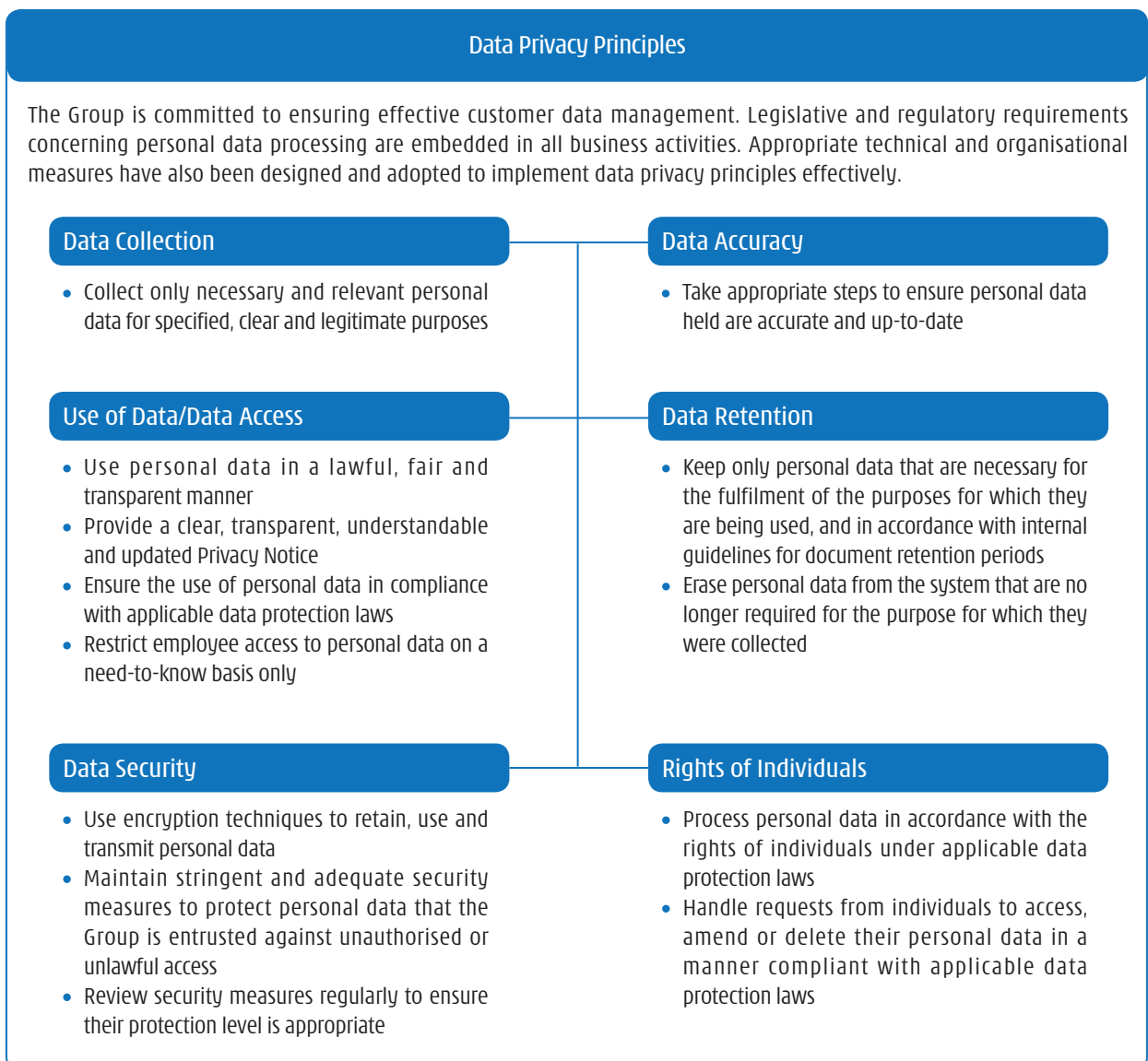


Figure 9: Data privacy principles



## Cyber Security Strategy and Performance

In recent years, digitalisation resulted in a notable increase in the frequency, scale and severity of Data Security Incidents (“DSIs”) across the globe. The loss or unauthorised disclosure of data, including personal information of customers or employees, as well as technical and trade-related information, can have significant repercussions on the Group’s operations and may trigger legal claims or regulatory investigations.

In the event of a DSI involving personal data, the Group will take prompt actions in accordance with its established procedures to mitigate potential consequences and to safeguard personal data against further unauthorised access, use or damage. The Legal & Regulatory Affairs department and the Information Technology Security team of the Group will be promptly informed, and, if necessary, the audience will further be extended to relevant authorities and affected individuals. The guidance on managing DSIs and the related notification process is regularly reviewed and updated.

To keep employees informed of the latest requirements and advancements in terms of relevant rules and regulations, the Group arranges related training sessions on a regular basis. Operational guidelines, handbooks and periodic internal communications are provided to employees, and workshops are conducted to emphasise the significance of customer data protection in particular for customer-facing employees. Furthermore, the Group conducts routine privacy risk assessments to promptly assess existing privacy risks and to evaluate the effectiveness of risk mitigation measures in place.

### Cyber Security Awareness Month



To raise cyber security awareness among employees and protect against fraudulent and phishing emails, the Group implements periodic fraud alerts and workshops. These measures are designed to equip employees with the necessary skills to handle customer and company information securely and to keep abreast of the new developments on relevant cyber security rules. The use of mobile devices and removable drives is restricted to minimise the risk associated with data exfiltration. Overall, the ultimate objective is to ensure that employees are knowledgeable, compliant with relevant rules and vigilant in maintaining cyber security.

## Labour and Human Rights

The Group upholds and advocates human rights as a fundamental principle that underpins its operations and interactions with all stakeholders. The Group's human rights policy is deeply rooted in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights. It showcases the following priorities and approaches, which are extensively applied across its direct operations and supply chains.

### Related Policies

Aspect	Commitment of the Group	Relevant Policies
Human Rights and Child Labour	The Group is committed to respecting and promoting human rights, with a focus on enhancing the protection and enjoyment of human rights within the communities in which it operates. Respecting for human rights is a fundamental value of the Group. The Group strictly prohibits the use of all forms of child labour, forced labour (including prison labour), bonded labour, a form of slavery and any form of human trafficking.	<ul style="list-style-type: none"> <li>Human Rights Policy</li> <li>Modern Slavery and Human Trafficking Statement</li> </ul>
Discrimination	The Group is dedicated to ensuring a safe and inclusive work environment and maintains a zero-tolerance policy towards all forms of discrimination and harassment. This encompasses disrespectful and inappropriate behaviour, whether it is verbal, physical or visual, based on factors such as a person's gender, age, religion, relationship status, disability or any other status protected by applicable laws.	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Human Rights Policy</li> </ul>
Employment Practice	<p>The Group values the diversity and inclusion of the individuals with whom it works and is committed to adopting fair employment practices, fostering diversity and promoting equal opportunities throughout its recruitment and promotion processes. It complies with the applicable laws and regulations in relation to working conditions. The basis for recruitment, development, compensation and advancement within the Group is qualifications, performance, skills and experience, without any discrimination based on factors such as race, gender or religion.</p> <p>The Group's policy is to provide all employees with equal opportunities to all employees, encompassing various areas such as hiring, pay rates, training and development, promotions and other terms of employment. Moreover, the Group strictly adheres to relevant local legislation and complies with specific working hour requirements applicable in the jurisdictions where it operates.</p>	<ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Human Rights Policy</li> </ul>

The topic of Labour and Human Rights is closely linked with other material topics in the Group Sustainability Framework, including:

- Digital Inclusion
- Inclusion and Diversity



### Supply Chain Responsibility

#### Supplier Code of Conduct

The Supplier Code of Conduct serves as a guide for the Group's business partners and suppliers, aiming to foster broader enhancements in sustainability practices and performance for the interests of the stakeholders concerned as well as the communities served by the Group. This policy has been developed upon taking into account various international charters and conventions, such as the United Nations' Universal Declaration of Human Rights and the International Labour Organisation Conventions. It outlines standards specifically for the Group's business partners and suppliers, encompassing specific criteria and benchmarks regarding environmental performance, ethics, health and safety, quality and regulatory compliance.

The policy alongside the Purchasing Policy, Business Partner Evaluation Policy, AFAB Policy as well as other related controls and procedures, provides clear direction and guidelines in terms of the Group's evaluation and engagement with its business partners and suppliers. The Group regularly conducts adequate assessments and evaluations for the selected business partners and suppliers involved. Compliance with the Supplier Code of Conduct is mandatory for those falling within the scope of the Business Partner Evaluation Policy.

#### Supplier Screening and Assessments

The Group collaborates with a diverse range of business partners and suppliers in support of its operations. In 2023, the Group engaged with 724 suppliers, including landlords and roaming service partners, of which approximately 52% were based in Hong Kong. The Group considers maintaining the integrity of its supply chains to be one of its priorities, as it is crucial to adequately manage complex legal, social, ethical and environmental risks involved.

Through constant interaction, communication and cooperation, the Group extends its high standards of business ethics and integrity to its business partners and suppliers. The Supplier Code of Conduct outlines the tailored standards for these stakeholders concerned, which are also addressed in the Group's Human Rights Policy and Modern Slavery and Human Trafficking Statement. Other policies including the Purchasing Policy, Business Partner Evaluation Policy and AFAB Policy, along with other related guidelines, provide clear direction and guidance for evaluation and engagement with its business partners and suppliers. The Group's procurement teams are properly trained to facilitate their compliance with the policies and procedures concerned when working with the Group's business partners and suppliers. Business partners who have met the Group's requirements are expected to acknowledge compliance with the Supplier Code of Conduct. Regular assessments and evaluations are conducted on selected business partners and suppliers.

The Group proactively encourages its business partners and suppliers to consider the risks associated with climate change and to take proactive measures to mitigate their environmental impacts. Moreover, the Group strongly invites these partners to adopt the climate-related standards, practices and principles set out in its Environmental Policy. These include reducing energy consumption and carbon footprints, promoting the use of environmentally friendly products and technologies, as well as implementing waste recycling initiatives.

#### Sourcing Guidelines

The Group aims to align its vision with its business partners and suppliers in order to collaboratively create a more sustainable future. Sustainability and the impact of climate change are firmly integrated into the Group's business activities. The Group strives to ensure that its operations comply with relevant environmental laws, rules and regulations through regular assessments and monitoring of its regulatory frameworks, regular updates and reviews on its internal policies.

## Sustainable Business Model & Innovation

The Group's business plays a crucial role in the daily lives of millions of people through mobile multimedia telecommunications networks. The Group endeavours to create and enhance value for stakeholders by adapting proactively and relentlessly to social, environmental and market conditions. The Group is dedicated to protecting the interests of its customers through its excellent service delivery. Against the backdrop of complex challenges, the Group's core businesses strive to drive innovation and collaboration to address challenges and opportunities of sustainable development. These include building climate-change resilience, digital inclusion, and promoting sustainable lifestyles.

Group Goal	Mapping to the UNSDGs
<ul style="list-style-type: none"> <li>Offer customers sustainable products and invest in and embrace innovation to achieve transformational impacts</li> </ul>	
<div style="background-color: #f4a460; padding: 5px;"><b>Content in this Section</b></div> <ul style="list-style-type: none"> <li>Service Excellence</li> <li>Climate Resilient Business</li> <li>Digital Inclusion</li> <li>Sustainable Product Choices</li> </ul>	

### Service Excellence

The Group's core businesses are dedicated to meeting the daily requirements of their customers. The business units actively engage with their customers and attain a better understanding of interests and concerns of their customers in an effort to adapt to changing market conditions. Safety is of paramount importance, and the Group has robust management systems in place to ensure quality and to mitigate environmental and occupational health and safety ("OHS") risks. These systems include rigorous internal and external audits, as well as customer relationship management and complaints handling processes.

### ISO Integrated Management System

ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems ("OHSMS") guide the Group's business units to perform their daily operations in a consistent and reliable manner by establishing and administering a set of robust processes and procedures incorporating management reviews. In 2023, the Group has completed the first surveillance audit of its previously certified sites by Bureau Veritas Certification Hong Kong Limited ("BV") in a bid to provide additional assurance for customers and business partners. In addition, the scope of the certification has been expanded, allowing a more systematic management in terms of the overall environmental performance and OHS issues.

ISO 14001:2015 requires the implementation of policies that mitigate the adverse environmental impacts throughout the lifecycle of products and services. The Group remains committed to striking a balance between commercial operations and environmental preservation, with a view to minimising the carbon footprints of its business activities. The Group has established environmental policy, conducted awareness-raising campaigns, and provided adequate trainings to address the identified risks and compliance obligations and to adopt the best trade practices for managing significant environmental aspects. The Group strives to promote recycling, resource conservation and a paperless office which has been proven to be effective in reducing pollution and optimising resource utilisation. As far as procurement is concerned, the Group has regarded the environmental requirements as a selection criterion for its business partners.

For more information about ISO 45001:2018, please visit the session "Occupational Health and Safety Risk Management and Risk Mitigation".

### Service Excellence

Since 2015, Hong Kong has embraced the Code of Practice for Telecommunications Service Contracts developed by the telecommunications industry in collaboration with the Communications Association of Hong Kong. This adoption has been instrumental in elevating the quality of telecommunications services within the region. In pursuit of service quality enhancement and customer satisfaction, customer engagement plays a pivotal role in comprehending customer expectations and fostering brand loyalty. Business, through its proactive engagement with customers in the process, can gain valuable insights, establish stronger connections, and cultivate enduring customer relationships that earn trust and loyalty.

To facilitate good accessibility and interactions, the Group proactively engages with its customers through various communication channels, including customer service centres, social networking platforms, service hotlines, live webchat, online enquiries through emails, websites and mobile applications. The Group's websites at [three.com.hk](http://three.com.hk) and [three.com.mo](http://three.com.mo), along with the My3 application, serve as vital links between the Group and its customers, fostering enduring customer relationships. These platforms provide customers with essential information about the Group's latest promotions and offerings, while also empowering customers to manage their data and call time usage, make top-ups, pay bills, manage roaming services, purchase handsets and accessories, as well as access the online iChat customer interface. The Group strives to enhance customer satisfaction and engagement by leveraging the diverse digital resources to ensure seamless communications with its customers, regardless of their locations.

In March 2023, the Group introduced its new premium brand "SUPREME", a prestigious brand that transcends the boundaries of life, as a multi-brand strategy to enhance customer loyalty and engagement. Leveraging the Group's extensive 99% of Hong Kong 5G network coverage, "SUPREME" offers its premium customers priority network access with more network resources, enabling them to embrace a new digital lifestyle with higher speed and more reliable services. Through strategic collaborations with world-leading partners across various industries, "SUPREME" delivers a host of premium privileges and offers to provide high-spending customers with superior communication services and personalised experiences, as well as privileges encompassing culture, entertainment, dining and leisure activities.

## Customer Relationship Management

The Group welcomes customer feedback, which is useful in improving customer experience and driving positive changes. The Group has established relevant guidelines to facilitate consistency in handling customer enquiries and complaints, and customer service representatives are adequately trained to address customer concerns in a professional manner. All complaints are acknowledged, investigated and duly followed up, and periodic reviews and analyses on customer complaints are conducted for continuous improvements. 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 respective websites.

Market research and mystery shopper programmes conducted by third parties regularly provide the Group with insights into customer feedback on the Group's services to identify areas for improvement and facilitate service quality enhancement. These programmes have proven to be effective. In 2023 the frontline sales team received positive feedback and more than 190 commendations from customers, complimenting the Group's excellent services.



