IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS UNDER RULE 144A OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum, and you are advised to read this carefully before reading, accessing or making any other use of this offering memorandum. In accessing this offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR SOLICITATION IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAW OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers ("QIBs") (as defined in Rule 144A under the Securities Act) or (2) non-U.S. persons (within the meaning of Regulation S of the Securities Act) outside of the United States and to the extent you purchase securities described in the attached offering memorandum, you will be doing so pursuant to Regulation S under the Securities Act. This offering memorandum is being sent at your request and by accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that you and any customers you are acting on behalf of (a) are QIBs or (b) are non-U.S. persons not located in the United States and (3) you consent to delivery of this offering memorandum by electronic transmission. You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If this is not the case, you must return this offering memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed banker or dealer and the underwriter or any affiliate of the underwriter is a licensed banker or dealer in that jurisdiction, this offering shall be deemed to be made by the underwriter or such affiliate on behalf of CK Hutchison International (24) Limited in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of CK Hutchison Holdings Limited, CK Hutchison International (24) Limited, nor any person who controls any of them nor any director, officer, official, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum received by you in electronic format and the electronic version initially distributed.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING MEMORANDUM **CONFIDENTIAL**

CK HUTCHISON INTERNATIONAL (24) LIMITED

(incorporated in the Cayman Islands with limited liability)

US$1,000,000,000 5.375% Guaranteed Green Notes due 2029
US$1,000,000,000 5.500% Guaranteed Notes due 2034
unconditionally and irrevocably guaranteed by

CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Offer Price for Notes Due 2029: 99.805% plus accrued interest, if any
Offer Price for Notes Due 2034: 99.348% plus accrued interest, if any

CK Hutchison International (24) Limited (the "Issuer") will issue US$1,000,000,000 principal amount of 5.375% guaranteed green notes due 2029 (the "Notes Due 2029" or the "Green Notes") and US$1,000,000,000 principal amount of 5.500% guaranteed notes due 2034 (the "Notes Due 2034" and, together with the Notes Due 2029, the "notes"). The obligations of the Issuer will be unconditionally and irrevocably guaranteed by CK Hutchison Holdings Limited (the "Guarantor" or "CKHH").

The notes will bear interest from April 26, 2024 at the rates set forth above, payable semi-annually in arrears on April 26 and October 26 of each year (commencing October 26, 2024) for the Notes Due 2029 and the Notes Due 2034 and at maturity, being April 26, 2029 for the Notes Due 2029 and April 26, 2034 for the Notes Due 2034. The notes will not be redeemable by the Issuer prior to maturity, except (i) upon the occurrence of certain changes in Cayman Islands tax law requiring the payment of Additional Amounts as described herein, (ii) at any time before (in relation to the Notes Due 2029) March 26, 2029 and (in relation to the Notes Due 2034) January 26, 2034, notes may be redeemed, at the option of the Issuer or the Guarantor, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus an applicable premium as of, and accrued and unpaid interest, if any, to, the redemption date, as described in "Description of the Notes and the Guarantee" and (iii) at any time on or after March 26, 2029, Notes Due 2029 may be redeemed and at any time on or after January 26, 2034, Notes Due 2034 may be redeemed, in each case, at the option of the Issuer or the Guarantor, in whole or in part with respect to such series, at the principal amount thereof plus accrued and unpaid interest. The notes will be unsecured.

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the notes on the SGX-ST. See "General Information". The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or the notes.

The notes are expected to be rated "A–" by Fitch Ratings Ltd., "A2" by Moody's Investors Service Limited and "A" by S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. See "Ratings".

Investing in the notes involves risks that are described in the "Risk Factors" section beginning on page 23 of this offering memorandum.

The notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any other jurisdiction. The notes may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any other jurisdiction. Accordingly, the notes are only being offered to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. For further details about eligible offerees and resale restrictions, see "Transfer Restrictions".

It is expected that the notes will be ready for delivery through the facilities of The Depository Trust Company against payment in New York City, New York on or about April 26, 2024.

Joint Bookrunners and Joint Lead Managers

BofA Securities	**BNP PARIBAS**	**Citigroup**	**DBS Bank Ltd.**
Deutsche Bank	**Goldman Sachs**	**HSBC**	**J.P. Morgan**

The date of this offering memorandum is April 23, 2024

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Except as discussed below or in respect of any statements contained in this offering memorandum with respect to the target market assessment for the notes and distribution channels, CK Hutchison International (24) Limited and CK Hutchison Holdings Limited accept responsibility for the information contained in this document which is material in the context of this offering. To the best knowledge and belief of the Issuer and CKHH (each of which has taken reasonable care to ensure that such is the case), the information contained in this document (subject as set out below in respect of information contained herein provided by other sources referred to herein) is in accordance with material facts and does not omit anything likely to materially affect the import of such information.

The distribution of this offering memorandum and the offer and sale of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes must inform themselves about and observe any such restrictions. This offering memorandum does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorized so to act.

The Initial Purchasers (see "Plan of Distribution" for the identity of the Initial Purchasers) and their respective affiliates and advisors have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Initial Purchasers and their respective affiliates and advisors as to the accuracy or completeness of the information contained in this offering memorandum or any other information provided by the Issuer or the Guarantor in connection with the notes or their distribution.

This offering memorandum is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or the Initial Purchasers that any recipient of this offering memorandum should purchase any of the notes. Each investor contemplating purchasing notes should make its own independent investigation and appraisal of the business, financial condition and affairs of the Issuer and/or the Guarantor.

Investors of the notes should rely only on the information contained in this offering memorandum. The Issuer and the Guarantor have not, and the Initial Purchasers have not, authorized any other person to provide investors with different information with respect to the issue and offering of the notes. If anyone provides any investor with different or inconsistent information, such investor should not rely on it. The Issuer, the Guarantor and the Initial Purchasers are not making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted. Each investor should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum or the date specifically referred to in its contents. The Guarantor's business, financial condition, results of operations and prospects may have changed since that date.

The Issuer and the Guarantor are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. By purchasing the notes, investors will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. Investors should understand that they will be required to bear the financial risks of their investment for an indefinite period of time. Prospective purchasers are hereby notified that sellers of the notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Issuer has submitted this offering memorandum to a limited number of institutional investors so that they can consider a purchase of the notes. Neither the Issuer nor the Guarantor has authorized its use for any other purpose. This offering memorandum may not be copied or reproduced in whole or in part. It may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this offering memorandum, each investor agrees to these restrictions. See "Transfer Restrictions".