Market research and mystery shopper programmes conducted by third parties regularly provide the Group with insights into customer feedback on the Group's services.

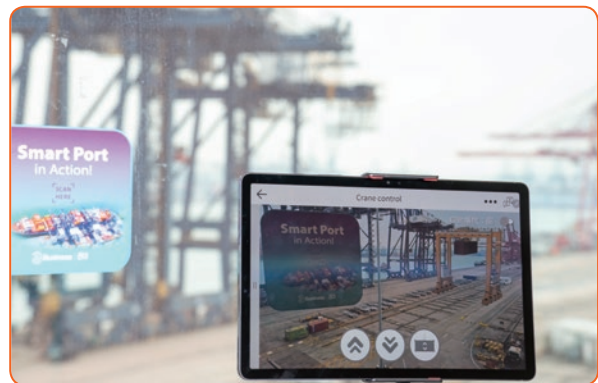
## Climate Resilient Business

### Energy Efficiency and Smart City Solutions

The telecommunications industry is trending toward providing digital solutions and adopting 5G-connected technologies. These advancements are designed to enhance efficiency and facilitate reductions in greenhouse gas ("GHG") emissions for customers. By embracing digital solutions and leveraging the power of 5G connectivity, the Group is actively working towards optimising operations, streamlining processes and minimising environmental impact. The integration of digital solutions and 5G technology enables customers to leverage cutting-edge tools and platforms that drive productivity, reduce resource consumption and contribute to a greener future.

Following the successful launch of its 5G network services in 2020, the Group quickly expanded its network coverage to encompass critical locations such as major highways, large shopping malls, commercial buildings, hospitals, universities and hotels. Leveraging the exceptional speed, minimal latency and increased bandwidth of the 5G network, customers can now benefit from highly efficient data transmission, enabling the implementation of complex data modelling and visualisation applications. With this technological advancement, businesses are provided more opportunities to explore novel ideas, revamp their applications, and even transform their entire business models, unlocking the opportunities for innovation and business growth.

The government is actively transforming Hong Kong into a smart city, and the Group is playing a pivotal role in supporting the initiatives. Recognising the importance of mobile network and Internet-of-Things ("IoT") connections in the smart city transition, the Group has introduced DIGIBOX. This groundbreaking initiative showcases the state-of-the-art 5G solutions integrated with artificial intelligence ("AI"), cloud computing, big data and edge computing. DIGIBOX not only highlights the capabilities of 5G technology but also demonstrates practical use cases that facilitate the development of a smart city.



The 5G solutions in DIGIBOX demonstrate practical application cases that facilitate the development of a smart city.

### 5G Flood Detection Solution for Smart Car Parks



Recently, Hong Kong experienced severe weather conditions, resulting in widespread flooding, including underground car parks where vehicles were nearly submerged. To grapple with these challenges, a customised 5G Flood Detection Solution tailored to the specific features of each car park has been launched. Experts will first visit car parks and strategically place highly sensitive smart sensors in suitable locations such as walls or near drainage areas. These sensors will transmit real-time data to servers via the Group's ultra-fast 5G network, connecting to the cloud. Property management companies will receive instant notifications through a mobile application, enabling them to take immediate actions to minimise potential damages.

### Smart Energy Management



Experience the future of energy management with Smart Energy Management, a state-of-the-art solution that harnesses the power of AI and IoT technologies. By utilising real-time data analysis, this cutting-edge system revolutionises the workplace, creating an environment that is both comfortable and highly productive. Through the user-friendly mobile application or web portal, individuals can effortlessly control the lighting, and heating, ventilation and air conditioning systems, ensuring immediate comfort with just a few taps. Furthermore, Smart Energy Management offers a comprehensive activity log and valuable insights, and alerts will be sent out to users once any excessive electricity usage is detected. This enables businesses to achieve their ESG-driven energy conservation goals, thereby reducing operational costs.

## Climate Adaptation

It is crucial for the Group to safeguard its employees and assets by adjusting and preparing for the inevitable impacts of climate change. In 2023, Hong Kong experienced numerous events of severe weather, such as typhoon signals reaching levels 8 and 9, as well as black rainstorms. These events highlight the urgent need for the Group to adapt to climate change and related consequences, and to protect its resources in the face of climate-related challenges.

The Group has developed an emergency preparedness checklist. This comprehensive checklist provides guidelines for colleagues working in challenging conditions, backup plans for electricity breakdowns, customer service team collaboration enabling adequate customer support, and prioritisation of site fixes to restore services quickly. It ensures the safety of employees, minimises disruptions and demonstrates the Group's commitment to delivering reliable services even under adverse weather conditions.

## Digital Inclusion

### Anti-scam Service



- The Group offers comprehensive mobile security services to combat scam calls, with special provision for seniors to receive certain services without charge.

In today's digital society, safeguarding individuals from scams and online threats is crucial in fostering a secure digital environment. Digital inclusion, which encompasses the concept of providing equal access and opportunities to all individuals, also emphasises the importance of a safe networking environment. In light of the significance of digital inclusion, the Group is dedicated to ensuring not only equal access to network service but also a secure networking experience for its customers. By promoting digital inclusion and prioritising the safety and security of its users, the Group aims to create an inclusive and protected digital ecosystem for everyone.

The Group fully supports the Office of the Communications Authority ("OFCA") and the Hong Kong Police Force in combating phone scams, offering comprehensive mobile security services, including the "Incoming Calls Management Pack" with two value-added services: "Anti-scam" and "Call Block", which assist customers to identify and block scam and nuisance calls. The "Anti-scam" service automatically filters scam calls on a mobile network level, minimising customer risks of being scammed and disturbed, while "Call Block" service allows customers to block unknown calls and to set up a personal blacklist.

To safeguard the elderly from phone scams, the Group has implemented a free initiative since August 2023. Customers aged 65 years or above can sign up themselves for the free "Incoming Calls Management Pack" at 3Shops to enjoy hassle-free mobile service while safeguarding against scams. The Group prides itself on being the first local mobile operator to provide seniors with free "Incoming Calls Management Pack".

The Group actively responds to the concerns raised by the Hong Kong Police Force through sending text message alerts to customers about scam calls. The Group provides government promotional materials on its websites, displays anti-scam tent cards and distributes anti-scam leaflets at 3Shops to raise customers' awareness about the risk of scams and to remind customers to stay vigilant against being scammed to avoid losses.

### Lo-Yau-Kee Monthly Service Plans Sponsorship



The Group strives to expand its service accessibility for senior citizens through various initiatives such as the Lo-Yau-Kee Monthly Service Plans Sponsorship, "Safety Phones", and data service sponsorships to cater to different customer needs. The sponsorship programme aims to provide customers with convenient access to essential services, while the provision of "Safety Phones" enhances the safety and security of seniors. Additionally, data service sponsorships bridge the digital divide, enabling connectivity and access to online services. These initiatives underscore the Group's commitment to inclusivity and fostering the well-being among the elderly population in an increasingly digital society.

### Climate-related Risks and Opportunities

In 2023, the Group started to identify and manage the climate issues which are potentially impacting its business operations. The following figure summarises climate-related risks and opportunities, along with relevant descriptions and the Group's corresponding responses.

**Figure 10: Climate-related risks and opportunities analysis**

Type of Risk or Opportunity	Physical Risk	Physical Risk	Transition Risk
Risk or Opportunity Category	Acute	Acute	Policies and Regulations
Risk Title	Increased intensity, duration and frequency of flooding	Increased intensity, duration and frequency of extreme weathers events	Increased cost due to regulatory requirements
Risk Description	<p>Damage to telecommunications infrastructure, customer service premises, retail shops and premises for outsourced services (e.g. call centres) due to increased flooding, the subsequent service interruption and detrimental impact on customer retention and revenues. This could translate to increased fixed and operating costs, including:</p> <ol style="list-style-type: none"> <li>1. Repairing any damage</li> <li>2. Customer revenue impacts</li> </ol>	<p>Damage to telecommunications infrastructure, customer service premises, retail shops and premises for outsourced service (e.g. call centres) due to extreme weather events (such as typhoons and rainstorms), the subsequent service interruption and detrimental impact on customer retention and revenues. This could translate to increased fixed and operating costs, including:</p> <ol style="list-style-type: none"> <li>1. Repairing any damage</li> <li>2. Customer revenue impacts</li> </ol>	<p>The cost of adopting new guidelines is increasing due to evolving regulatory requirements. This includes the implementation of more stringent policies and regulations by the government and HKEX, resulting in higher operating costs.</p>
Response	<p>Deploy emergency preparedness checklist to guide colleagues working in challenging conditions and to suggest follow-up actions upon emergency scenarios. (For more details, please refer to Climate Adaptation)</p>	<p>Deploy emergency preparedness checklist to guide colleagues working in challenging conditions and to suggest follow-up actions upon emergency scenarios. (For more details, please refer to Climate Adaptation)</p>	<p>Develop a roadmap for adopting new international disclosure standards in order to mitigate potential cost escalation resulting from time constraints.</p>

Transition Risk	Transition Risk	Transition Risk	Opportunity	Opportunity
Reputation	Reputation	Technology	Products and Services	Energy Source
Customer preferences shifting away from companies with lower climate related performance	Investor preferences shifting away from companies with lower climate related performance	Increased cost of technology investment and assets required for the transition to a lower-carbon economy	Customer preferences shifting towards companies with better climate related performance	Reduced energy cost from energy efficiency
Shifting customer preferences and priorities meaning that an approach to climate change that is seen as insufficient (including failure to meet public commitments, e.g., Net Zero by 2050 from Hong Kong's Climate Action Plan 2050) will severely impact the Group's social licence to operate. This reduction in perceived licence to operate may result in loss of market share to industry peers demonstrating stronger action.	Shifting investor preferences and priorities meaning that an approach to climate change that is seen as insufficient (including failure to meet public commitments, e.g., Net Zero by 2050 from Hong Kong's Climate Action Plan 2050) will severely impact the Group's social licence to operate. This reduction in perceived licence to operate may result in reduced accessibility to capital from these investors and increased costs of capital.	The transition to a lower-carbon economy requires the adoption of new technology and assets which increased the cost.	Demonstrating strong efforts in dealing with various climate and ESG-related issues versus its peers, will enable the Group to benefit from an increase in customer engagement or an expansion of its customer base.	Transitioning to more energy efficient systems will reduce energy cost.
Continue to enhance external communication to effectively demonstrate the Group's dedication to ESG-related issues.	Continue to enhance external communication to effectively demonstrate the Group's dedication to ESG-related issues.	Gradually replace legacy technology and assets with energy-efficient equipment.	Continue to enhance external communication, sustainability reporting disclosure and climate-related business innovations to effectively demonstrate the Group's dedication to ESG-related issues.	Continue to monitor energy-saving data to project future consumption and accurately measure achieved savings, as well as to deploy advanced technology in network equipment for energy savings.



### Climate-related Disclosure

Looking ahead, the Group is committed to staying at the forefront of sustainable business practices. In a bid to comply with new reporting requirements and industry best practices, the Group plans to further enhance its approach by incorporating a climate scenario assessment involving climate-related risks and opportunities. This will include assessing the potential impacts of different climate change scenarios for the Group's operations, supply chains and stakeholders. By aligning with these new reporting requirements, the Group aims to provide more comprehensive and transparent information to its stakeholders, demonstrating its dedication to addressing climate-related risks and embracing opportunities for sustainable growth.



### Sustainable Product Choices

#### EcoSIM Cards

Conventional SIM cards are typically manufactured using plastic frames packaged with paper instruction leaflets and plastic packaging. Recognising the environmental impacts of these components, the Group is committed to transitioning to sustainable material sourcing. Most of the SIM cards are presented in naked packaging, with QR codes and online enquiry websites directly printed on the card. This enables customers to access online product information and complete real-name registration without the need for paper instruction leaflets.

In December 2023, the Group launched EcoSIMs, an environmentally friendly alternative, to the market. These SIM cards are sourced and manufactured by suppliers using 100% post-consumer recycled plastic. Furthermore, EcoSIMs are certified as carbon neutral products, with calculated carbon footprint offset through a certified model that supports emission reduction initiatives and projects. By adopting these measures, the Group aims to minimise the environmental impact of SIM card production and contribute to a more sustainable future.

### Customer Engagement in the Circular Economy

The Group spares no effort to cultivate a greater awareness of environmental issues among all stakeholders by understanding consumer behaviour and drivers such as price, fit, information, individual beliefs and preference, as well as conducting promotional campaigns and offering innovative services, inspiring sustainable consumer behaviours and promoting a circular economy.

The Group offered a one-stop handset recycling service to its customers, who can also help contribute to environmental protection 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 placed in selected 3Shops. Items collected under this programme are then passed on to the Computer and Communication Products Recycling Programme run by the government with industry partners and voluntary organisations. Among the collected items, equipment still in working condition is refurbished and donated to people in need, while other parts and useful materials are recycled.

## Environment

Extreme weather events including super typhoon and flooding as a result of climate change are expected to occur more frequently, with impacts escalating over time. Climate fluctuations possess the capacity to impede supply chains and disrupt business operations, resulting in both physical and financial harm. Weather pattern alterations and significant meteorological occurrences, like typhoons and excessive rainfall, hold the potential to inflict damage upon the Group's assets, while concurrently amplifying risks for stakeholders such as employees, customers and suppliers residing and operating in affected regions. Governments across the globe are actively pursuing the transition towards low-carbon economies, enacting legislation to restrict emissions, and offering incentives to encourage the implementation of environmental protection measures.

Group Goals	Mapping to the UNSDGs
<ul style="list-style-type: none"> <li>• Take action on climate change</li> <li>• Protect natural resources</li> <li>• Promote a circular economy</li> </ul>	
<div style="background-color: #4CAF50; color: white; padding: 5px; margin-bottom: 5px;">Content in this Section</div> <ul style="list-style-type: none"> <li>• Climate Action</li> <li>• Decarbonisation</li> <li>• Biodiversity Protection</li> <li>• Circular Economy</li> </ul>	

### Climate Action

The Group strives to align with the goals set out in the 2015 Paris Agreement of limiting global warming to below 2 degrees Celsius, preferably below 1.5 degrees Celsius. The global pathway towards net-zero GHG emissions by 2050 will require corporates to have a significant and transformative shift in the energy efficiency and resources utilisation. This unprecedented transition presents both challenges and opportunities for the Group and enables the Group to contribute positively to environmental sustainability in terms of adequate climate action.

#### Climate Action Strategy

In 2023, the Group conducted an analysis of its existing business operations and structure to identify six specific fields that present transition opportunities for climate change adaptation and mitigation. These opportunities facilitate the achievement of transformational changes over the long term. Due to the interdependent relationship between the Group's management approaches to climate change and related topics, relevant information located elsewhere in this report is provided in the following figure 11 with links.

**Figure 11: Transition opportunities and strategies**

Transition Opportunity	Strategies
Energy Efficiency	<ul style="list-style-type: none"> <li>Continue to explore options for enhancing energy efficiency including radio equipment modernisation and base stations reconfiguration from indoor to outdoor</li> <li>Embrace digitalisation and innovation for lifestyle transformation</li> <li>Continue to promote innovation in IoT applications and smart city solutions enabled by 5G connectivity</li> </ul>
Circular Economy	<ul style="list-style-type: none"> <li>Reduce, reuse and recycle all forms of waste</li> <li>Products production with circular economy principles in mind</li> <li>Customer engagement in circular economy</li> </ul>
Climate Adaptation	<ul style="list-style-type: none"> <li>Protect the Group's employees and assets from the effects of climate change and be ready for a changing climate</li> <li>Conduct periodic climate risk assessments for high-risk assets</li> </ul>
Finance and Investment	<ul style="list-style-type: none"> <li>Continue to manage capital expenditure towards a net-zero pathway</li> </ul>
Supply Chain Engagement	<ul style="list-style-type: none"> <li>Further develop supplier engagement policies and enhance sustainable procurement process</li> <li>Develop scope 3 emissions reduction target and enhance related calculation method</li> <li>Engaging with suppliers to enhance data quality and reduce carbon footprints of the supply chain</li> </ul>
Electric Vehicles	<ul style="list-style-type: none"> <li>Electric vehicles transformation</li> </ul>

### Energy Efficiency

The Group is actively integrating climate change considerations into its operational strategies, as most of its electricity consumption comes from its network facilities. One of the Group's key goals is to decrease carbon emissions by enhancing the energy efficiency of its mobile networks. Since 2019, the Group has invested more than HK\$3 billion in the expansion and enhancement of its mobile network as well as the development of its 5G network. While network densification serves to unleash the full potential of 5G network connectivity, it also leads to higher power requirements.

In order to mitigate the environmental impact involved, the Group is implementing various measures such as deploying high efficiency all-weather base station equipment for new outdoor sites, reconfiguring selected base stations from indoor to outdoor settings to achieve natural cooling, minimising the usage of air-conditioners at the existing sites and henceforth reducing energy consumption. Additionally, intelligent energy saving solutions are being employed to enable base stations to enter into sleep mode, channel shut-down and/or carrier-shutdown during low-traffic periods, while still maintaining high quality mobile network services.

In February 2024, the Group and Huawei International Company Limited signed a memorandum of understanding ("MOU") on 5.5G green strategy collaboration. Under the MOU, the Group will adopt an industry-leading AI energy-saving solution to significantly enhance the efficient use of energy and energy-saving capabilities of 5G base stations in Hong Kong, aiming to achieve a "zero bit, zero watt" energy-saving goal. The duo will also collaborate to drive sustainable development of the telecoms industry by promoting green mobile network development and exploring innovative 5.5G applications in Hong Kong. The Group will deploy the AI energy-saving solution at base stations across different areas by phases starting the first quarter of 2024. The innovative solution will automatically switch the network to a smart energy-saving mode during low traffic periods. Approximately 400,000 kg of carbon dioxide emissions can be reduced every year after full deployment of the solution.

## Supply Chain Engagement

Purchased goods and services, as well as capital goods are among the Group's most dominant categories in terms of scope 3 emissions. The Group is prioritising its suppliers based on their materiality and is investigating relevant data to enhance the methodology for calculating scope 3 emissions. This includes utilising supplier emissions intensity metrics and a device for life cycle emissions footprints for more accurate emissions reporting. The Group, through these actions, attains a better understanding of the emissions associated with its supply chain, facilitating its implementation of effective measures to manage and reduce its scope 3 emissions.

Furthermore, the Group is actively exploring ways to enhance sustainable procurement processes, with a particular focus on GHG emissions data and performance. This involves leveraging on third-party suppliers' data and strengthening supplier engagement. In 2024, the Group will place great emphasis on planning and implementing adequate strategies to reduce scope 3 emissions.

## Electric Vehicles

The Group is actively working towards a transition to more sustainable and environmentally friendly vehicle fleets. One of the impactful ways to improve fleet sustainability is through the adoption of electric vehicles. The Group strives to prioritise electrical vehicles over traditional fossil fuel-powered vehicles when it comes time for vehicle replacements. Electrical vehicles, which deployment is expected to reduce transport related GHG emissions, have made up 10% of the Group's vehicle fleets for operations. This shift towards electrical vehicles aligns with the Group's long-term vision of an eventual transition towards a fully electric vehicle fleet. Strategic vision and efforts are crucial in combating climate change and reducing harmful emissions from transportation. By embracing electric vehicle technology, the Group spares no efforts in reducing its carbon footprints and accelerating its transition towards a net-zero future, while also contributing to a cleaner and greener transportation infrastructure.



## Decarbonisation

### GHG Emissions Reduction Targets

The Group is a member of CKHGT which comprises the telecommunications business units of 3 Group Europe, and those in Hong Kong and Macau. Relevant business units meet regularly to drive climate-related initiatives and accelerate migration, as well as to set emission reduction targets and share best practices.

In addition to reporting its scope 1 and scope 2 GHG emissions, the Group has participated in CKHGT's initiatives to develop its scope 3 GHG emissions reporting. The Group will be working towards incorporating scope 3 GHG emissions reporting into its long-term target.

Regarding sustainability-related data, the Group has participated in CKHGT's initiatives to ensure data quality. This concluded completing limited data assurance for the 2022 data by KPMG, demonstrating the Group's commitment to maintaining high standards in sustainability disclosure.

### SBTi Reduction Targets



CKHGT's near-term reduction targets for its scope 1, 2 and 3 emissions, validated by the SBTi in 2022, are expected to be achieved by 2030, including:

- Reduce scope 1 and 2 GHG emissions by 50% by 2030, versus a 2020 baseline; and
- Reduce scope 3 GHG emissions by 42% by 2030, versus a 2020 baseline.

CKHGT has committed to net-zero emissions in its operations (scope 1 and 2) by 2040 and to setting a comprehensive net-zero emissions target to be validated by the SBTi, which will also incorporate scope 3 emissions. In response to CKHGT's validated reduction targets, the Group will continue to explore various strategies and initiatives in support of CKHGT's target achievement.

### Medium and Long-term Targets

The Group continues to explore and invest in energy-saving and future-fit technologies to move towards a sustainable future. Since 2020, medium and long-term targets on key performance indicators ("KPIs") in relation to material topics have been set.

	Medium and Long-term Targets	Progress
Emissions	Reduce annual GHG emissions per TB of data traffic (kgCO <sub>2</sub> e per TB) by 2%	Achieved in 2023
	Reduce GHG emissions per TB of data traffic (kgCO <sub>2</sub> e per TB) by 70% by 2025 and 90% by 2030 versus a 2022 baseline <sup>(5)</sup>	On track
	Reduce the annual growth rate in electricity consumption by 30% by 2030 versus a 2022 baseline	On track
Paper	Reduce paper usage by 40% by 2025 versus a 2018 baseline	Achieved in 2023
	Reduce printing paper usage by 8% by 2030 versus a 2022 baseline	On track
Waste	Achieve a recycling rate of 35% for general office waste produced by the Hong Kong operation by 2030	On track

Note:

(5) Restatement of GHG emissions baseline from 2020 to 2022 to align with that of the electricity consumption annual growth rate target.

In 2023, the Group managed to keep all its targets on track. In addition, in support of CKHGT's validated emissions reduction targets, the Group has set a new goal to slow down the annual growth in electricity consumption.

Despite experiencing an inevitable increase in electricity consumption due to business expansion and advancements in 5G technology in recent years, the Group believes the annual growth rate has reached a peak. By imposing restrictions on the annual growth rate, the Group takes the initial step towards establishing an absolute reduction target for electricity consumption. A target of 30% reduction in the annual growth rate for electricity consumption was set in an effort to maintain the electricity consumption at manageable levels, reduce environmental impacts, and facilitate better energy usage planning.

## Biodiversity Protection

In accordance with the Environmental Policy of the Group, all business units are required to manage the environmental impact associated with their operations. Conducting biodiversity assessments is a key measure undertaken by these units to actively safeguard, preserve and restore local biodiversity in relation to their business activities.

Furthermore, the Group consistently evaluates its operations to identify opportunities for implementing more sustainable workflows and influencing behaviour towards lower environmental impact. The Sustainability Policy and Environmental Policy of the Group serve as guiding frameworks, outlining strategies aimed at fostering a culture of efficiency and promoting good practices in environmental stewardship.

### Biodiversity Policy ⇄



The Biodiversity Policy of the Group outlines the Group-wide approach to biodiversity and provides overarching guidance to the Group's operations.

The Group is committed to complying with or exceeding statutory requirements related to biodiversity, enhancing awareness and engagement of biodiversity among related stakeholders, protecting natural resources, and minimising the impact of its business activities on the environment and natural habitat. The Group also encourages its suppliers, business partners and customers to respect the practices outlined in the policy and to extend their own efforts in biodiversity protection stewardship.

### Sustainability Policy ⇄

The Sustainability Policy of the Group outlines the Group-wide sustainability approach and priorities of the Group to encourage sustainability practices across its operations.

The Group is committed to complying with or exceeding the relevant laws and regulations to control any GHG emissions, discharges into water and land, and waste generation. Where applicable, targets are set and regularly reviewed, accordingly the results are assessed to ensure the efficiency of the measures to control emissions. Business units are required to consider local sustainability initiatives and programmes based on local needs and it is a core responsibility of the management team of every business unit.

Recognising that stakeholder expectations will evolve, the Group regularly reviews its operations and proactively communicates with stakeholders to identify and respond to emerging issues. The Sustainability Committee of the Group also regularly reviews the sustainability practices and performance, and reports to the Board. The sustainability performance of the Group is reported on an annual basis in the sustainability report included in the annual report of the Company.

### Environmental Policy ⇄

The Environmental Policy of the Group represents a key part of its ongoing efforts to achieve efficient processes across its operations and manage its environmental impact. The Group strives to adopt behavioural change and the use of innovative and efficient technology, processes and systems to drive and monitor reduction initiatives. The Group also endeavours to implement measures to protect natural resources and adopt circular business model approaches.

## Circular Economy

### Reduce, Reuse and Recycle

In recent years, the Group has undertaken various campaigns and initiatives to uphold the principles of "Reduce, Reuse and Recycle". Since 2014, the Group has been awarded the Energywise and Wastewise Certificates by the Hong Kong Green Organisation Certification from the Environmental Campaign Committee in recognition of its ongoing efforts in minimising waste and conserving energy. During the most recent assessment period, the Group received both Energywise and Wastewise Certificates at the Good Level, further affirming its steadfast commitment to sustainable practices.

In 2023, the Group introduced new initiatives to foster resource recycling and reduction. The canteen initiated the use of biodegradable and recyclable lunchboxes to replace the previous plastic lunchboxes. Moreover, the Group made the decision to cease providing disposable tableware, thereby supporting reduction efforts and enhancing employee awareness of sustainable practices. These initiatives exemplify the Group's unwavering dedication to environmental sustainability and its promotion of responsible resource management for a green future.



■ The Group has undertaken various campaigns and initiatives to uphold the principles of "Reduce, Reuse and Recycle".

### Focus on E-Waste

Lead-acid batteries play a crucial role in supporting the Group's network operations by providing uninterruptible power supplies for computer servers and systems. However, it is imperative to ensure proper recycling of these power supplies to reduce their long-term environmental impact.

In addressing this concern, the Group has actively engaged in the Green Friends initiative, led by Hong Kong Battery Recycling Centre Limited. This initiative is particularly significant as it marks the first licenced facility in Hong Kong for the local recycling of waste lead-acid batteries, ensuring compliance with relevant regulations and guidelines. The facility, capitalising on advanced technologies, can recycle and repurpose over 90% of all collected batteries, exemplifying a strong commitment to sustainable practices and minimising environmental impact.

In 2023, the Group successfully recycled all damaged or aged lead-acid batteries, amounted to 62 tonnes, which were sent to the Hong Kong Battery Recycling Centre Limited. Meanwhile, the Group continues its active search for an appropriate vendor to facilitate lead-acid battery recycling operations in Macau.

## Social

The social aspect of the Group's Sustainability Framework focuses on addressing the priorities and concerns of key stakeholder groups crucial to its success. These stakeholders include employees, customers and representatives from local communities in which the Group operates. The Group, through its creation of shared value for these stakeholders, gains a competitive advantage to sustain its long-term prosperity.

### Group Goals

- Create great places to work
- Invest in developing thriving and resilient communities

### Content in this Section

- Talent Attraction
- Employee Engagement
- Learning and Development
- Inclusion and Diversity
- Health, Safety and Wellbeing
- Community Investments

### Mapping to the UNSDGs



The Group is committed to delivering exceptional employment experiences and creating excellent work environments for its workforce of over 1,000 employees across Hong Kong and Macau. In addition to defining the overall pathway and approach towards sustainable development strategy, the Group actively promotes and assists the business in developing and executing human resource management strategies that are tailored to their specific requirements.

### Creating Great Places to Work - Recognition Received in 2023



Awarded the Asia's Best Employer Brand in the 14th Asia's Best Employer Brand Awards organised by Employer Branding Institute and World HRD Congress & Star of the Industry Group.

## Talent Attraction

### Growth Opportunities for Young Talents

The Group continued its efforts to implement the Graduate Trainee Programme to groom youngsters for university graduates in 2023. Through taking diverse responsibilities and on-the-job experience gained through job rotations, the trainees acquire a comprehensive understanding and valuable hands-on experience of the Group's key operations.



Furthermore, the Group provides management trainees with opportunities to fast track their career progression. All trainees benefit from knowledge sharing, skill development, insights into best practices, and opportunities to enhance their competencies. These interactions with young individuals enable the Group to share its vision for the future and ignite a passion for the industry, fostering open and candid communication.

In addition, the Group offers internship opportunities to undergraduate students who are interested in pursuing careers in telecommunications. These interns are provided with valuable opportunities to gain practical experience and commercial awareness in their respective fields of study and broaden their horizons through engagement in various business projects.

### Employment Conditions and Benefits

The Group is committed to upholding its Human Rights Policy and diligently adheres to relevant laws and regulations concerning working conditions. Furthermore, it places a strong emphasis on transparent communication with employees regarding their established employment practices.

In a bid to remain competitive within its respective industry, the Group offers a range of benefits for employees that either comply with or exceed statutory requirements. These benefits include paid leave for maternity and paternity purposes, staff discounts, provision of smartphones and 5G SIM cards for both work and personal use, as well as long service awards. Furthermore, the Group provides all employees with pension and retirement benefits, and they are eligible for performance-based remuneration. Non-statutory benefits tied to the Group's proactive approach to health promotion, safety and well-being are also offered, such as a 24-hour worldwide emergency hotline and comprehensive medical insurance coverage.

In 2023, the Group implemented significant enhancements to employees' annual leave entitlement. These improvements aim to promote the overall health, happiness and well-being of its employees, and to create a positive and thriving work environment.



■ The Group aims to promote the overall health, happiness and well-being of employees by increasing annual leave entitlement.

### Employee Engagement

The latest Group policies and information on specific topics such as staff activities, staff welfare and shuttle bus schedules, are available on the intranet and via 3Connect mobile application platforms. A number of communication channels are in place to facilitate open and frank dialogue with employees. JoMeh, launched in 2021, continues to serve as an internal communications channel to share videos of business updates, as well as offering discounts and tour opportunities for employees. In an effort to promote vivid communication between senior management and employees, a series of C-level videos were introduced recently. These videos serve as an engaging platform for senior leaders to interact directly with the entire workforce, delivering compelling messages throughout the Group.

### Town Hall Meeting



The Group has organized the Town Hall Meeting after the pandemic to enhance internal communication. This meeting serves as a platform for fostering open dialogue and interaction amongst leaders from different departments. It provides opportunities for them to provide their ideas, insights and suggestions directly to senior management. Additionally, leadership also share important updates, strategic plans and future Group-wide initiatives at this meeting. By prioritising employee engagement through this event, the Group cultivates a stronger sense of collaborative work environment.

## Learning and Development

The Group has implemented structured skills development programmes for all employees, including those who play a fundamental role in various operational areas. These targeted learning activities are designed to meet the skills development requirements of each business unit and fulfil employees' career development goals. The content and structure of the learning programmes are regularly updated to keep abreast of market trends.