Having made all reasonable inquiries, the Issuer and the Guarantor confirm that this offering memorandum contains all information with respect to the Issuer and the Guarantor and the notes which is material in the context of the issue and the offering of the notes, and that such information is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed herein are honestly held and that the Issuer and the Guarantor are not aware of any facts the omission of which would make any such information or the expression of any such opinions and intentions materially misleading.

This offering memorandum is based on information provided by the Issuer and the Guarantor and by other sources referred to herein that they believe are reliable. The Issuer and the Guarantor accept responsibility for accurately reproducing such information provided by such other sources. The Issuer and the Guarantor accept no further or other responsibility in respect of such information. No assurance can be given that this information is accurate or complete. This offering memorandum summarizes certain documents and other information and investors should refer to them for a more complete understanding of what is discussed in this offering memorandum. In making an investment decision, each investor must rely on its own examination of the Issuer and the Guarantor and the terms of the offering and the notes, including the merits and risks involved.

Neither the Initial Purchasers, the Issuer nor the Guarantor is making any representation to any investor in the notes regarding the legality of an investment in the notes by such investor under any legal investment or similar laws, rules or regulations. Investors should not consider any information in this offering memorandum to be legal, business or tax advice. Each investor should consult its own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

Investors should contact the Initial Purchasers with any questions about this offering or if they require additional information to verify the information contained in this offering memorandum.

Neither the U.S. Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of the notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE INITIAL PURCHASERS (THE "STABILIZING MANAGER") OR ANY PERSON ACTING ON ITS BEHALF MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE TIME OF DELIVERY. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILIZING MANAGER OR ANY AGENT OF THE STABILIZING MANAGER TO DO THIS. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER(S) (OR PERSONS ACTING ON THEIR BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES AND WILL BE UNDERTAKEN AT THE OFFICES OF THE STABILIZING MANAGER(S) (OR PERSONS ACTING ON THEIR BEHALF).

Prohibition of sales to EEA retail investors – The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of sales to UK retail investors – The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In connection with the offering, any Initial Purchaser established in the EEA or in the UK is not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing advice in relation to the offering.

CURRENCY OF PRESENTATION AND CERTAIN DEFINITIONS

”CKHH” means CK Hutchison Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and its subsidiaries, unless the context otherwise requires, and references in CKHH’s audited consolidated financial statements to the “Group” are to CKHH and all of its direct and indirect subsidiaries and also includes CKHH’s interest in associated companies (or “associates”) and joint arrangements on the basis set forth in Notes 47(c)(i) and 47(c)(ii), respectively, to the consolidated financial statements of CKHH for the year ended December 31, 2023 included elsewhere in this offering memorandum. For purposes of this offering memorandum only, “PRC” means the People’s Republic of China, “Mainland” means the People’s Republic of China excluding Hong Kong, Macau and Taiwan and “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

CKHH publishes its financial statements in Hong Kong dollars (“HK$”). For the convenience of the readers, this offering memorandum presents translations into U.S. dollars (“US$”) of certain Hong Kong dollar amounts at the rate of HK$7.80 = US$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate. On April 12, 2024, the noon buying rate in New York City for cable transfers in foreign currencies, as certified for customs purposes by the Federal Reserve Bank of New York, was HK$7.84 = US$1.00. This offering memorandum also includes Pound Sterling (“£”), Euro (“€”), Australian dollar (“A$”), Canadian dollar (“C$”), Renminbi (“RMB”), and certain other currency amounts. The Hong Kong dollar equivalent amounts presented are translated at the approximate exchange rate at the time of the transactions to which they apply.

As used in this offering memorandum, EBIT represents the EBIT of CKHH as well as CKHH’s share of the EBIT of associates and joint ventures except for Hutchison Port Holdings Trust (“HPH Trust”) which is included based on CKHH’s effective share of EBIT for this operation. EBIT is defined as earnings before interest expenses and other finance costs and tax. Information concerning EBIT has been included in CKHH’s financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. CKHH considers EBIT to be an important performance measure which is used in CKHH’s internal financial and management reporting to monitor business performance. EBIT is not a measure of financial performance under Hong Kong Financial Reporting Standards (“HKFRS”) nor generally accepted accounting policies in the U.S. (“U.S. GAAP”) and the EBIT measures used by CKHH may not be comparable to other similarly titled measures of other companies. EBIT should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS or U.S. GAAP.

EBITDA represents the EBITDA of CKHH as well as CKHH’s share of the EBITDA of associates and joint ventures except for HPH Trust which is included based on CKHH’s effective share of EBITDA for this operation. EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortization. Information concerning EBITDA has been included in CKHH’s financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cashflow generation. CKHH considers EBITDA to be an important performance measure which is used in CKHH’s internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under HKFRS nor U.S. GAAP and the EBITDA measures used by CKHH 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 of operations as determined in accordance with HKFRS or U.S. GAAP.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is incorporated in the Cayman Islands and the Guarantor is incorporated in the Cayman Islands. All or a substantial portion of the assets of the Issuer and the Guarantor are located outside the United States. In addition, most of the directors and executive officers of the Issuer and the Guarantor are not, and certain of the experts named herein are not, residents of the United States, and all or a substantial portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Guarantor, or to enforce against them judgments obtained in U.S. courts predicated upon the civil liability provisions of the federal securities laws of the United States. The Issuer has been advised by its Cayman Islands counsel, Maples and Calder (Hong Kong) LLP, that although there is no statutory enforcement in the Cayman Islands of judgments obtained in Hong Kong, England or New York, the courts of the Cayman Islands will, based on the principle that a judgment by a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given, recognize and enforce a judgment of a foreign court of competent jurisdiction without retrial on the merits if such judgment is final and conclusive, for a liquidated sum, not in respect of taxes or a fine or penalty, is not inconsistent with a Cayman Islands judgment in respect of the same matter and was not obtained in such a manner, and is not of a kind the enforcement of which is, contrary to the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). There is doubt, however, as to whether the courts of the Cayman Islands will (i) recognize or enforce judgments of United States courts predicated upon the civil liability provisions of the securities laws of the United States or any state thereof, or (ii) in original actions brought in the Cayman Islands, impose liabilities based upon the civil liability provisions of the securities laws of the United States or any state thereof, on the grounds that such provisions are penal in nature. In addition, a Cayman Islands' court may stay proceedings if concurrent proceedings are being brought elsewhere.

SUMMARY

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this offering memorandum.

The Issuer

The Issuer, a wholly-owned subsidiary of the Guarantor, was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on January 16, 2024 and registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). Its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, registration number: MC-406501.