### Performance Appraisal

The Group has been continuously implementing the internal performance appraisal systems for all employees, enabling employees to gain insight into their performance and to identify areas for professional growth. The primary objective of the appraisal is to provide employees with formal feedback on their strengths and areas of improvement or enhancement. Furthermore, it fosters two-way communications among employees of different job grades and assists in formulating individual development plans.

### Investing in High-potential Employees

In 2023, the Group implemented the Talent Pool initiative, a programme aimed at identifying and nurturing employees with talents or exceptional potential. For those talented individuals identified as "high potential", the Group provides them with a range of development opportunities to foster their personal and professional growth and to create a pathway for long-term success. These opportunities include participation in fast-track programmes, taking on significant roles within their departments, and attending task force meetings across various business areas. By offering these avenues for advancement, the Group accelerates the talented individuals' career progression and exposes them to higher-level responsibilities at an expedited pace.

Furthermore, the Talent Pool initiative incorporates tailor-made training programmes that enhance the skills and competencies of the identified employees. These programmes are specifically designed to address the unique development needs of each talented individual, equipping them with the necessary knowledge and capabilities to excel in their present and future positions. This comprehensive approach not only aids in the identification and retention of top talents within the Group but also ensures the presence of a robust pool of qualified individuals who are well-prepared to assume critical positions across a broad range of business areas.

### Upskilling and Reskilling

The advent of new technologies in the digital economy is revolutionising everyday tasks across all key business sectors. To address emerging skills gap, the Group's business units are required to make ongoing investments in reskilling and upskilling initiatives. This is crucial to ensure that employees are equipped with the necessary skills and knowledge to thrive in this evolving landscape.

**Digital Tool Trainings**



In 2023, the Group organised comprehensive training programmes in Adobe Analytics, Microsoft Office 365 ("O365") and Tableau. By offering these training opportunities, the Group demonstrated its commitment to nurturing a skilled and adaptable workforce, enabling employees to stay ahead of industry trends and contribute to the Group's success in an increasingly digital world.

**Sustainability Leadership**



To ensure effective communication and implementation of the Group's sustainability goals, sustainability practitioners are actively engaged. In 2023, the Group nominated employees to attend a course named "Sustainability Essentials for Business" offered by the Cambridge Institute for Sustainability Leadership, in order to broaden their knowledge and expertise in sustainability, enabling them to contribute effectively towards the Group's sustainability objectives.

## Getting Future-ready

The Group actively promotes the acquisition of future-fit skills among its employees through a diverse range of training programmes, fostering a high-performance workforce. To identify skill gaps, a thorough training needs analysis was conducted, and training was subsequently provided across various areas. Moreover, the Group offers training subsidies to employees who wish to pursue specific career paths or enhance their skills and knowledge. The overarching objective of the Group is to provide employees with ample opportunities for learning and development, enabling them to unlock their full potential, strengthen their knowledge and skills, and contribute to both business growth and their own professional advancement.

## Equipping Employees with Industrial Insights

To enhance employee engagement and knowledge, the Group organised visits to the vendors' mobile telecommunications operation facilities. These visits offer employees a valuable opportunity to learn and gain insights into the technological advancements in the industry.

### Management and Innovation High Table Series



In order to enable employees to keep abreast of the latest innovation trends and technological advancements, the Group has been organising the Management and Innovation High Table Series since 2019. This series invites speakers from diverse sectors to share their expertise for various topics. In 2023, the Group organised two specific sessions on AI development and innovative technologies. These sessions were designed to help employees stay future-fit and get better-equipped with the necessary knowledge and skills.

## Inclusion and Diversity

The Group is committed to creating fair and inclusive workplaces for its employees. Policies and initiatives are implemented to ensure that the Group's workforce and operations mirror the diverse communities it serves.

This topic focusing on Inclusion and Diversity is interconnected with other important topics in the Group's Sustainability Framework, such as Labour and Human Rights and Digital Inclusion.

## Equal Opportunities

The Group is dedicated to promoting equitable employment practices and fostering diversity and equal opportunity across all aspects of its recruitment, promotion and working conditions. To ensure compliance with the Human Rights Policy and Code of Ethics, the Group places a strong focus on selecting and hiring employees based on their skills and abilities, without any form of discrimination on the basis of race, gender, religion or any other status protected by the laws. The Group strongly upholds a policy of providing equal opportunities to all employees, ensuring fairness in areas such as recruitment, compensation, training and development, promotions and other employment terms. All reports of impropriety and misconduct are handled in accordance with the Group's Whistleblowing Policy.

## Strength in Diversity

The Group strives to ensure diverse perspectives, experiences and ideas, as well as to maintain a secure working environment with a zero-tolerance policy for any form of discrimination and harassment. This policy encompasses all types of unwelcome and offensive behaviour, whether it is expressed verbally, physically or visually, which is based on factors such as an individual's gender, relationship status, disability and other relevant characteristics.

### Promoting Inclusion and Diversity



Since 2022, the Group has made a significant step in promoting inclusion and diversity by collaborating with a new vendor, Manna Grace Limited ("MANNA"), which serves as the canteen provider - Ch!ll 8. MANNA is a charitable institute which aims at supporting the underprivileged in our community through restaurant operations. The composition of the Ch!ll 8 team includes rehabilitating youth and individuals who have overcome mental health challenges or with partial work disabilities. Through its collaboration with MANNA, the Group is actively working towards its mission of creating a work environment that embraces diversity and empowers individuals from diverse backgrounds.

## Health, Safety and Wellbeing

The Group holds the health, safety and well-being of its employees as fundamental values and is dedicated to providing a secure and protected environment for its employees, customers and other stakeholders while they are present at the Group's facilities and premises. The Group adheres to all relevant laws and regulations in the applicable jurisdictions. In addition, the Group strives to meet industry-specific standards or best practices, along with adopting local or international health and safety guidelines. These measures are implemented to sustain a safe working environment, prevent injuries and promote good health among employees.

### Creating a Culture of Safety

An occupational health and safety committee has also been set up to communicate potential safety issues with the top management with a view to establishing protective control measures and a comprehensive accident investigation mechanism.

Employees are given opportunities to participate in health and safety management programmes and related trainings, on the basis of the nature of their jobs and the safety standards applicable to their work. Refresher courses on relevant safety guidelines are provided periodically. Employees can also access the latest health and safety information on the Company's intranet.

### Occupational Health and Safety Risk Management and Risk Mitigation

In 2023, the Group was awarded ISO 45001:2018 OHSMS for designated locations with enhanced scope and completed the first surveillance audit by BV. The certification exemplifies the Group's commitment to providing its employees with safe and healthy workplaces. The comprehensive health and safety policy stated the Group's commitment to providing employees with safe and healthy workplaces for the prevention of work-related injuries and ill health. The Group also encourages employees' consultation and participation to determine the actions in eliminating the hazards in workplace and to report OHS risks.

### Holistic Wellbeing

The Group offers employees a robust welfare programme covering a range of areas associated with well-being, which include work-life balance, physical health, fitness and sports, balanced and nutritious diets, and mental health. The aim is to raise employees' awareness about the importance of health and the health benefits of exercise. In 2023, the Group organised various work-life balance classes and activities including bakery and VeggieLab classes, creating a wellbeing ambience and enticing participation of employees. By offering these opportunities, the Group demonstrates its commitment to employees' wellness and creating a supportive work environment.



■ VeggieLab, the Group's organic farm on its headquarters' roof garden, offers a place where staff members can get near nature and enjoy farming amid busy days.

### Family-friendly Arrangement



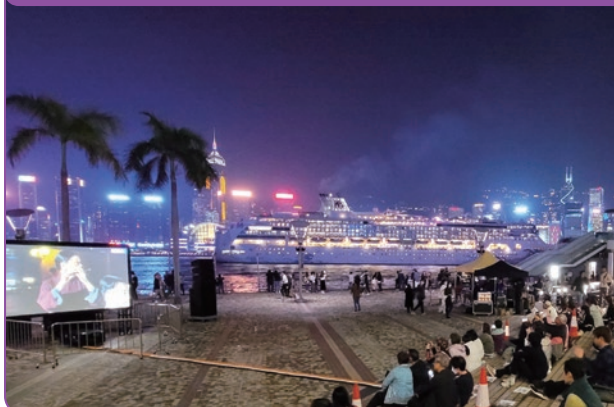
The Group recognises the importance of fostering a family-friendly arrangement internally. In 2023, the Group has implemented various initiatives to promote family-friendly practices, including the Ocean Park Fun Bash 2023, volunteer works and family discounts for employees.

Furthermore, the Group rigorously complies with all relevant local legislation and specific regulations concerning working hours in the jurisdictions where it operates. These include adhering to the laws that govern working hours to safeguard the well-being and rights of employees. Through upholding its high standards embedded in the applicable laws, the Group fosters a respectful and inclusive working environment that values diversity and offers equal opportunities for all its employees.

### Community Investments

#### Addressing the Challenges of Today

### Collaboration with Hong Kong Chinese Orchestra on 5G Live Broadcast



In March 2023, the Group collaborated with the Hong Kong Chinese Orchestra ("HKCO") and Resorts World Cruises to accomplish a remarkable feat by hosting Hong Kong's inaugural 5G live broadcast concert from a cruise ship at Victoria Harbour as a 5G strategic partner. This groundbreaking event demonstrated the impressive capabilities of the Group's 5G network, characterised by its exceptional speed and minimal latency. The concert provided audiences in Hong Kong and across the globe with a seamless and high-definition live broadcast experience, effectively showcasing the vast potential and versatility of 5G technology in various scenarios.

Art Basel Hong Kong 2023



The Group actively participated in Art Basel Hong Kong for the second consecutive year. As an Official Partner of the exhibition, the Group offered dedicated 5G mobile broadband services and technical support to exhibitors in the halls through its robust 5G network in Hong Kong, contributing to the success of the event. With Hong Kong now welcoming visitors from around the world and strengthening its connections with mainland China, the government has launched the “Hello Hong Kong”, a large-scale worldwide promotional campaign to attract global tourists. As an Official Partner of Art Basel Hong Kong, the Group not only provides 5G mobile broadband services and technical support but also helps showcase Hong Kong’s new attractions, developments and opportunities as a thriving international metropolis.

Community Contributions

The Group aims to establish enduring partnership with local communities and charitable organisations through its engagement in mutually beneficial programmes. It also promotes employee participation in volunteer work. To ensure good corporate governance, donations and contributions are made in accordance with the Group’s internal compliance guidelines and controls to safeguard the interests of stakeholders. Throughout 2023, the Group made charitable donations totalling HK\$8.3 million through a wide range of outreach initiatives encompassing various areas such as education, youth engagement and support for the elderly, benefiting community projects in Hong Kong and Macau.

The Group was awarded the prestigious “Caring Company” designation from the Hong Kong Council of Social Service for many consecutive years in recognition of its accomplishments in social responsibility. The Group remains dedicated to establishing a sustainable community.



■ A staff member volunteers his free time to help cultivate a better community.



■ Employees are encouraged to take part in voluntary work and serve the community.

Figure 12: Summary of the Group's contributions to various areas in communities

Focus Area	Activities
Cultural	<ul style="list-style-type: none"> <li>Supported HKCO for a 5G live broadcast concert from a cruise ship at Victoria Harbour.</li> <li>Awarded nomination by HKCO for Arts Sponsorship by Hong Kong Arts Development Council, recognising the Group's active sponsorship in art events and development in Hong Kong.</li> <li>Supported the Hong Kong Drum Festival's 5G live broadcast concert and promoted the drum carnival by sending MMS to customers of the Group, organised by HKCO.</li> <li>Supported Art Basel Hong Kong 2023 as an Official Partner by providing 5G mobile broadband services and technical support.</li> </ul>
Cyber Security	<ul style="list-style-type: none"> <li>Collaborated with OFCA and the Hong Kong Police Force to combat phone scams by offering comprehensive mobile security services including the "Incoming Calls Management Pack" which comprises "Anti-scam" and "Call Block" value-added services to assist customers to identify and block scam and nuisance calls.</li> </ul>
Digital Inclusion	<ul style="list-style-type: none"> <li>Supported the Victim-for-Victim Project organised by the Tung Wah Group of Hospitals by providing 12-month free mobile service to project members. Workshops were also provided to help members learn the practical skills of using smartphones and mobile applications.</li> <li>Offered a wide range of services including Lo-Yau-Kee Monthly Service Plans Sponsorship, "Safety Phones" and data service sponsorships to the elderly to cater to different needs.</li> <li>Conducted a "Mobile Application Workshop" for senior members of the Neighbourhood Elderly Centre of Yan Chai Hospital, teaching them to use mobile applications and providing them with smart anti-fraud tips.</li> <li>Offered free "Incoming Calls Management Pack" for customers aged 65 years or above.</li> </ul>
Education	<ul style="list-style-type: none"> <li>Supported a capstone project from the University of Hong Kong focusing on exploring potential business and customer insights about AI and Machine Learning.</li> <li>Supported an art exhibition organised by Pui Tak Canossian College at the Hong Kong Polytechnic University. The exhibition showcased art pieces, fashion designs and STEM projects designed by students.</li> <li>Organised a student visit and workshop for the Hong Kong General Chamber of Commerce's Business-School Partnership Programme.</li> <li>Supported Principal Chan Free Tutorial World's Flag Day to recruit volunteers and raise fund for underprivileged students.</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>Organised VeggieLab, an organic farming project on the roof garden of the Group's headquarters, for two consecutive years to promote biodiversity conservation and sustainable farming.</li> <li>Organised the Herb and Edible Flower Cultivation Workshop to promote green office.</li> <li>Painted a mural for a service centre of Yan Chai Hospital.</li> </ul>
Health-related	<ul style="list-style-type: none"> <li>Supported and took part in a charity walk and carnival organised by Suicide Prevention Services.</li> </ul>
Underprivileged	<ul style="list-style-type: none"> <li>Supported Haven of Hope Christian Service in Qile Charity Sale to raise fund for elderly services.</li> <li>Participated in The Community Chest of Hong Kong in various events including "Love Teeth Day 2023" to raise funds for various supporting services for the underprivileged.</li> <li>Launched the Mask Collection programme and donated masks to Hong Kong Sheng Kung Hui Welfare Council to benefit the underprivileged.</li> </ul>