The Issuer, whose primary purpose is to act as a financing subsidiary of the Guarantor, will remain a wholly-owned subsidiary of the Guarantor as long as the notes are outstanding and will advance the net proceeds of the notes to CKHH and/or one or more of its subsidiaries. The Issuer has no material assets.

CK HUTCHISON HOLDINGS LIMITED

CKHH, an exempted company incorporated in the Cayman Islands on December 11, 2014 with limited liability under no. MC-294571 and registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), is the holding company of the CKHH group of companies. CKHH was incorporated as part of the reorganization and combination of Cheung Kong, Hutchison and their respective subsidiaries, associated companies and joint ventures to create CKHH, which, immediately after such reorganization and combination, then held the non-property related businesses of both groups, and CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited), which, immediately after such reorganization and combination, then held the property and hotels businesses (the "Property Businesses") of both groups (the "Reorganization"). The Reorganization was completed on June 3, 2015. Further details of the Reorganization can be found in the section "Management's Discussion and Analysis of Results of Operations and Financial Condition of CKHH – The Reorganization" below.

CKHH is a Hong Kong-based multinational conglomerate whose shares are listed on the SEHK. As of December 31, 2023, CKHH operated four core business divisions in about 50 countries: ports and related services; retail; infrastructure and telecommunications as well as finance & investments and other operations. Following the merger between Cenovus Energy Inc. and Husky Energy in January 2021, CKHH owns 15.8% in Cenovus Energy. As of December 31, 2023, CKHH owns 16.9% in Cenovus Energy. Significant developments in CKHH's business since December 31, 2023 are summarized below under *"Recent Developments"*.

Ports and Related Services

The ports and related services division comprises the 80%-owned subsidiaries, Hutchison Port Holdings and Hutchison Ports Investments S.àr.l. (collectively "Hutchison Ports"), and HPH Trust, the 30.07% owned associate listed on the Main Board of the SGX-ST. As of December 31, 2023, CKHH had interests in 53 ports comprising 293 operational berths[(1)] in 24 countries in Asia, the Middle East, Africa, Europe, the Americas and Australasia. In 2022 and 2023, CKHH's ports and related services division handled combined container throughput of 84.8 million TEU and 82.1 million TEU, respectively. As of December 31, 2023, CKHH has interests in various locations including:

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(1) Based on 300 meters per berth and is computed by dividing the total berth length by 300 meters, which may be different to the number of physical container berths for vessel mooring. Unless otherwise stated, the number of berths stated elsewhere in this offering memorandum represents the number of physical berths.

- the Mainland, where Hutchison Ports holds interests in Shanghai Mingdong Container Terminals ("SMCT"), Shanghai Pudong International Container Terminals ("SPICT"), Shanghai Container Terminals ("SCT"), Ningbo Beilun International Container Terminals ("NBCT"), as well as ports in Southern China, and CKHH, through its associate, HPH Trust holds interests in Phase I, II, III and West Port at Yantian International Container Terminals ("YICT") and Huizhou International Container Terminals ("HICT"). In June 2021, HPH Trust entered into a joint venture agreement with Shenzhen Port Group Company Limited (formerly known as Shenzhen Yantian Port Group Company Limited) to construct, develop, operate and manage Phase I of a container terminal located in the eastern side of the YICT. In January 2023, Hutchison Ports disposed of its entire 50% interest in Huizhou Quanwan Port Development.

- Hong Kong, the tenth busiest container port in the world in 2023 in terms of container throughput, where CKHH, through its associate, HPH Trust, holds interests in: Hongkong International Terminals ("HIT"); Asia Container Terminals ("ACT HK"), a strategic partnership between HPH Trust and COSCO SHIPPING Ports Limited; as well as COSCO-HIT Terminals ("CHT"), a 50/50 joint venture between HIT and COSCO SHIPPING Ports Limited;

- the Netherlands, where Hutchison Ports holds interests in Europe Container Terminals ("ECT") and Hutchison Ports Delta II in Rotterdam, Amsterdam Container Terminals ("ACT") and TMA Logistics ("TMA") in Amsterdam;

- the UK, where Hutchison Ports holds interests in Hutchison Ports (UK), which operates in the Port of Felixstowe ("PFL"), London Thamesport ("LTP") and Harwich International Port ("HWH");

- Continental Europe, where Hutchison Ports holds interests in Barcelona Europe South Terminal ("BEST") in Spain and Gdynia Container Terminal ("GCT") in Poland, as well as Hutchison Ports Sweden at the Port of Nynäshamn ("CTN"), Norvik in Sweden;

- Malaysia, where Hutchison Ports holds interests in Westports Malaysia ("KMT") at Port Klang;

- Indonesia, where Hutchison Ports holds interests in Jakarta International Container Terminal ("JICT") in Tanjung Priok and Terminal Petikemas Koja ("KOJA") at the Port of Tanjung Priok next to JICT;

- South Korea, where Hutchison Ports operates one deep-water container terminal in Busan through Hutchison Korea Terminals ("HKT") and one terminal in Gwangyang through Korea International Terminals ("KIT");

- Thailand, where Hutchison Ports holds interests in Thai Laemchabang Terminal ("TLT") and Hutchison Laemchabang Terminal ("HLT") at Laem Chabang;

- Pakistan, where Hutchison Ports holds interests in Karachi International Container Terminal ("KICT") at the Port of Karachi and South Asia Pakistan Terminals ("SAPT") at the estuary of the Keamari Groyne basin;

- Vietnam, where Hutchison Ports holds interests in Saigon International Terminals Vietnam ("SITV") in Ba Ria Vung Tau Province in southern Vietnam;

- Myanmar, where Hutchison Ports holds interests in Myanmar International Terminals Thilawa ("MITT") at Thilawa;

- Australia, where Hutchison Ports holds interests in Brisbane Container Terminals ("BCT") at the Port of Brisbane and Sydney International Container Terminals ("SICTL") at Port Botany;

- Saudi Arabia, where Hutchison Ports invests and operates multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia which will be developed in two phases. Jazan Port has commenced operation in September 2022;

- Egypt, where Hutchison Ports holds interests in Alexandria International Container Terminals ("AICT"), which operates terminals at Alexandria and El Dekheila Ports. In March 2023, Hutchison Ports entered into two concession agreements with the Egyptian Government for the development and operation of a deep-water container terminal in each of Ain Sokhna Port and El Dekheila Port. Hutchison Ports has completed developing and commenced operating a new container terminal in Abu Qir in January 2024;

- The United Arab Emirates ("UAE"), where Hutchison Ports holds interests in Hutchison Ajman International Terminals ("HAJT") in Ajman, Hutchison Ports RAK ("RAK") in Ras Al Khaimah and Hutchison Ports UAQ ("UAQ") in Umm Al Quwain;

- Oman, where Hutchison Ports holds interests in Oman International Container Terminal ("OICT") at the Port of Sohar;

- Mexico, where Hutchison Ports holds interests in Internacional de Contenedores Asociados de Veracruz ("ICAVE"), which is located at the Port of Veracruz on the east coast, as well as other port operations in Ensenada, Manzanillo and Lazaro Cardenas which are located on the west coast;

- Argentina, where Hutchison Ports holds interests in Buenos Aires Container Terminal Services ("BACTSSA") at the Port of Buenos Aires, which ended its concession on August 31, 2023;

- the Bahamas, where Hutchison Ports holds interests in Freeport Container Port ("FCP") on Grand Bahama Island;

- Panama, where Hutchison Ports holds interests in Panama Ports Company ("PPC"), which manages and operates the ports of Cristobal and Balboa, located on the Atlantic and Pacific side respectively of the Panama Canal; and

- Tanzania, where Hutchison Ports holds interests in Tanzania International Container Terminal Services ("TICT") at Dar es Salaam which ended its concession on December 31, 2022. Since 2023, TICT has been acting as a subcontractor for the terminal operation.

The division also has interests in other logistics and transportation-related businesses. These include cruise ship terminals, air cargo handling services, distribution centers, rail services and ship repair facilities.

Retail

CKHH currently holds a 75.05% interest in A.S. Watson, the world's largest international health and beauty retailer in terms of number of stores. With a 159 million loyalty member base, A.S. Watson is also an operator of major chains of supermarkets and consumer electronics and electrical appliances stores. As of December 31, 2023, A.S. Watson operated 12 retail brands with 16,491 stores in 28 markets mainly in Europe, Hong Kong, the Mainland and other markets in Asia. A.S. Watson also manufactures and distributes water and beverage products in Hong Kong and the Mainland.

Infrastructure

CK Infrastructure Holdings Limited ("CKI")

CKHH currently holds a 75.67% interest in CKI, the largest publicly listed infrastructure company in Hong Kong in terms of market capitalization, with principal operations in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. As of December 31, 2023, CKI's major interests include:

- a 36.01% interest in Power Assets Holdings Limited ("Power Assets"), a listed company in Hong Kong that holds a 33.37% interest in HK Electric Investments and HK Electric Investments Limited (collectively "HKEI"). HKEI's wholly-owned subsidiary, The Hongkong Electric Company, Limited ("Hongkong Electric"), generates, transmits and is the sole distributor of electricity to Hong Kong Island and Lamma Island;

- together with Power Assets, an 80% interest (CKI: 40%; Power Assets: 40%) in UK Power Networks Holdings Limited ("UK Power Networks"), which owns, operates and manages three regulated electricity distribution networks in the UK that cover London, the South East and the East of England. UK Power Networks is also engaged in certain non-regulated electricity distribution businesses in the UK, including the distribution of electricity to a number of privately owned sites;

- together with Power Assets, a 45% interest (CKI: 39%; Power Assets: 6%) in Northumbrian Water Group Limited ("Northumbrian Water"), a group comprising one of the ten regulated water and sewerage companies in England and Wales, which provides water and waste water services in the North East of England and water services in the South East of England. In addition, Northumbrian Water's operations include the Kielder Reservoir, the largest man-made reservoir in Northwestern Europe, as well as a portfolio of water and waste water contracts. CKI's and Power Assets' interest in Northumbrian Water reduced from 52% and 8%, respectively, to 39% and 6%, respectively, following the disposal of their respective 13% and 2% direct interest in Northumbrian Water in December 2022;

- together with Power Assets, an 88.35% interest (CKI: 47.06%; Power Assets: 41.29%) in Northern Gas Networks Holdings Limited ("Northern Gas"), which distributes gas to homes and businesses across the North of England, an area covering the North East, Northern Cumbria and much of Yorkshire;

- together with Power Assets, a 75% interest (CKI: 39%; Power Assets: 36%) in each of West Gas Networks Limited ("West Gas Networks") and Western Gas Networks Limited ("Western Gas Networks"), which together owns a 100% interest in Wales & West Utilities Limited ("Wales & West Utilities"). Wales & West Utilities is a gas distribution network that serves Wales and the South West of England;

- together with Power Assets, a 75% interest (CKI: 65%; Power Assets: 10%) in Eversholt UK Rails Group Limited ("UK Rails"), one of the three major rolling stock leasing companies that were established at the time of privatization of the UK rail industry. UK Rails offers a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, on long term contracts to train and freight operating companies;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Electricity First Limited, which owns a 50% interest in Seabank Power Limited ("Seabank Power"). Seabank Power owns and operates Seabank Power Station located near Bristol, England;

- a 1.79% interest in Southern Water Group ("Southern Water"), a regulated business which supplies fresh, quality drinking water, as well as treating and recycling waste water in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight;

- together with Power Assets, a 72.5% interest (CKI: 45.5%; Power Assets: 27%) in Dutch Enviro Energy Holdings B.V. ("Dutch Enviro Energy") which in turn owns AVR-Afvalverwerking B.V. ("AVR"). AVR is principally engaged in the business of waste processing and production and supply of sustainable energy from the incineration of waste in the Netherlands;

- a 35% interest in ista, a fully integrated energy management services provider that runs submetering businesses across 21 countries for heat and water consumption. It also sells a range of meter hardware and provides a range of related services such as maintenance, meter reading, data processing and billing;

- together with Power Assets, a 51% interest (CKI: 23.07%; Power Assets: 27.93%) in each of (i) SA Power Networks, the primary electricity distributor in the State of South Australia; (ii) Powercor Australia Limited ("Powercor"), the largest electricity distributor in the State of Victoria; and (iii) the CitiPower Trust ("CitiPower"), another major electricity distributor in the State of Victoria;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Australian Energy Operations Pty Ltd which owns and operates 71 kilometers of transmission lines and terminal stations in Victoria, Australia that connect Mount Mercer, Elaine, Moorabool and Ararat wind farms to the national power grid;

- together with Power Assets, a 72.48% interest (CKI: 44.97%; Power Assets: 27.51%) in Australian Gas Networks Holdings Pty Ltd ("AGN"), one of the largest natural gas distribution companies in Australia that owns natural gas distribution networks and transmission pipelines in South Australia, Victoria, Queensland, New South Wales and the Northern Territory;