## Environmental KPIs

	Unit	2021	2022	2023
<b>GHG emissions <sup>(1)(2)</sup></b>				
Total scope 1 + 2 GHG emissions (location-based)	tonne CO <sub>2</sub> e	101,577	106,049	109,598
Total scope 1 + 2 GHG emissions (market-based)	tonne CO <sub>2</sub> e	73,521	78,448	80,424
Scope 1 GHG emissions <sup>(3)</sup>	tonne CO <sub>2</sub> e	2,294	1,797	1,394
Scope 2 GHG emissions (location-based)	tonne CO <sub>2</sub> e	99,283	104,252	108,204
Scope 2 GHG emissions (market-based)	tonne CO <sub>2</sub> e	71,227	76,651	79,030
Total scope 1 + 2 GHG emissions (location-based) intensity	tonne CO <sub>2</sub> e/revenue HK\$'000	0.019	0.022	0.022
Total scope 1 + 2 GHG emissions (market-based) intensity	tonne CO <sub>2</sub> e/revenue HK\$'000	0.014	0.016	0.016
Scope 1 GHG emissions intensity	tonne CO <sub>2</sub> e/revenue HK\$'000	0.000	0.000	0.000
Scope 2 GHG emissions (location-based) intensity	tonne CO <sub>2</sub> e/revenue HK\$'000	0.018	0.021	0.022
Scope 2 GHG emissions (market-based) intensity	tonne CO <sub>2</sub> e/revenue HK\$'000	0.013	0.016	0.016
<b>Use of energy <sup>(1)(2)</sup></b>				
Total energy consumption	'000 kwh	149,304	163,135	169,527
Direct energy consumption	'000 kwh	177	165	182
Diesel/Gasoline/Petrol <sup>(4)</sup>	'000 kwh	177	165	182
Indirect energy consumption	'000 kwh	149,127	162,970	169,345
Electricity	'000 kwh	149,127	162,970	169,345
Total energy consumption intensity	kwh/revenue HK\$'000	27.73	33.41	34.62
Direct energy consumption intensity	kwh/revenue HK\$'000	0.03	0.03	0.03
Indirect energy consumption intensity	kwh/revenue HK\$'000	27.70	33.38	34.59
<b>Air emissions</b>				
NOx emissions	tonne	0.02	0.03	0.02
SOx emissions	tonne	0.00	0.00	0.00
Particulate matter emissions	tonne	0.00	0.00	0.00
<b>Waste Produced</b>				
Total hazardous waste produced <sup>(5)</sup>	tonne	65	34	72
Total hazardous waste produced intensity	kg/revenue HK\$'000	0.01	0.01	0.01
Total non-hazardous waste produced	tonne	51	42	39
Total non-hazardous waste produced intensity	kg/revenue HK\$'000	0.01	0.01	0.01
Total waste recycled	tonne	1,776	827	388
<b>Use of water</b>				
Water consumption	m <sup>3</sup>	3,144	3,780	3,754
Water consumption intensity	m <sup>3</sup> /revenue HK\$'000	0.001	0.001	0.001
<b>Packaging material <sup>(6)</sup></b>				
Total packaging material used for finished products	tonne	18.00	6.24	23.22
Plastic	tonne	17.22	5.68	21.43
Paper	tonne	0.78	0.44	1.34
Metal	tonne	-	0.12	0.46
Packaging material intensity	tonne/product '000	0.007	0.004	0.004

## Notes:

- (1) The calculation of location-based emissions and energy consumption has adopted emission factors published by International Energy Agency for the year ended 31 December 2023.
- (2) The Group has incorporated the calculation of market-based emissions and energy consumption by adopting emission factors sourced from energy providers as documented in their 2022 sustainability reports.
- (3) The reduction in scope 1 emissions was mainly driven by the reduction in refrigerant disposal, such variance is considered as normal fluctuation since the disposal of refrigerant is dependent on the decommissioning of air-conditioning equipment.
- (4) The increase in gasoline and fuel consumption was driven by the recovery of business activities (i.e. physical meetings, site visits) after pandemic.
- (5) The increment in hazardous waste was mainly driven by the increase in battery waste, such variance is considered as normal fluctuation since the disposal of batteries is irregularly scheduled.
- (6) The increment in packaging material used for finished products was mainly driven by an increase in sales generated at retail shops.

## Social KPIs

		2021	2022	2023
<b>Number of employees</b>				
Total		1,045	1,155	1,240
By employment type	Full-time	972	1,066	1,157
	Part-time	73	89	83
<b>Number of full-time employees</b>				
By gender	Male	560	645	687
	Female	412	421	470
By employee category	Manager grade or above	109	105	118
	General staff	863	961	1,039
By age group	Under 30	149	160	174
	30-49	642	678	706
	50 or above	181	228	277
By geographical region	Hong Kong	879	966	1,061
	Mainland China	100	100	96
<b>Turnover rate for full-time employees</b>				
Overall		38%	42%	32%
By gender	Male	45%	43%	33%
	Female	29%	42%	31%
By age group	Under 30	63%	76%	49%
	30-49	40%	41%	34%
	50 or above	13%	23%	17%
By geographical region	Hong Kong	42%	45%	34%
	Mainland China	10%	14%	17%
<b>Work-related fatalities</b>				
Number of work-related fatalities		-	-	-
By employee type	Full-time employees	-	-	-
	Contractors	-	-	-
Rate of work-related fatalities		-	-	-
<b>Lost days due to work injury <sup>(7)</sup></b>				
Number of lost days due to work injury		222	182	72
Number of lost time injury incidents		3	3	2
<b>Percentage of full-time employees who received training <sup>(8)</sup></b>				
Overall		95%	87%	89%
<b>Percentage of full-time employees who received training among total trained full-time employees</b>				
By gender	Male	60%	60%	60%
	Female	40%	40%	40%
By employee category	Manager grade or above	9%	8%	9%
	General staff	91%	92%	91%

## Social KPIs (continued)

		2021	2022	2023
Average hours of training completed by full-time employees <sup>(9)</sup>				
Overall		21 hours	21 hours	22 hours
By gender	Male	17 hours	21 hours	25 hours
	Female	27 hours	20 hours	18 hours
By employee category	Manager grade or above	6 hours	6 hours	19 hours
	General staff	22 hours	22 hours	22 hours
Number of suppliers				
Total		736	716	724
By geographical region	Hong Kong	382	332	379
	Mainland China	333	362	327
	Europe	6	8	6
	Canada	-	-	-
	Asia, Australia & Others	15	14	12
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	N/A
Services related		9,455	10,544	11,475
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				
Total		878	1,070	1,135
By employment type	Full-time	855	1,002	1,084
	Part-time	23	68	51
Percentage of full-time and part-time employees who received training on anti-corruption/ethics and integrity		84%	93%	92%
Number of training hours on anti-corruption/ethics and integrity completed by full-time and part-time employees				
Total		293	357	378
By employment type	Full-time	285	334	361
	Part-time	8	23	17

## Notes:

- (7) Only 1 work injury case (contributing to 42 days) occurred in Hong Kong in 2023 while 3 cases (contributing 182 days) in 2022. In Macau, there was 1 injury case contributing to 30 days.
- (8) The Group has restated its percentage of full-time employees who received training for 2021 and 2022 as a result of the change in calculation methodology and reporting basis.
- (9) The Group has restated its average hours of training completed by full-time employees for 2021 and 2022 as a result of the change in calculation methodology and reporting basis.

## 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				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect A1: Emissions</b>				
General Disclosure	3-3 Management of material topics	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.	Environment	<ul style="list-style-type: none"> <li>• Sustainability Policy ↔</li> <li>• Environmental Policy ↔</li> <li>• Supplier Code of Conduct ↔</li> <li>• Biodiversity Policy ↔</li> </ul> <p>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 GHG, discharges into water and land, and generation of hazardous and non-hazardous waste during the year.</p>
KPI A1.1	305-4 GHG emissions intensity	The types of emissions and respective emissions data.	Environmental KPIs	
KPI A1.2	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs	
KPI A1.3	306-3 Waste generated	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs	
KPI A1.4		Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental KPIs	
KPI A1.5	305-5 Reduction of GHG emissions	Description of emission target(s) set and steps taken to achieve them.	Environment › Decarbonisation › Medium and Long-term Targets	
KPI A1.6	306-2 Management of significant waste-related impacts	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environment › Circular Economy Environment › Decarbonisation › Medium and Long-term Targets	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.
<b>Aspect A2: Use of Resources</b>				
General Disclosure	3-3 Management of material topics	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment › Biodiversity Protection	<ul style="list-style-type: none"> <li>• Sustainability Policy ↔</li> <li>• Environmental Policy ↔</li> <li>• Supplier Code of Conduct ↔</li> <li>• Biodiversity Policy ↔</li> </ul>

Environmental (continued)				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect A2: Use of Resources</b>				
KPI A2.1	302-1 Energy consumption within the organisation 302-2 Energy consumption outside of the organisation	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs	
KPI A2.2	303-5 Water consumption	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental KPIs	
KPI A2.3	302-4 Reduction of energy consumption	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment › Climate Action Environment › Decarbonisation	
KPI A2.4	303-1 Interactions with water as a shared resource	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.	Environment › Biodiversity Protection	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.
KPI A2.5	301-1 Materials used by weight or volume	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental KPIs	The Group is primarily engaged in provision of mobile telecommunications and other related services and is committed to promoting a circular economy.
<b>Aspect A3: The Environment and Natural Resources</b>				
General Disclosure	3-3 Management of material topics	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment › Biodiversity Protection	<ul style="list-style-type: none"> <li>• Sustainability Policy ↔</li> <li>• Environmental Policy ↔</li> <li>• Supplier Code of Conduct ↔</li> <li>• Biodiversity Policy ↔</li> </ul>
KPI A3.1	304-2 Significant impacts of activities, products and services on biodiversity	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment › Biodiversity Protection Sustainable Business Model & Innovation › Sustainable Product Choices	
<b>Aspect A4: Climate Change</b>				
General Disclosure	3-3 Management of material topics	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment › Decarbonisation Environment › Climate Action	<ul style="list-style-type: none"> <li>• Sustainability Policy ↔</li> <li>• Environmental Policy ↔</li> <li>• Supplier Code of Conduct ↔</li> <li>• Biodiversity Policy ↔</li> </ul>
KPI A4.1	201-2 Financial implications and other risks and opportunities due to climate change	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Sustainable Business Model & Innovation › Climate-related Risks and Opportunities	

Social				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect B1: Employment</b>				
General Disclosure	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	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.	Social › Talent Attraction › Employment Conditions and Benefits  Social › Inclusion and Diversity	<ul style="list-style-type: none"> <li>Code of Ethics ⇄</li> </ul> <p>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.</p>
KPI B1.1	405-1 Diversity of governance bodies and employees	Total workforce by gender, employment type, age group and geographical region.	Social KPIs	
KPI B1.2	401-1 New employee hires and employee turnover	Employee turnover rate by gender, age group and geographical region.	Social KPIs	
<b>Aspect B2: Health and Safety</b>				
General Disclosure	403-1 Occupational health and safety management system	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.	Social › Health, Safety and Wellbeing	<ul style="list-style-type: none"> <li>Health and Safety Policy ⇄</li> </ul> <p>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.</p>
KPI B2.1	403-10 Work-related ill health	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social KPIs	No such case reported in each of the past three years including the reporting year
KPI B2.2	403-9 Work-related injuries	Lost days due to work injury.	Social KPIs	
KPI B2.3	403-3 Occupational health services	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social › Health, Safety and Wellbeing	<ul style="list-style-type: none"> <li>Health and Safety Policy ⇄</li> </ul>

Social (continued)				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect B3: Development and Training</b>				
General Disclosure	404-2 Programs for upgrading employee skills and transition assistance programs	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social › Talent Attraction › Growth Opportunities for Young Talents Social › Learning and Development	
KP1 B3.1	404-3 Percentage of employees receiving regular performance and career development reviews	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social KPIs	
KP1 B3.2	404-1 Average hours of training per year per employee	The average training hours completed per employee by gender and employee category.	Social KPIs	
<b>Aspect B4: Labour Standards</b>				
General Disclosure	3-3 Management of material topics	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.	Governance › Labour and Human Rights	<ul style="list-style-type: none"> <li>Human Rights Policy ↔</li> <li>Modern Slavery and Human Trafficking Statement ↔</li> <li>Supplier Code of Conduct ↔</li> <li>Code of Ethics ↔</li> </ul> <p>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.</p>
KP1 B4.1	3-3 Management of material topics	Description of measures to review employment practices to avoid child and forced labour.	Governance › Labour and Human Rights Governance › Internal Control Framework	
KP1 B4.2	3-3 Management of material topics	Description of steps taken to eliminate such practices when discovered.	Governance › Labour and Human Rights Governance › Internal Control Framework › Whistleblowing	
<b>Aspect B5: Supply Chain Management</b>				
General Disclosure	3-3 Management of material topics	Policies on managing environmental and social risks of the supply chain.	Governance › Supply Chain Responsibility › Supplier Code of Conduct	<ul style="list-style-type: none"> <li>Human Rights Policy ↔</li> <li>Modern Slavery and Human Trafficking Statement ↔</li> <li>Supplier Code of Conduct ↔</li> </ul>
KP1 B5.1		Number of suppliers by geographical region.	Social KPIs	
KP1 B5.2	308-2 Negative environmental impacts in the supply chain and actions taken	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Governance › Supply Chain Responsibility › Supplier Code of Conduct	<ul style="list-style-type: none"> <li>Purchasing Policy</li> <li>Business Partner Evaluation Policy</li> <li>Policy on Appointment of Third Party Representatives ↔</li> </ul>

Social (continued)				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect B5: Supply Chain Management</b>				
KP1 B5.3	308-1 New suppliers that were screened using environmental criteria 414-1 New suppliers that were screened using social criteria	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Governance › Supply Chain Responsibility › Supplier Code of Conduct	
KP1 B5.4	3-3 Management of material topics	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Governance › Supply Chain Responsibility › Supplier Code of Conduct	
<b>Aspect B6: Product Responsibility</b>				
General Disclosure	3-3 Management of material topics	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.	Governance › Data Privacy and Cyber Security	<ul style="list-style-type: none"> <li>Code of Ethics ↔</li> <li>Policy on Personal Data Governance ↔</li> </ul> <p>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.</p>
KP1 B6.1	416-1 Assessment of the health and safety impacts of product and service categories	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social KPIs	
KP1 B6.2	416-1 Assessment of the health and safety impacts of product and service categories	Number of products and service-related complaints received and how they are dealt with.	Social KPIs	
KP1 B6.3	3-3 Management of material topics	Description of practices relating to observing and protecting intellectual property rights.	Governance › Internal Control Framework › The Code of Ethics	<ul style="list-style-type: none"> <li>Code of Ethics ↔</li> </ul> <p>The Group has appropriate mechanisms and procedures which monitor issues relating to the observation and protection of intellectual property rights.</p>
KP1 B6.4	3-3 Management of material topics	Description of quality assurance process and recall procedures.	Sustainable Business Model & Innovation › Service Excellence	
KP1 B6.5	3-3 Management of material topics	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Governance › Data Privacy and Cyber Security	<ul style="list-style-type: none"> <li>Information Security Policy ↔</li> <li>Policy on Personal Data Governance ↔</li> </ul>



Social (continued)				
Subject Areas, Aspects, General Disclosures and KPIs	Corresponding GRI Reference	Topic	Reporting Section	Remarks and Relevant Policies
<b>Aspect B7: Anti-corruption</b>				
General Disclosure	3-3 Management of material topics	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.	Governance › Internal Control Framework	<ul style="list-style-type: none"> <li>Code of Ethics ↔</li> <li>Anti-Fraud and Anti-Bribery Policy ↔</li> <li>Policy on Appointment of Third Party Representatives ↔</li> </ul> <p>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.</p>
KPI B7.1	205-3 Confirmed incidents of corruption and actions taken	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.	Social KPIs	No such case reported in each of the past three years including the reporting year.
KPI B7.2	205-3 Confirmed incidents of corruption and actions taken	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Governance › Internal Control Framework	<ul style="list-style-type: none"> <li>Whistleblowing Policy ↔</li> </ul>
KPI B7.3	205-2 Communication and training about anti-corruption policies and procedures	Description of anti-corruption training provided to directors and staff.	Governance › Internal Control Framework Performance Highlight	
<b>Aspect B8: Community Investment</b>				
General Disclosure	413-1 Operations with local community engagement, impact assessments, and development programs	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.	Social › Community Investments	<ul style="list-style-type: none"> <li>Sustainability Policy ↔</li> <li>Biodiversity Policy ↔</li> </ul>
KPI B8.1	203-2 Significant indirect economic impacts	Focus areas of contribution.	Social › Community Investments › Community Contributions Sustainable Business Model & Innovation › Digital Inclusion Sustainable Business Model & Innovation › Climate Resilient Business	
KPI B8.2	201-1 Direct economic value generated and distributed 203-1 Infrastructure investments and services supported	Resources contributed to the focus area.	Social › Community Investments › Community Contributions Sustainable Business Model & Innovation › Digital Inclusion Sustainable Business Model & Innovation › Climate Resilient Business	