- together with Power Assets, a 60% interest (CKI: 40%; Power Assets: 20%) in CK William Group, international owner and operator of energy utility assets, providing low emissions and remote energy generation solutions, gas transmission through the Dampier Bunbury Pipeline in Western Australia and distribution of gas and electricity in Victoria;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Wellington Electricity Distribution Network Limited ("Wellington Electricity"), which supplies electricity to the city of Wellington, the capital of New Zealand, and extends to the Porirua and Hutt Valley regions of New Zealand;

- a 100% interest in Enviro (NZ) Limited ("EnviroNZ"), a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and household customers via collection services, organics processing, landfills and transfer stations across the country;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Canadian Power Holdings Inc. ("Canadian Power"), which is the owner of Meridian Cogeneration Plant and Okanagan Wind and owns a 49.99% partnership interest in TransAlta Cogeneration, L.P. The Meridian Cogeneration Plant is a natural gas-fired cogeneration plant in Saskatchewan, Canada. TransAlta Cogeneration, L.P. has ownership stakes in four electricity generation plants, including three natural gas-fired cogeneration plants in Alberta and Ontario, Canada and a gas-fired generation plant in Alberta, Canada. Okanagan Wind operates two wind farms located in the Okanagan region of British Columbia, Canada;

- together with Power Assets, a 75% interest (CKI: 65%; Power Assets: 10%) in Park'N Fly ("Park'N Fly"), the largest off-airport car park provider in Canada and the only national operator. The company provides parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton, Ottawa, Winnipeg and Halifax;

- together with Power Assets, a 65% interest (CKI: 16.25%; Power Assets: 48.75%) in Husky Midstream Limited Partnership ("HMLP"), which holds a portfolio of oil pipeline assets in Canada including approximately 2,300 kilometers of oil pipeline across the provinces of Alberta and Saskatchewan, oil storage capacity of 5.9 million barrels at the Hardisty and Lloydminster terminals, and other ancillary assets in Alberta and Saskatchewan. The remaining 35% interest in HMLP is held by Cenovus Energy, an associate in which CKHH owned a 16.9% interest as of December 31, 2023;

- a 25% interest in Reliance, which operates in the building equipment services sector providing water heaters, heating, ventilation and air conditioning ("HVAC") equipment, comfort protection plans and other services to homeowners in Canada and the United States;

- interests in joint ventures that own and operate approximately 149.8 kilometers of toll roads and bridges in the Mainland; and

- various interests in an infrastructure materials business that produces cement, concrete, asphalt and aggregates mainly in Hong Kong and the Mainland.

CKI and Power Assets acquired 30% and 20% economic benefits respectively in CKHH's interests in the six co-owned infrastructure investments – Northumbrian Water, UK Rails, Wales & West Utilities, AGN, Park'N Fly and Dutch Enviro Energy for a consideration of approximately HK$7,200 million and HK$4,800 million, respectively, under the Economic Benefits Agreements entered between CKHH, CK Asset Holdings Limited ("CKAH"), CKI and Power Assets during 2018. By the end of 2019, CKI and Power Assets completed the supplemental agreements with CKHH for the effective transfer of the proportionate voting rights of the co-owned investments in Europe and Canada from CKHH to the respective parties. As such, CKI's and Power Assets' respective interests in these co-owned infrastructure investments as of December 31, 2023 as stated above include their respective additional interest arising from the supplemental agreements.

Co-owned infrastructure investments

Post-Reorganization, CKHH's infrastructure division held interests in six co-owned infrastructure investments ("Co-owned Infrastructure Investments") with CKI, comprising 40% interest in Northumbrian Water, 30% interest in Wales & West Utilities, 50% interest in UK Rails, 35% interest in Dutch Enviro Energy, 27.51% interest in AGN and 50% interest in Park'N Fly.

In October 2018, CKHH completed the divesture of an aggregated 90% economic benefits in its direct interest in the Co-owned Infrastructure Investments as stated above for a cash consideration of HK$21.6 billion under the Economic Benefits Agreements entered with CKAH, CKI and Power Assets, which resulted in a reduction of CKHH's economic interest in its direct interest in these projects to 10% of the shareholding interests as stated above. By the end of 2019, CKHH completed the supplemental agreements with CKAH, CKI and Power Assets for the effective transfer of the proportionate voting rights of the co-owned investments in Europe and Canada from CKHH to the respective parties. Accordingly, Northumbrian Water, UK Rails and Park'N Fly ceased to be consolidated by CKHH as subsidiaries. In December 2022, together with CKI and Power Assets, CKHH partially disposed of its direct interest in Northumbrian Water, resulting in a 1% reduction of economic interest therein from 4% to 3% as of December 31, 2022.

Telecommunications

CKHH is a leading worldwide operator of mobile telecommunications networks with CK Hutchison Group Telecom or CKHGT consolidating unlisted mobile telecommunications businesses in Europe ("**3** Group Europe") and an approximate 66.09% interest in HTHKH which is listed on the main board of SEHK; Hutchison Asia Telecommunications ("HAT") consists of telecommunications operations in Indonesia, Vietnam and Sri Lanka; and an approximate 87.87% interest in Hutchison Telecommunications (Australia) Limited ("HTAL").

- **3** Group Europe comprises mobile telecommunications businesses in the UK, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services under the brand name "Three" or "**3**", and in Italy where Wind Tre S.p.A. ("Wind Tre"), in which CKHH previously indirectly held a 50% interest until it became a wholly-owned operation of CKHH following the completion of the acquisition by CKHH from Veon the remaining 50% interest in Wind Tre in September 2018. As of December 31, 2023, CKHH's **3** Group Europe operations had approximately 43.7 million registered customers.

  – In the UK, Hutchison 3G UK Limited ("**3** UK") serviced a registered customer base of approximately 12.6 million as of December 31, 2023.

  – In Italy, Wind Tre serviced a registered mobile customer base of approximately 19.3 million as well as 2.9 million fixed line customers as of December 31, 2023.

  – In Sweden, Hi3G Access AB ("Hi3G Access"), in which CKHH holds a 60% interest, serviced a registered customer base of approximately 2.6 million as of December 31, 2023.

  – In Denmark, Hi3G Denmark ApS ("Hi3G Denmark"), in which CKHH holds a 60% interest and a wholly-owned subsidiary of Hi3G Access, serviced a registered customer base of approximately 1.6 million as of December 31, 2023.

  – In Austria, Hutchison Drei Austria GmbH ("**3** Austria") serviced a registered customer base of approximately 3.1 million as of December 31, 2023.

  – In Ireland, Three Ireland (Hutchison) Limited ("**3** Ireland") serviced a registered customer base of approximately 4.5 million as of December 31, 2023.

In November 2020, CKHH entered into an agreement to dispose of its European telecommunications tower assets for an aggregate consideration of €10 billion. The disposals of tower assets in Denmark, Austria and Ireland, pursuant to this agreement, were completed in December 2020. Disposals of the remaining tower assets in Sweden, Italy and the UK were completed in January 2021, June 2021 and November 2022, respectively.

In June 2023, CKHGT reached an agreement to combine their UK telecommunication businesses with that of Vodafone UK, with the merged entity being 49% owned by CKHGT upon completion, subject to regulatory approvals and satisfaction of conditions precedent.

- HTHKH, which was listed on the SEHK in May 2009, is a mobile telecommunications operator that provides services in Hong Kong and Macau under the 3, SUPREME, 3Business, MO+ and SoSIM brands. HTHKH has a combined active mobile customer base of approximately 4.0 million in Hong Kong and Macau as of December 31, 2023.

- HAT holds interests in mobile operations in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between CKHH's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, is listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia upon the merger. Following the completion of the transaction,

CKHH holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in Indosat Ooredoo Hutchison. HAT has an active mobile customer base of approximately 117.1 million as of December 31, 2023.

- HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange ("ASX"), has a 25.05% interest in TPG Telecom Limited ("TPG") is also listed on the ASX. TPG has a mobile subscriber base of approximately 5.46 million as of December 31, 2023. CKHH's share of TPG's results is included under the finance & investments and others segment.

Finance & Investments and Others

CKHH receives income from its finance & investments and others segment, which is responsible for the management of CKHH's cash deposits, liquid assets held in managed funds and other investments. CKHH operates a central cash management system for all of its subsidiaries, except for listed subsidiaries and certain overseas entities conducting businesses in non-Hong Kong or non-U.S. dollar currencies. Income from this division includes interest income, dividends from equity investments, profits and losses from sale of securities, and foreign exchange gains and losses of non-Hong Kong dollar denominated liquid assets. The interest expense and finance costs related to CKHH's various operating businesses are not attributed to this division but are borne by the operating businesses.

CKHH's share of the results of Hutchison Whampoa (China) Limited ("HWCL"), Hutchison E-Commerce operations, listed associate TOM Group, the Marionnaud Group, listed associate CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), listed subsidiary HTAL, which has a 25.05% interest in TPG, as well as listed associate, Cenovus Energy Inc. ("Cenovus Energy"), are reported under this division.

- HWCL is engaged in the businesses of manufacturing, service and distribution in the Mainland, Hong Kong and the UK, and also has 38.17% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM Market of the London Stock Exchange in the UK and the Nasdaq Global Select Market ("Nasdaq") in the U.S.. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. During 2019, CKHH partially disposed of its interest in HUTCHMED, reducing CKHH's shareholding from 60.15% to 49.86%. Subsequent to the follow-on offering of HUTCHMED's ADS in January 2020 and private placements in July and November 2020, CKHH's shareholding was further diluted to 45.69%. The private placement in April 2021, initial public offering in Hong Kong in June 2021 and subsequent exercise of share options resulted in further dilution of shareholding to 38.17% as of December 31, 2023;

- CKHH has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialization, marketing, sale of, and investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products;

- CKHH has an approximate 36.1% interest in the TOM Group, a technology and media company listed on the SEHK. TOM Group has technology operations in social network and mobile internet, and investments in e-commerce, fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments;

- CKHH has a 100% interest in the Marionnaud Group, a luxury perfumery and cosmetic retail chain in Europe; and

- CKHH has an approximate 16.9% interest in Cenovus Energy, a Canadian integrated oil and natural gas company listed on the Toronto Stock Exchange and New York Stock Exchange.

Recent Developments

- With effect from April 1, 2024: (i) Mr Victor T K Li ceased to be Group Co-Managing Director of CKHH, and remains as the Chairman and Executive Director of CKHH; (ii) Mr Fok Kin Ning, Canning is appointed as Deputy Chairman of CKHH. He ceased to be Group Co-Managing Director of CKHH but remains as an Executive Director of CKHH. He is also appointed as Executive Chairman of CK Hutchison Group Telecom Holdings Limited; and (iii) Mr Frank John Sixt and Mr Lai Kai Ming, Dominic are appointed as Group Co-Managing Directors of CKHH.

- In February 2024, Wind Tre entered into an agreement to acquire OpNet S.p.A, an Italian wireless broadband provider, for a consideration of €485 million. The transaction is subject to regulatory approvals.

- The **3** UK and Vodafone merger will be entering into phase 2 investigation as announced in March 22, 2024 by the United Kingdom's Competition and Markets Authority (CMA).

- In March 2024, **3** Austria acquired 600MHz in 26GHz spectrum band for approximately €7 million.

- In April 2024, notice was issued for the redemption in full on June 13, 2024 of the nominal amount of €500 million (approximately HK$4,475 million or US$574 million) Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (Europe) Limited.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the notes, see "Description of the Notes and the Guarantee" in this offering memorandum.

Issuer	CK Hutchison International (24) Limited
Guarantor	CK Hutchison Holdings Limited
Notes Offered	US$1,000,000,000 principal amount of 5.375% guaranteed green notes due 2029 (the "Notes Due 2029") and US$1,000,000,000 principal amount of 5.500% guaranteed notes due 2034 (the "Notes Due 2034"). The Notes Due 2029 and the Notes Due 2034 are collectively referred to in this offering memorandum as the "notes". The notes are being offered (i) in the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and (ii) to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act. See "Plan of Distribution".
Guarantee	The Guarantor will fully and unconditionally guarantee (the "Guarantee") to each holder of a note authenticated and delivered by the Fiscal Agent the due and punctual payment of the principal of and interest on such note (and any Additional Amounts (as hereinafter defined) payable in respect thereof) when and as the same shall become due and payable, whether at the stated maturity of the note, by declaration of acceleration, call for redemption, or otherwise, in accordance with the terms of such note and of the Fiscal Agency Agreement.
Status of Notes and Guarantee	The notes will constitute direct, unconditional, unsecured (subject to the lien covenant in the notes) and unsubordinated obligations of the Issuer ranking (subject as aforesaid) *pari passu*, without any preference or priority of payment among themselves and among each series thereof and with all other present and future unsecured and unsubordinated indebtedness of the Issuer, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights. The Guarantee will constitute a direct, unconditional, unsecured (subject to the lien covenant in the notes) and unsubordinated obligation of the Guarantor and will (subject as aforesaid) rank *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Guarantor, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights.
Issue Prices	99.805% of principal amount plus accrued interest, if any, from April 26, 2024 with respect to the Notes Due 2029. 99.348% of principal amount plus accrued interest, if any, from April 26, 2024 with respect to the Notes Due 2034.