# 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 142 to 199, comprise:

- the consolidated and Company statements of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, and of its consolidated loss and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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
<p><b>Goodwill</b></p> <p><i>Refer to note 14 to the consolidated financial statements</i></p> <p>As at 31 December 2023, the Group had goodwill amounted to HK\$2,155 million.</p> <p>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.</p> <p>Based on the result of the impairment assessment conducted, the Group determined that there is sufficient headroom and therefore there is no impairment of goodwill. This conclusion is based on the recoverable amount exceeding the book amount of the cash generating units including goodwill and telecommunications related assets.</p> <p>The significant assumptions are disclosed in note 14 to the consolidated financial statements.</p>	<p>The procedures to evaluate the Group's assessments of goodwill included:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Assessing the appropriateness of the valuation methodologies used;</li> <li>• Assessing the reasonableness of key assumptions used in the estimation of recoverable amount based on our knowledge of the business and industry and with the involvement of our valuation specialists;</li> <li>• 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</li> <li>• Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amount, where we flexed the growth rates and discount rate as these are the key assumptions to which the calculation are most sensitive to.</li> </ul> <p>We found the assumptions adopted in relation to the impairment assessment to be supportable and reasonable based on available evidence.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition</b></p> <p><i>Refer to note 5 to the consolidated financial statements</i></p> <p>The Group recognised revenue of HK\$4,896 million from the provisions of mobile telecommunications and other related services and from the sales of telecommunications hardware and other products during the year ended 31 December 2023.</p> <p>Significant effort was spent in auditing the revenue recognised by the Group because of the large volume of transactions, the complexity of the systems and the frequent changes in tariff structure.</p>	<p>The procedures performed in addressing the risk around the accuracy of revenue recognised included:</p> <ul style="list-style-type: none"> <li>• Testing the IT environment in which billing and other relevant support systems reside;</li> <li>• Obtaining an understanding and evaluating the internal controls, and testing the key controls over revenue recognition; and</li> <li>• Testing a sample of revenue transactions recorded to the respective customer contracts, underlying invoices and cash receipts.</li> </ul> <p>We found the revenue recorded to be supportable by the available evidence.</p>

## 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 IFRS Accounting Standards 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, 5 March 2024

# Consolidated Income Statement

For the year ended 31 December 2023

	Note	2023 HK\$ million	2022 HK\$ million
Revenue	5	4,896	4,882
Cost of inventories sold		(1,340)	(1,571)
Staff costs	7	(368)	(336)
Expensed customer acquisition and retention costs		(58)	(42)
Depreciation and amortisation		(1,481)	(1,456)
Other operating expenses	8	(1,735)	(1,571)
		(86)	(94)
Interest and other finance income	9	196	66
Interest and other finance costs	9	(80)	(77)
Share of result of a joint venture	21	(4)	(4)
<b>Profit/(loss) before taxation</b>		<b>26</b>	<b>(109)</b>
Taxation	10	(78)	(49)
<b>Loss for the year</b>		<b>(52)</b>	<b>(158)</b>
<b>Loss per share attributable to shareholders of the Company (expressed in HK cents per share):</b>			
- basic and diluted	11	(1.08)	(3.28)

Details of 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 2023

	2023 HK\$ million	2022 HK\$ million
<b>Loss for the year</b>	<b>(52)</b>	(158)
<b>Other comprehensive income/(loss)</b>		
Item that will not be reclassified subsequently to income statement in subsequent periods:		
- Remeasurements of defined benefit plans	3	(27)
Item that may be reclassified subsequently to income statement in subsequent periods:		
- Cumulative translation adjustments released upon de-registration of a subsidiary	(1)	-
<b>Total comprehensive loss for the year attributable to shareholders of the Company, net of tax</b>	<b>(50)</b>	(185)

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



# Consolidated Statement of Financial Position

At 31 December 2023

	Note	2023 HK\$ million	2022 HK\$ million
<b>Non-current assets</b>			
Property, plant and equipment	13	2,983	3,007
Goodwill	14	2,155	2,155
Telecommunications licences	15	3,284	3,663
Right-of-use assets	16	512	491
Customer acquisition and retention costs	17	168	189
Contract assets	18	149	152
Other non-current assets	19	354	361
Deferred tax assets	20	1	4
Investment in a joint venture	21	109	157
<b>Total non-current assets</b>		<b>9,715</b>	<b>10,179</b>
<b>Current assets</b>			
Cash and cash equivalents	22	1,910	3,087
Short-term bank deposits with original maturity beyond 3 months	22	1,774	613
Trade receivables and other current assets	23	889	784
Contract assets	18	169	193
Inventories	24	103	100
<b>Total current assets</b>		<b>4,845</b>	<b>4,777</b>
<b>Current liabilities</b>			
Trade and other payables	25	1,637	1,649
Contract liabilities	26	212	162
Lease liabilities	27	312	305
Current income tax liabilities		2	1
<b>Total current liabilities</b>		<b>2,163</b>	<b>2,117</b>
<b>Non-current liabilities</b>			
Lease liabilities	27	170	151
Deferred tax liabilities	20	120	48
Other non-current liabilities	28	2,249	2,371
<b>Total non-current liabilities</b>		<b>2,539</b>	<b>2,570</b>
<b>Net assets</b>		<b>9,858</b>	<b>10,269</b>
<b>Capital and reserves</b>			
Share capital	29	1,205	1,205
Reserves	30	8,653	9,064
<b>Total equity</b>		<b>9,858</b>	<b>10,269</b>

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 2023

	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
<b>At 1 January 2023</b>	<b>1,205</b>	<b>11,185</b>	<b>(2,071)</b>	<b>1</b>	<b>238</b>	<b>(289)</b>	<b>10,269</b>
Loss for the year	-	-	(52)	-	-	-	(52)
Other comprehensive income/(loss):							
Remeasurements of defined benefit plans	-	-	-	-	3	-	3
Cumulative translation adjustments released upon de-registration of a subsidiary	-	-	-	(1)	-	-	(1)
Total comprehensive (loss)/income, net of tax	-	-	(52)	(1)	3	-	(50)
Dividend paid	-	-	(361)	-	-	-	(361)
Transfer between reserves	-	-	1	-	-	(1)	-
<b>At 31 December 2023</b>	<b>1,205</b>	<b>11,185</b>	<b>(2,483)</b>	<b>-</b>	<b>241</b>	<b>(290)</b>	<b>9,858</b>
<b>At 1 January 2022</b>	<b>1,205</b>	<b>11,185</b>	<b>(1,552)</b>	<b>1</b>	<b>265</b>	<b>(289)</b>	<b>10,815</b>
Loss for the year	-	-	(158)	-	-	-	(158)
Other comprehensive loss:							
Remeasurements of defined benefit plans	-	-	-	-	(27)	-	(27)
Total comprehensive loss, net of tax	-	-	(158)	-	(27)	-	(185)
Dividend paid	-	-	(361)	-	-	-	(361)
<b>At 31 December 2022</b>	<b>1,205</b>	<b>11,185</b>	<b>(2,071)</b>	<b>1</b>	<b>238</b>	<b>(289)</b>	<b>10,269</b>

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

# Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Note	2023 HK\$ million	2022 HK\$ million
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	1,152	1,148
Interest and other finance costs paid		(23)	(19)
Tax paid		(2)	-
<b>Net cash from operating activities</b>		<b>1,127</b>	<b>1,129</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(481)	(496)
Additions to telecommunications licences	15	-	(138)
Payments for short-term bank deposits with original maturity beyond 3 months		(2,976)	(1,456)
Proceeds from maturity of short-term bank deposits with original maturity beyond 3 months		1,815	3,404
Interest received		162	39
Loan to a joint venture		(63)	(46)
<b>Net cash (used in)/from investing activities</b>		<b>(1,543)</b>	<b>1,307</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	27	(400)	(402)
Dividends paid		(361)	(361)
<b>Net cash used in financing activities</b>		<b>(761)</b>	<b>(763)</b>
(Decrease)/increase in cash and cash equivalents		(1,177)	1,673
Cash and cash equivalents at 1 January		3,087	1,414
<b>Cash and cash equivalents at 31 December</b>	22	<b>1,910</b>	<b>3,087</b>

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 142 to 199 were approved for issuance by the Board of Directors on 5 March 2024.

## 2 Material Accounting Policies

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

### (a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS Accounting Standards 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 Accounting Standards 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.

### (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 2023:

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

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

## 2 Material Accounting Policies (continued)

### (c) Amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2023:

IAS 1 (Amendments) <sup>(i)</sup>	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) <sup>(i)</sup>	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments) <sup>(ii)</sup>	Supplier Finance Arrangements
IAS 21 (Amendments) <sup>(ii)</sup>	Lack of Exchangeability
IFRS 10 and IAS 28 (Amendments) <sup>(iii)</sup>	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) <sup>(i)</sup>	Lease Liability in a Sale and Leaseback

(i) Effective for annual periods beginning on or after 1 January 2024

(ii) Effective for annual periods beginning on or after 1 January 2025

(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 amendments to existing standards upon initial application.

### (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.

## 2 Material Accounting Policies (Continued)

### (d) Subsidiaries (Continued)

#### (i) Consolidation (Continued)

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.

### (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.

## 2 Material Accounting Policies (continued)

### (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.

#### (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.

## 2 Material Accounting Policies (continued)

### (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	4 - 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.

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.



## 2 Material Accounting Policies (continued)

### (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.

### (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 of disposal 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.

## 2 Material Accounting Policies (continued)

### (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 Material Accounting Policies (continued)

### (o) 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)).

### (p) 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.

### (q) 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.

### (r) 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.

### (s) 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 Material Accounting Policies (continued)

### (t) 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.

### (u) 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 Material Accounting Policies (continued)

### (v) 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 Material Accounting Policies (continued)

### (w) 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(r)).

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 provisions of mobile telecommunications services and sales 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/other product 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(p)).

#### Financing components

The Group does not expect to have any contracts where the period between the provisions 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 Material Accounting Policies (continued)

### (x) 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 Material Accounting Policies (continued)

### (X) 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.

## 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.



### 3 Financial Risk Management (Continued)

#### (a) Financial risk factors (Continued)

##### (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, trade and other receivables, and trade and other payables denominated in United States dollars ("US\$"), Euro ("EURO") and British pounds ("GBP"). 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\$.

	2023 HK\$ million	2022 HK\$ million
US\$	170	(48)
EURO	(21)	(32)
GBP	9	14
Total net exposure: net assets/(liabilities)	158	(66)

As at 31 December, a 5% strengthening/weakening of the currencies of the above assets and liabilities against HK\$ would have decreased/increased (2022: increased/decreased) post-tax loss for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2023 HK\$ million	2022 HK\$ million
US\$	9	(2)
EURO	(1)	(1)
GBP	-	1
	8	(2)

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 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:

	2023 HK\$ million	2022 HK\$ million
Cash at banks and short-term bank deposits	3,627	3,542
Loan to a joint venture (Note 21)	172	214
	3,799	3,756

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 ("HIBOR") plus 3% per annum (2022: Same).

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax loss for 2023 and 2022 would have decreased by HK\$38 million and HK\$37 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:

	<b>2023</b> HK\$ million	2022 HK\$ million
Cash and bank balances (Note 22)	<b>3,684</b>	3,700
Trade and other receivables (Note 23)	<b>481</b>	393
Contract assets (Note 18)	<b>318</b>	345
Current and non-current deposits	<b>126</b>	119
Loan to a joint venture (Note 21)	<b>172</b>	214
	<b>4,781</b>	4,771

### 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 provisions of mobile telecommunications and other related services and the 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 the debtors over a period of 24 months before 31 December 2023 or 31 December 2022 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 macroeconomic factors affecting 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 2023 and 2022 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 2023:						
Not yet due	3% - 4%	168	5	4%	333	15
Past due 1 - 30 days	6% - 11%	104	4			
Past due 31 - 60 days	12% - 20%	31	4			
Past due 61 - 180 days	20% - 33%	49	12			
Past due over 180 days	29% - 33%	81	31			
		433	56			

	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 2022:						
Not yet due	3%	126	4	3%	355	10
Past due 1 - 30 days	5% - 12%	87	6			
Past due 31 - 60 days	11% - 24%	25	4			
Past due 61 - 180 days	21% - 42%	51	12			
Past due over 180 days	31% - 42%	86	31			
		375	57			

### 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	
	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million
At 1 January	57	41	10	4
Increase in provision recognised in the consolidated income statement	43	58	6	8
Amounts recovered in respect of brought forward balance	(24)	(24)	(1)	(2)
Write-off during the year	(20)	(18)	-	-
At 31 December	56	57	15	10

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
<b>At 31 December 2023</b>							
Trade payables (Note 25)	174	174	174	174	-	-	-
Other payables and accruals (Note 25)	1,114	275	275	275	-	-	-
Licence fees liabilities (Notes 25 and 28(a))	2,166	2,166	2,515	186	191	600	1,538
Lease liabilities (Note 27)	482	482	496	316	152	27	1
	<b>3,936</b>	<b>3,097</b>	<b>3,460</b>	<b>951</b>	<b>343</b>	<b>627</b>	<b>1,539</b>
	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
<b>At 31 December 2022</b>							
Trade payables (Note 25)	197	197	197	197	-	-	-
Other payables and accruals (Note 25)	1,149	295	295	295	-	-	-
Licence fees liabilities (Notes 25 and 28(a))	2,257	2,257	2,661	146	186	586	1,743
Lease liabilities (Note 27)	456	456	463	308	124	31	-
	<b>4,059</b>	<b>3,205</b>	<b>3,616</b>	<b>946</b>	<b>310</b>	<b>617</b>	<b>1,743</b>

### 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 2023, the carrying amount of the mobile telecommunications infrastructure and network equipment was HK\$2,220 million (2022: HK\$2,277 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, non-financial assets are grouped and tested for impairment at the respective CGUs or group of CGUs and the recoverable amount of the CGUs or group of CGUs is estimated in order to determine the extent of the impairment loss, if any.