Maturity Dates	April 26, 2029 with respect to the Notes Due 2029. April 26, 2034 with respect to the Notes Due 2034.
Interest	The Notes Due 2029 and the Notes Due 2034 will bear interest at 5.375% and 5.500%, respectively, from April 26, 2024 and be payable semi-annually in arrears. Interest will be calculated on the basis of a 360-day year and twelve 30-day months.
Interest Payment Dates	April 26 and October 26 of each year, commencing October 26, 2024, with respect to the Notes Due 2029 and the Notes Due 2034, and at maturity, being April 26, 2029 for the Notes Due 2029 and April 26, 2034 for the Notes Due 2034.
Covenants	The Issuer and the Guarantor have agreed to observe certain covenants. See "Description of the Notes and the Guarantee – Certain Covenants".
Additional Amounts	In the event that certain Cayman Islands taxes are payable in respect of certain payments pursuant to the notes or pursuant to the Guarantee, the Issuer or the Guarantor, as the case may be, will, subject to certain exceptions, pay such additional amounts as will result in the receipt by the holders of the applicable series of notes of such amounts as would have been payable to those holders had no such deduction or withholding been required. Any amounts to be paid by the Issuer or the Guarantor on the notes will be paid net of any FATCA Withholding (as defined below) and neither the Guarantor nor the Issuer will be required to pay additional amounts on account of any FATCA Withholding. See "Description of the Notes and the Guarantee – Additional Amounts", and "Description of the Notes and the Guarantee – Redemption".
Redemption	None, except that (i) notes of any series may be redeemed at the option of the Issuer or the Guarantor, in whole but not in part with respect to such series, at the principal amount thereof plus accrued and unpaid interest, in the event the Issuer or the Guarantor would become obligated to pay certain withholding taxes in respect of the notes; (ii) at any time before (in relation to the Notes Due 2029) March 26, 2029 and (in relation to the Notes Due 2034), January 26, 2034, notes may be redeemed, at the option of the Issuer or the Guarantor, in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus an applicable premium as of, and accrued and unpaid interest, if any, to, the redemption date; and (iii) at any time on or after March 26, 2029, the Notes Due 2029 may be redeemed and at any time on or after January 26, 2034, the Notes Due 2034 may be redeemed, in each case, at the option of the Issuer or the Guarantor, in whole or in part with respect to such series, at the principal amount thereof plus accrued and unpaid interest. See "Description of the Notes and the Guarantee – Redemption".

Denomination, Form and Registration	The notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 above that amount. Each series of notes offered in the United States to qualified institutional buyers in reliance on Rule 144A will be initially represented by one or more permanent global notes representing the relevant notes in fully registered form without coupons deposited with The Bank of New York Mellon as custodian for and registered in the name of Cede & Co., as nominee of DTC. Each series of notes offered outside the United States in reliance on Regulation S will be initially represented by one or more permanent global notes representing the relevant notes in fully registered form without coupons deposited with The Bank of New York Mellon as custodian for, and registered in the name of a nominee of DTC for the respective accounts of Euroclear Bank S.A./N.V. ("Euroclear"), as operator of the Euroclear System, and Clearstream Banking S.A. ("Clearstream"), each of which is a participant in DTC. DTC will credit the account of each of its participants, including Euroclear and Clearstream, with the principal amount of notes being purchased by or through such participant. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream.
Governing Law	The Fiscal Agency Agreement, the notes and the Guarantee will be governed by New York law.
Ratings	The notes are expected to be rated "A–" by Fitch Ratings Ltd., "A2" by Moody's Investor Service Limited and "A" by S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. Security ratings are not recommendations to buy, sell or hold the notes. Ratings are subject to revision or withdrawal at any time by the rating agencies.
Transfer Restrictions	The notes have not been registered under the Securities Act or any state securities law. Unless they are registered, the notes may not be offered or sold except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws.
Risk Factors	See "Risk Factors" and the other information in this offering memorandum for a discussion of factors that should be carefully considered before deciding to invest in the notes.

Listing	Application will be made to the SGX-ST for the listing and quotation of the notes on the SGX-ST but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organization for Economic Co-operation and Development, for permission to deal in and the listing of the notes. No assurance is made that the application to the SGX-ST will be approved. The offering and settlement of the notes are not conditional on obtaining such listing. For so long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require, such notes will be traded on the SGX-ST in a minimum board lot size of US$200,000.

Use of Proceeds	See “Use of Proceeds”.	
Identification Numbers for the Notes Due 2029	*Rule 144A* Global Certificates Common Code: 280465402 CUSIP: 17887U AA3 ISIN: US17887UAA34	*Regulation S* Global Certificates Common Code: 280465623 CUSIP: G2176U AA8 ISIN: USG2176UAA81
Identification Numbers for the Notes Due 2034	*Rule 144A* Global Certificates Common Code: 280465682 CUSIP: 17887U AB1 ISIN: US17887UAB17	*Regulation S* Global Certificates Common Code: 280465704 CUSIP: G2176U AB6 ISIN: USG2176UAB64
Legal Entity Identifier (LEI) of the Issuer:	254900GAYV1MAUETUO84	

SELECTED FINANCIAL INFORMATION

(A) Consolidated Income Statement, Statement of Financial Position and Statement of Cash Flows of CKHH

CKHH's consolidated financial statements are prepared and presented in accordance with HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Significant differences may exist between HKFRS and U.S. GAAP which may be material to the financial information contained in this offering memorandum. This offering memorandum does not contain any discussion on the differences between HKFRS and U.S. GAAP relevant to CKHH's consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between HKFRS and U.S. GAAP, and how these differences might affect the financial information herein.

CKHH's consolidated financial statements for the years ended December 31, 2021, 2022 and 2023 have been audited by PricewaterhouseCoopers ("PwC"), Certified Public Accountants, Hong Kong, as stated in their unqualified audit reports dated March 17, 2022, March 16, 2023 and March 21, 2024, respectively. These consolidated financial statements and PwC's reports are included elsewhere in this offering memorandum.

The tables in this section set out the

(1) consolidated income statement of CKHH for each of the years ended December 31, 2021, 2022 and 2023;

(2) consolidated statement of financial position of CKHH as of December 31, 2021, 2022 and 2023; and

(3) consolidated statement of cash flows of CKHH for each of the years ended December 31, 2021, 2022 and 2023.