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

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

### (d) Taxation

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

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

## 5 Revenue

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

	2023 HK\$ million	2022 HK\$ million
Mobile telecommunications and other related services	3,531	3,278
Telecommunications hardware and other products	1,365	1,604
	<b>4,896</b>	4,882

### (a) Disaggregation of revenue

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

	2023 HK\$ million	2022 HK\$ million
Timing of revenue recognition:		
Over time	3,531	3,278
At a point in time	1,365	1,604
	<b>4,896</b>	4,882

### (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 2023 was HK\$2,899 million (2022: HK\$2,924 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2023 HK\$ million	2022 HK\$ million
Not later than 1 year	1,781	1,805
After 1 year but within 5 years	1,108	1,111
After 5 years	10	8
	<b>2,899</b>	2,924

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

	2023 HK\$ million	2022 HK\$ million
Wages and salaries	532	490
Pension costs		
- defined benefit plans	13	16
- defined contribution plans	9	9
Long service payments	2	-
	556	515
Less: - Amounts capitalised as property, plant and equipment	(124)	(114)
- Amounts capitalised as customer acquisition and retention costs	(64)	(65)
	368	336

### (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 a subsidiary of the Group and paid to the Company. The amounts paid to each director and the chief executive for 2023 and 2022 are as follows:

	2023					
	Director's fees HK\$ million	Basic salaries, allowances and benefits- in-kind <sup>(iv)</sup> 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 <sup>(i)</sup>	0.09	2.97	1.58	0.23	-	4.87
Lai Kai Ming, Dominic	0.07	-	-	-	-	0.07
Edith Shih	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia	0.07	-	-	-	-	0.07
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.09	2.97	1.58	0.23	-	5.87

## 7 Staff Costs (Continued)

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

	2022					
	Director's fees HK\$ million	Basic salaries, allowances and benefits-in-kind <sup>(iv)</sup> 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 <sup>(i)(ii)</sup>	0.09	2.96	1.44	0.22	-	4.71
Lai Kai Ming, Dominic <sup>(ii)</sup>	0.07	-	-	-	-	0.07
Edith Shih	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia <sup>(iii)</sup>	-	-	-	-	-	-
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
<b>Total</b>	<b>1.02</b>	<b>2.96</b>	<b>1.44</b>	<b>0.22</b>	<b>-</b>	<b>5.64</b>

- (i) Mr Koo Sing Fai is the chief executive whose emoluments have been shown in directors' emoluments above.
- (ii) 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 are not included in the amounts above.
- (iii) Appointed on 28 December 2022.
- (iv) 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:

	2023 Number of individual	2022 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:

	2023 HK\$ million	2022 HK\$ million
Basic salaries, allowances and benefits-in-kind	10	10
Bonuses	4	4
Provident fund contributions	1	1
	15	15

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

	2023 Number of individual	2022 Number of individual
HK\$2,000,001 - HK\$2,500,000	2	2
HK\$2,500,001 - HK\$3,000,000	1	2
HK\$3,000,001 - HK\$3,500,000	1	-
HK\$4,500,001 - HK\$5,000,000	1	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 2023 (2022: Nil).

## 8 Other Operating Expenses

	2023 HK\$ million	2022 HK\$ million
Cost of services provided <sup>(i)</sup>	1,571	1,454
General administrative and distribution costs	109	138
Expenses for short-term leases	32	30
Loss on disposals of property, plant and equipment	1	-
Auditors' remuneration	8	7
Loss allowance provision	24	40
Employment and other subsidies <sup>(ii)</sup>	(10)	(18)
Compensation income <sup>(iii)</sup>	-	(80)
<b>Total</b>	<b>1,735</b>	<b>1,571</b>

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

(ii) Benefits received from governments and other companies under employment and other support schemes.

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

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

	2023 HK\$ million	2022 HK\$ million
Interest and other finance income:		
Bank interest income	181	55
Interest income from a joint venture	15	11
	<b>196</b>	<b>66</b>
Interest and other finance costs:		
Notional interest accretion <sup>(i)</sup>	(71)	(68)
Guarantee and other finance fees	(9)	(9)
	<b>(80)</b>	<b>(77)</b>
<b>Interest and other finance income/(costs), net</b>	<b>116</b>	<b>(11)</b>

(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

	2023			2022		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	3	75	78	1	48	49

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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:

	2023 HK\$ million	2022 HK\$ million
Tax calculated at domestic rates	7	(15)
Income not subject to tax	(30)	(23)
Expenses not deductible for taxation purposes	79	85
Tax losses not recognised	2	-
Under-provision in prior years	20	2
<b>Total taxation charge</b>	<b>78</b>	<b>49</b>

The Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. It is not expected to have material impacts to the Group.

## 11 Loss per Share

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$52 million (2022: HK\$158 million) and on the weighted average number of 4,819,096,208 (2022: Same) ordinary shares in issue during the year.

The diluted loss per share for the year ended 31 December 2023 is the same as basic loss per share as there were no potential dilutive shares during the year (2022: Same).

## 12 Dividends

	2023 HK\$ million	2022 HK\$ million
Interim dividend, paid of 2.28 HK cents per share (2022: 2.28 HK cents per share)	110	110
Final dividend, proposed of 5.21 HK cents per share (2022: 5.21 HK cents per share)	251	251
	<b>361</b>	<b>361</b>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2023.

## 13 Property, Plant and Equipment

The movements of property, plant and equipment for the years ended 31 December 2023 and 2022 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 2023	87	5,253	2,402	253	7,995
Additions	-	194	101	186	481
Disposals/write-off	-	(182)	(175)	-	(357)
Transfer between categories	-	106	53	(159)	-
At 31 December 2023	<b>87</b>	<b>5,371</b>	<b>2,381</b>	<b>280</b>	<b>8,119</b>
Accumulated depreciation					
At 1 January 2023	26	2,976	1,986	-	4,988
Charge for the year	2	357	145	-	504
Disposals/write-off	-	(182)	(174)	-	(356)
At 31 December 2023	<b>28</b>	<b>3,151</b>	<b>1,957</b>	<b>-</b>	<b>5,136</b>
Net book value					
At 31 December 2023	<b>59</b>	<b>2,220</b>	<b>424</b>	<b>280</b>	<b>2,983</b>



## 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
<b>Cost</b>					
At 1 January 2022	87	5,270	2,315	330	8,002
Additions	-	211	105	180	496
Disposals/write-off	-	(412)	(91)	-	(503)
Transfer between categories	-	184	73	(257)	-
At 31 December 2022	87	5,253	2,402	253	7,995
<b>Accumulated depreciation</b>					
At 1 January 2022	24	3,046	1,931	-	5,001
Charge for the year	2	342	146	-	490
Disposals/write-off	-	(412)	(91)	-	(503)
At 31 December 2022	26	2,976	1,986	-	4,988
<b>Net book value</b>					
At 31 December 2022	61	2,277	416	253	3,007

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

## 14 Goodwill

	2023 HK\$ million	2022 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 the group of CGUs containing goodwill

Goodwill is allocated to the group 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. In accordance with the Group's accounting policy on asset impairment (Note 2(I)), the carrying value of goodwill was tested annually for impairment and when there is indication that it may be impaired.

In performing the impairment assessment, the carrying value of the group of CGUs (including goodwill and telecommunications licences) is compared with its recoverable amount. The recoverable amount of the group of CGUs is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period to 2028 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 calculation 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 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 of CGUs.
- (ii) The discount rate applied to cash flows of the group of CGUs is based on discount rate that 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 calculation is 11.0% (2022: 10.9%) per annum.

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the group of CGUs. The results of the tests undertaken as at 31 December 2023 indicated no impairment charge was necessary (2022: Same).

## 15 Telecommunications Licences

	HK\$ million
At 1 January 2022	
Cost	5,463
Accumulated amortisation	(1,563)
Net book value	3,900
Year ended 31 December 2022	
Opening net book value	3,900
Additions	138
Amortisation for the year	(375)
Closing net book value	3,663
At 31 December 2022	
Cost	5,601
Accumulated amortisation	(1,938)
Net book value	3,663
Year ended 31 December 2023	
Opening net book value	3,663
Amortisation for the year	(379)
Closing net book value	3,284
At 31 December 2023	
Cost	5,601
Accumulated amortisation	(2,317)
Net book value	3,284

During the year ended 31 December 2022, the Group acquired telecommunications licences of HK\$138 million following the bid of two blocks of 10 MHz spectrum at the 700 MHz band.

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

## 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.

	2023 HK\$ million	2022 HK\$ million
Network sites	416	439
Retail stores	52	45
Office	43	7
Warehouse	1	-
	<b>512</b>	<b>491</b>

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 2023 were HK\$426 million (2022: HK\$441 million) and HK\$7 million (2022: HK\$8 million) respectively.

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

	2023 HK\$ million	2022 HK\$ million
Network sites	363	377
Retail stores	29	28
Office	19	19
Warehouse	1	1
	<b>412</b>	<b>425</b>

## 17 Customer Acquisition and Retention Costs

	HK\$ million
At 1 January 2022	
Cost	325
Accumulated amortisation	(160)
Net book value	165
Year ended 31 December 2022	
Opening net book value	165
Additions	190
Amortisation for the year	(166)
Closing net book value	189
At 31 December 2022	
Cost	373
Accumulated amortisation	(184)
Net book value	189
Year ended 31 December 2023	
Opening net book value	189
Additions	165
Amortisation for the year	(186)
Closing net book value	168
At 31 December 2023	
Cost	386
Accumulated amortisation	(218)
Net book value	168

## 18 Contract Assets

	Non-current		Current		Total	
	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million
Contract assets	156	157	177	198	333	355
Less: Loss allowance provision (Note 3(a)(iii))	(7)	(5)	(8)	(5)	(15)	(10)
Contract assets, net of provision	149	152	169	193	318	345

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

	2023 HK\$ million	2022 HK\$ million
Prepayments	274	287
Non-current deposits	34	30
Pension assets (Note 34(a))	46	44
	<b>354</b>	<b>361</b>

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

## 20 Deferred Tax Assets and Liabilities

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 following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2023 HK\$ million	2022 HK\$ million
Deferred tax assets	1	4
Deferred tax liabilities	(120)	(48)
Net deferred tax liabilities	<b>(119)</b>	<b>(44)</b>

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 2022	(137)	140	1	4
Net charge to consolidated income statement for the year (Note 10)	(9)	(38)	(1)	(48)
At 31 December 2022	(146)	102	-	(44)
At 1 January 2023	<b>(146)</b>	<b>102</b>	-	<b>(44)</b>
Net charge to consolidated income statement for the year (Note 10)	<b>(27)</b>	<b>(48)</b>	-	<b>(75)</b>
At 31 December 2023	<b>(173)</b>	<b>54</b>	-	<b>(119)</b>

## 20 Deferred Tax Assets and Liabilities (continued)

The potential deferred tax assets which have not been recognised in the consolidated financial statements are as follows:

	2023 HK\$ million	2022 HK\$ million
Arising from unused tax losses	3	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 2023, subject to the agreement by tax authorities, total unrecognised tax losses of HK\$20 million (2022: HK\$7 million) can be carried forward indefinitely.

## 21 Investment in a Joint Venture

	2023 HK\$ million	2022 HK\$ million
Loan to a joint venture	172	214
Share of undistributed post acquisition reserves	(63)	(57)
	<b>109</b>	<b>157</b>

As at 31 December 2023, the loan to a joint venture of HK\$172 million (2022: HK\$214 million) was unsecured, had no fixed term of repayment and bore interest at HIBOR plus 3% per annum (2022: 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%

## 21 Investment in a Joint Venture (Continued)

The Group's share of the result and capital commitments of its joint venture, which is unlisted, is as follows:

	2023 HK\$ million	2022 HK\$ million
Net loss and total comprehensive loss for the year	(4)	(4)
Capital commitments contracted but not provided for		
Property, plant and equipment	17	12
Telecommunications licences <sup>(a)</sup>	96	-
	<b>113</b>	12

- (a) In November 2023, the Communications Authority of Hong Kong ("CA") approved the transfer of (i) a block of 10 MHz spectrum at the 2600 MHz band from a subsidiary of the Group to the joint venture for a 15-year period commencing March 2024 at aggregate Spectrum Utilisation Fees ("SUFs") of HK\$114 million (the "2600 MHz Spectrum"), (ii) a block of 10 MHz spectrum at the 2600 MHz band from the joint venture partner to the joint venture for a 4-year period from March 2024 to March 2028 at aggregate SUFs to be determined afterwards, and (iii) a block of 10 MHz spectrum at the 2600 MHz band from the joint venture partner to the joint venture for a 11-year period commencing March 2028 at aggregate SUFs of HK\$79 million.

In January 2024, the joint venture has lodged a performance bond with the CA in the amount of HK\$40 million, which was indemnified by a subsidiary of the Group, for payment of the SUF payable in ensuing five years for the 2600 MHz Spectrum.

As at 31 December 2023, there were no contingent liabilities related to the Group's interest in a joint venture (2022: Nil) and no contingent liabilities of joint venture itself (2022: Nil).

As at 31 December 2023, all the shares held by the Group in a joint venture were pledged as security in favour of the joint venture partner under a cross share pledge arrangement (2022: Same).

## 22 Cash and Bank Balances

	2023 HK\$ million	2022 HK\$ million
Cash at banks and in hand	87	165
Short-term bank deposits with original maturity within 3 months	1,823	2,922
Cash and cash equivalents	1,910	3,087
Short-term bank deposits with original maturity beyond 3 months	1,774	613
	<b>3,684</b>	3,700

As at 31 December 2023, the weighted average interest rate on short-term bank deposits was 5.39% (2022: 4.80%) per annum.

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



## 23 Trade Receivables and Other Current Assets

	2023 HK\$ million	2022 HK\$ million
Trade receivables <sup>(a)</sup>	433	375
Less: Loss allowance provision (Note 3(a)(iii))	(56)	(57)
Trade receivables, net of provision	377	318
Other receivables <sup>(b)</sup>	104	75
Prepayments and deposits <sup>(b)</sup>	408	391
	<b>889</b>	<b>784</b>

### (a) Trade receivables

	2023 HK\$ million	2022 HK\$ million
The ageing analysis of trade receivables presented based on the invoice date is as follows:		
0 - 30 days	213	162
31 - 60 days	68	62
61 - 180 days	65	61
Over 180 days	87	90
	<b>433</b>	<b>375</b>

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.

### (b) Other receivables, prepayments and deposits

The carrying values of other receivables and deposits approximate their fair values. Insignificant amount of loss allowance provision was made at the reporting date in respect of other receivables, prepayments and deposits (2022: Nil). 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 2023, the amount of inventories carried at net realisable value was HK\$9 million (2022: HK\$13 million).

## 25 Trade and Other Payables

	2023 HK\$ million	2022 HK\$ million
Trade payables <sup>(a)</sup>	174	197
Other payables and accruals <sup>(b)</sup>	1,114	1,149
Receipts in advance	165	159
Current portion of licence fees liabilities (Note 28(a))	184	144
	<b>1,637</b>	<b>1,649</b>

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

### (a) Trade payables

	2023 HK\$ million	2022 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	94	67
31 - 60 days	13	25
61 - 90 days	3	7
Over 90 days	64	98
	<b>174</b>	<b>197</b>

### (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

	2023 HK\$ million	2022 HK\$ million
Contract liabilities		
- mobile telecommunications service contracts	212	162

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\$155 million, was recognised during the year ended 31 December 2023 (2022: HK\$147 million). No revenue is recognised from performance obligations satisfied in previous periods during the year ended 31 December 2023 (2022: Nil).

## 27 Lease Liabilities

	2023 HK\$ million	2022 HK\$ million
Current	312	305
Non-current	170	151
	<b>482</b>	<b>456</b>

(a) Movement of lease liabilities is as follows:

	2023 HK\$ million	2022 HK\$ million
At 1 January	456	417
Additions	426	441
Interest accretion	14	10
Payments for lease liabilities (including interest) <sup>(i)</sup>	(414)	(412)
At 31 December	<b>482</b>	<b>456</b>

(i) The payments include the principal elements of lease liabilities paid (included in "net cash used in financing activities") of HK\$400 million (2022: HK\$402 million) and interest elements of lease liabilities paid (included in "net cash from operating activities") of HK\$14 million (2022: HK\$10 million).

(b) The total cash outflow for short-term leases for the year ended 31 December 2023 was HK\$32 million (2022: HK\$30 million).

## 28 Other Non-Current Liabilities

	2023 HK\$ million	2022 HK\$ million
Non-current licence fees liabilities <sup>(a)</sup>	1,982	2,113
Assets retirement obligations <sup>(b)</sup>	265	258
Long service payments liabilities	2	-
	<b>2,249</b>	<b>2,371</b>

### (a) Licence fees liabilities

	2023 HK\$ million	2022 HK\$ million
Licence fees liabilities - minimum annual fees payments:		
Not later than 1 year	186	146
After 1 year but within 5 years	791	772
After 5 years	1,538	1,743
	<b>2,515</b>	<b>2,661</b>
Future finance charges on licence fees liabilities	(349)	(404)
Carrying amount of licence fees liabilities	<b>2,166</b>	<b>2,257</b>
The carrying amount of licence fees liabilities is as follows:		
Current portion of licence fees liabilities (Note 25)	184	144
Non-current licence fees liabilities:		
After 1 year but within 5 years	733	715
After 5 years	1,249	1,398
	<b>1,982</b>	<b>2,113</b>
Total licence fees liabilities	<b>2,166</b>	<b>2,257</b>

### (b) Assets retirement obligations

	2023 HK\$ million	2022 HK\$ million
At 1 January	258	249
Additions	7	8
Interest accretion	2	2
Utilisations	(2)	(1)
At 31 December	<b>265</b>	<b>258</b>

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 (2022: 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 2022, 31 December 2022, 1 January 2023 and 31 December 2023	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 <sup>(i)</sup> HK\$ million	Total HK\$ million
<b>At 1 January 2022</b>	11,185	(1,552)	1	265	(289)	9,610
Loss for the year	-	(158)	-	-	-	(158)
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	(27)	-	(27)
Dividend paid	-	(361)	-	-	-	(361)
<b>At 31 December 2022</b>	11,185	(2,071)	1	238	(289)	9,064
<b>At 1 January 2023</b>	11,185	(2,071)	1	238	(289)	9,064
Loss for the year	-	(52)	-	-	-	(52)
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	3	-	3
Cumulative translation adjustments released upon de-registration of a subsidiary	-	-	(1)	-	-	(1)
Dividend paid	-	(361)	-	-	-	(361)
Transfer between reserves	-	1	-	-	(1)	-
<b>At 31 December 2023</b>	11,185	(2,483)	-	241	(290)	8,653

- (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

	2023 HK\$ million	2022 HK\$ million
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation	26	(109)
Adjustments for:		
- Interest and other finance income	(196)	(66)
- Interest and other finance costs	80	77
- Depreciation and amortisation	1,481	1,456
- Capitalisation of customer acquisition and retention costs	(165)	(190)
- Share of result of a joint venture	4	4
- Loss on disposals of property, plant and equipment	1	-
- Increase in trade receivables and other assets	(50)	(49)
- Increase in inventories	(3)	(4)
- (Decrease)/increase in trade and other payables, and licence fees liabilities	(27)	13
- Decrease in pension assets	1	16
Cash generated from operations	<b>1,152</b>	1,148

### 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 2023 include (i) the network access fee payable to a joint venture of HK\$122 million (2022: HK\$111 million) and (ii) the interest income from the loan to a joint venture of HK\$15 million (2022: HK\$11 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:

	2023 HK\$ million	2022 HK\$ million
Performance guarantees	134	184
Financial guarantees <sup>(a)</sup>	1,091	953
Others	2	2
	<b>1,227</b>	1,139

The contingent liabilities mainly comprise of the performance guarantees and financial guarantees provided to the 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 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.

### 32 Contingent Liabilities (Continued)

- (a) As at 31 December 2023, a standby letter of credit of HK\$114 million covering the aggregate SUFs for the 2600 MHz Spectrum was issued in favour of the CA and the amount has been included in the contingent liabilities of the Group. The standby letter of credit was subsequently released in February 2024.

### 33 Capital Commitments

As at 31 December, the Group had capital commitments contracted but not provided for as follows:

	2023 HK\$ million	2022 HK\$ million
Property, plant and equipment	121	119
Telecommunications licences	-	114
	<b>121</b>	<b>233</b>

In 2021, a subsidiary of the Group successfully bid the 2600 MHz Spectrum for a 15-year period commencing March 2024 at aggregate SUFs of HK\$114 million. In November 2023, the CA approved the transfer of the 2600 MHz Spectrum to a joint venture and was disclosed as share of capital commitments of the joint venture in Note 21.

### 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 2023, 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 (2022: Same).

	2023 HK\$ million	2022 HK\$ million
<b>The amount recognised in the consolidated statement of financial position:</b>		
Present value of funded plans' obligations	(167)	(164)
Less: Fair value of plan assets	213	208
Pension assets recognised in the consolidated statement of financial position (Note 19)	<b>46</b>	<b>44</b>

## 34 Employee Retirement Benefits (Continued)

### (a) Defined benefit plans (Continued)

The movements in the defined benefit plans 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 2023	(164)	208	44
<b>Amounts recognised in consolidated income statement</b>			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(15)	-	(15)
- Net interest (expense)/income	(6)	8	2
	(21)	8	(13)
<b>Amounts recognised in other comprehensive income</b>			
Remeasurements:			
- Gain on plan assets, excluding amounts included in interest income	-	4	4
- Loss from change in financial assumptions	(3)	-	(3)
- Gain from change in demographic assumptions	4	-	4
- Experience losses	(2)	-	(2)
	(1)	4	3
Contributions:			
- Employers	-	12	12
Actual benefits paid	20	(20)	-
Net transfer	(1)	1	-
At 31 December 2023	(167)	213	46



## 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 2022	(203)	290	87
<b>Amounts recognised in consolidated income statement</b>			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(17)	-	(17)
- Net interest (expense)/income	(3)	4	1
	(20)	4	(16)
<b>Amounts recognised in other comprehensive income</b>			
Remeasurements:			
- Loss on plan assets, excluding amounts included in interest income	-	(64)	(64)
- Gain from change in financial assumptions	30	-	30
- Experience gains	7	-	7
	37	(64)	(27)
Actual benefits paid	22	(22)	-
At 31 December 2022	(164)	208	44

### 34 Employee Retirement Benefits (Continued)

#### (a) Defined benefit plans (Continued)

Plan assets consist of the following:

	2023 HK\$ million	2022 HK\$ million
Equity instruments	145	139
Debt instruments	41	47
Other assets	27	22
	<b>213</b>	<b>208</b>

The principal actuarial assumptions and the sensitivity of the defined benefit obligations to changes in the principal assumptions are:

	2023		
	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	3.4% - 3.5%	-1.5%	+1.5%
Future salary rate	3.5%	+0.3%	-0.3%

	2022		
	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	3.7% - 3.8%	-1.7%	+1.8%
Future salary rate	3.5%	+0.3%	-0.3%

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)

	2023	2022
Weighted average duration of defined benefit obligations	6 years	7 years

Expected contributions to defined benefit plans for the year ending 31 December 2024 are HK\$16 million.

Forfeited contributions totalling HK\$2 million (2022: HK\$3 million) were used to reduce the current year's level of contributions during the year and insignificant forfeited contributions were available as at 31 December 2023 (2022: HK\$0.3 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 1 January 2022 reported a funding level of 164% 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 4% per annum, salary increases of 3.5% 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 Stewart Chan, 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 2023, 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\$0.1 million (2022: insignificant forfeited contributions) were used to reduce the current year's level of contributions during the year and no forfeited contribution was available as at 31 December 2023 (2022: Nil) to reduce future years' contributions.

### 35 Ultimate Holding Company

As at 31 December 2023 and 2022, 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.

## 36 Related Party Transactions (Continued)

## (b) Transactions with related parties

	2023 HK\$ million	2022 HK\$ million
<b>CKHH Group</b>		
Provisions of mobile telecommunications services	29	24
Sharing of services arrangement income	3	2
Purchase of telecommunications services	(7)	(5)
Purchase of telecommunications products	(2)	(5)
Purchase of non-telecommunications products	(21)	(12)
Rental expenses on lease arrangements	(5)	(5)
Dealership service expenses	(54)	(51)
Billing collection service expenses	(3)	(5)
Purchase of office supplies	(11)	(10)
Advertising and promotion expenses	(1)	(4)
Global procurement service arrangement expenses	(10)	(7)
Sharing of services arrangement expenses	(21)	(18)
Corporate guarantee expenses	(8)	(8)
Purchase of right-of-use assets	(3)	(4)
Purchase of property, plant and equipment	(1)	(1)
<b>Joint Venture of the Group</b>		
Interest income	15	11
Sharing of services arrangement income	1	1
Purchase of telecommunications services	(122)	(112)

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 2023

	2023 HK\$ million	2022 HK\$ million
<b>Non-current assets</b>		
Investments in subsidiaries, at cost <sup>(a)</sup>	5,577	5,577
Receivables from subsidiaries <sup>(b)</sup>	3,873	4,073
<b>Total non-current assets</b>	<b>9,450</b>	9,650
<b>Current assets</b>		
Cash and cash equivalents <sup>(c)</sup>	1,630	2,825
Short-term bank deposits with original maturity beyond 3 months <sup>(c)</sup>	1,774	613
Other current assets	38	19
<b>Total current assets</b>	<b>3,442</b>	3,457
<b>Current liabilities</b>		
Other payables	7	7
Payables to subsidiaries <sup>(d)</sup>	1	52
Current income tax liabilities	2	1
<b>Total current liabilities</b>	<b>10</b>	60
<b>Net assets</b>	<b>12,882</b>	13,047
<b>Capital and reserves</b>		
Share capital (Note 29)	1,205	1,205
Reserves <sup>(e)</sup>	11,677	11,842
<b>Total equity</b>	<b>12,882</b>	13,047

LUI Dennis Pok Man  
Director

KOO Sing Fai  
Director

**37 Statement of Financial Position of the Company as at 31 December 2023** (continued)

- (a) Particulars regarding the principal subsidiaries are set out on page 199.
- (b) Receivables from subsidiaries are unsecured and not expected to be repayable within 12 months from the date of the financial statements. Except for the balance of HK\$461 million (2022: HK\$661 million) which bears interest at HIBOR plus 0.8% per annum (2022: Same), the remaining balance of HK\$3,412 million (2022: HK\$3,412 million) are interest-free.
- (c) As at 31 December 2023, the weighted average interest rate on short-term bank deposits was 5.36% (2022: 4.88%) 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
<b>At 1 January 2022</b>	11,185	977	12,162
Profit for the year	-	41	41
Dividend paid	-	(361)	(361)
<b>At 31 December 2022</b>	11,185	657	11,842
<b>At 1 January 2023</b>	<b>11,185</b>	<b>657</b>	<b>11,842</b>
Profit for the year	-	<b>196</b>	<b>196</b>
Dividend paid	-	<b>(361)</b>	<b>(361)</b>
<b>At 31 December 2023</b>	<b>11,185</b>	<b>492</b>	<b>11,677</b>

Reserve of the Company available for distribution to shareholders of the Company as at 31 December 2023 amounted to HK\$11,677 million (2022: HK\$11,842 million).

## List of Principal Subsidiaries

Particulars of the principal subsidiaries as at 31 December 2023 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 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

	2023			2022		
	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 <sup>(i)</sup>	1,395	62	1,457	1,362	58	1,420
Depreciation and amortisation	(1,481)	(45)	(1,526)	(1,456)	(45)	(1,501)
(LBIT)/EBIT <sup>(ii)</sup>	(86)	17	(69)	(94)	13	(81)
Interest and other finance income	196	-	196	66	-	66
Interest and other finance costs	(80)	(15)	(95)	(77)	(11)	(88)
Share of result of a joint venture	(4)	4	-	(4)	4	-
Profit/(loss) before taxation	26	6	32	(109)	6	(103)
Taxation	(78)	(6)	(84)	(49)	(6)	(55)
Loss attributable to shareholders of the Company	(52)	-	(52)	(158)	-	(158)

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

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

**(2) Five-year Financial Summary <sup>(i)</sup>**

	2023 HK\$ million	2022 HK\$ million	2021 HK\$ million	2020 HK\$ million	2019 HK\$ million
<b>RESULTS</b>					
Revenue	4,896	4,882	5,385	4,545	5,582
(Loss)/profit for the year	(52)	(158)	4	361	437
Non-controlling interests	-	-	-	-	(8)
Net (loss)/profit attributable to shareholders of the Company	(52)	(158)	4	361	429
<b>ASSETS</b>					
Total non-current assets	9,715	10,179	10,469	8,391	8,201
Cash and bank balances	3,684	3,700	3,975	5,251	5,416
Other current assets	1,161	1,077	1,002	1,172	859
Total assets	14,560	14,956	15,446	14,814	14,476
<b>LIABILITIES</b>					
Other current liabilities	2,163	2,117	2,145	2,013	1,975
Other non-current liabilities	2,539	2,570	2,486	754	538
Total liabilities	4,702	4,687	4,631	2,767	2,513
Net assets	9,858	10,269	10,815	12,047	11,963
<b>CAPITAL AND RESERVES</b>					
Share capital	1,205	1,205	1,205	1,205	1,205
Reserves	8,653	9,064	9,610	10,842	10,758
Total equity	9,858	10,269	10,815	12,047	11,963

(i) Details of the basis of preparation of the consolidated financial statements are set out in Note 2 to the consolidated financial statements.

# Glossary

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

<b>Terms</b>	<b>Definitions</b>
"Articles of Association"	the Articles of Association of the Company as amended from time to time
"Board"	the Board of Directors
"CACs"	expensed customer acquisition and retention costs plus the related staff costs, rental and other expenses
"CKHH"	CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1)
"CKHH Group"	CKHH and its subsidiaries
"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)
"Director(s)"	director(s) of the Company
"EBIT/LBIT"	earnings or losses before net interest and other finance income/(costs), taxation, adjusted to include the Group's proportionate share of joint venture's EBIT
"EBITDA"	earnings before net interest and other finance income/(costs), taxation, depreciation and amortisation, adjusted to include the Group's proportionate share of joint venture's EBITDA
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKEX"	Hong Kong Exchanges and Clearing Limited

Terms	Definitions
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"net customer service margin"	net customer service revenue less direct variable costs (including interconnection charges and roaming costs)
"Postpaid gross ARPU"	monthly average spending per postpaid user including a customer's contribution to mobile devices and other products in a bundled plan
"Postpaid net AMPU"	average net margin per postpaid user; postpaid net AMPU equals postpaid net ARPU less direct variable costs (including interconnection charges and roaming costs)
"Postpaid net ARPU"	monthly average spending per postpaid user excluding revenue related to hardware and other product under the non-subsidised hardware and other product business model
"PricewaterhouseCoopers" or "PwC"	PricewaterhouseCoopers, Certified Public Accountants and Registered Public Interest Entity Auditor
"service EBITDA/EBIT/LBIT"	EBITDA/EBIT/LBIT 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 2023:  
Approximately HK\$1,300 million (approximately 25.20% of the issued share capital of the Company)

## Financial Calendar

Payment of 2023 Interim Dividend:	1 September 2023
2023 Final Results Announcement:	5 March 2024
Closure of Register of Members:	6 May 2024 to 9 May 2024
Annual General Meeting:	9 May 2024
Record Date for 2023 Final Dividend:	16 May 2024
Payment of 2023 Final Dividend:	27 May 2024
2024 Interim Results Announcement:	July 2024

## Registered Office

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

## Head Office and Principal Place of Business

48th Floor, Cheung Kong Center, 2 Queen's Road Central,  
Hong Kong  
Telephone: +852 2128 1188  
Facsimile: +852 2128 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 on the website of the Company.

## Investor Relations Contact

Please direct enquiries to:  
Telephone: +852 2128 6828  
Facsimile: +852 3909 0966  
Email: [ir@hthkh.com](mailto:ir@hthkh.com)

## Website Address

[www.hthkh.com](http://www.hthkh.com)



Hutchison Telecom  
Hong Kong Holdings

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