The selected financial information

- as of December 31, 2021 and for the year then ended has been extracted from CKHH's consolidated financial statements for the year ended December 31, 2022; and
- as of December 31, 2022 and 2023 and for each of the years then ended has been extracted from CKHH's consolidated financial statements for the year ended December 31, 2023.

The selected financial information sets out in this section should be read in conjunction with the aforementioned consolidated financial statements of CKHH, including the notes thereto, PwC's related reports, and other financial information that is included elsewhere in this offering memorandum.

Amounts in CKHH's consolidated financial statements are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into U.S. dollars is for convenience only and has been made at the rate of HK$7.80 to US$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Consolidated Income Statement

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million (other than per share amounts)	HK$ million (other than per share amounts)	HK$ million (other than per share amounts)	US$ million (other than per share amounts)
Revenue	280,847	262,497	275,575	35,330
Cost of inventories sold	(104,266)	(101,724)	(105,739)	(13,556)
Staff costs	(37,462)	(37,170)	(39,226)	(5,029)
Expensed customer acquisition and retention costs	(16,411)	(14,527)	(15,188)	(1,947)
Depreciation and amortization	(45,256)	(39,788)	(40,083)	(5,139)
Other expenses and losses	(63,758)	(55,727)	(48,095)	(6,166)
Other income and gains	27,505	28,180	2,067	265
Share of profits less losses of:				
Associated companies	5,718	11,822	8,138	1,044
Joint ventures	6,393	7,422	7,990	1,024
Profit before the following:	53,310	60,985	45,439	5,826
Interest expenses and other finance costs	(10,608)	(9,052)	(12,227)	(1,568)
Profit before tax	42,702	51,933	33,212	4,258
Current tax	(4,029)	(5,435)	(4,119)	(528)
Deferred tax credit (charge)	1,799	(2,839)	1,116	143
Profit after tax	40,472	43,659	30,209	3,873
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,988)	(6,979)	(6,709)	(860)
Profit attributable to ordinary shareholders	33,484	36,680	23,500	3,013
Earnings per share for profit attributable to ordinary shareholders	HK$8.70	HK$9.57	HK$6.14	US$0.79

Consolidated Statement of Financial Position

	As of December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Non-current assets				
Fixed assets	131,099	112,650	119,826	15,362
Right-of-use assets	76,852	59,337	61,198	7,846
Telecommunications licenses	69,985	60,689	64,264	8,239
Brand names and other rights	89,019	83,694	83,396	10,692
Goodwill	289,340	268,008	271,136	34,761
Associated companies	137,781	140,711	143,638	18,415
Interests in joint ventures	141,344	148,561	156,337	20,043
Deferred tax assets	21,188	18,509	21,074	2,702
Liquid funds and other listed investments	8,227	16,103	15,786	2,024
Other non-current assets	14,202	15,900	19,862	2,547
	979,037	924,162	956,517	122,631
Current assets				
Cash and cash equivalents	153,133	138,085	127,323	16,323
Inventories	23,625	23,283	24,473	3,138
Trade receivables and other current assets	57,731	56,811	50,590	6,486
	234,489	218,179	202,386	25,947
Assets classified as held for sale	–	6,096	–	–
	234,489	224,275	202,386	25,947
Current liabilities				
Bank and other debts	66,361	70,130	58,324	7,477
Current tax liabilities	2,402	4,001	4,166	534
Lease liabilities	16,085	12,128	13,616	1,746
Trade payables and other current liabilities	96,565	89,129	86,419	11,080
	181,413	175,388	162,525	20,837
Liabilities directly associated with assets classified as held for sale	–	1,127	–	–
	181,413	176,515	162,525	20,837
Net current assets	53,076	47,760	39,861	5,110
Total assets less current liabilities	1,032,113	971,922	996,378	127,741
Non-current liabilities				
Bank and other debts	259,438	214,196	213,598	27,384
Interest bearing loans from non-controlling shareholders	759	2,567	3,245	416
Lease liabilities	68,994	53,931	54,307	6,963
Deferred tax liabilities	17,383	19,290	19,572	2,509
Pension obligations	3,466	2,730	3,536	453
Other non-current liabilities	37,818	31,899	31,571	4,048
	387,858	324,613	325,829	41,773
Net assets	644,255	647,309	670,549	85,968
Capital and reserves				
Share capital	3,834	3,830	3,830	491
Share premium	243,169	242,972	242,972	31,150
Reserves	266,149	276,711	297,233	38,107
Total ordinary shareholders' funds	513,152	523,513	544,035	69,748
Perpetual capital securities	12,414	4,561	4,566	585
Non-controlling interests	118,689	119,235	121,948	15,635
Total equity	644,255	647,309	670,549	85,968

Consolidated Statement of Cash Flows

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Operating activities				
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	85,933	73,897	75,416	9,669
Interest expenses and other finance costs paid (net of capitalization)	(10,577)	(9,051)	(12,083)	(1,549)
Tax paid	(4,092)	(3,552)	(3,931)	(504)
Funds from operations (before principal elements of lease payments)	71,264	61,294	59,402	7,616
Changes in working capital	(19,080)	(4,580)	(7,965)	(1,022)
Net cash from operating activities	52,184	56,714	51,437	6,594
Investing activities				
Purchase of fixed assets	(27,056)	(23,885)	(21,670)	(2,778)
Additions to telecommunications licenses	(8,158)	(160)	(1,956)	(251)
Additions to brand names and other rights	(4,429)	(1,807)	(1,675)	(215)
Purchase of subsidiary companies, net of cash acquired	(138)	–	(55)	(7)
Additions to unlisted investments	(142)	(564)	(74)	(9)
Repayments of loans from associated companies and joint ventures	1,044	374	2,829	363
Purchase of and advances to associated companies and joint ventures	(1,753)	(3,464)	(819)	(105)
Proceeds from disposal of fixed assets	438	335	168	21
Proceeds from disposal of subsidiary companies, net of cash disposed	38,425	17,096	2,563	329
Proceeds from disposal of financial instruments	–	–	2,451	314
Proceeds from partial disposal / disposal of associated companies and joint ventures	928	5,226	734	94
Proceeds from disposal of other unlisted investments	11	2,336	74	9
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(830)	(4,513)	(17,430)	(2,235)
Disposal of liquid funds and other listed investments	318	157	2,088	268
Additions to liquid funds and other listed investments	(38)	–	(73)	(9)
Cash flows used in investing activities	(550)	(4,356)	(15,415)	(1,976)
Net cash inflow before financing activities	51,634	52,358	36,022	4,618

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Financing activities				
New borrowings	70,901	37,147	58,211	7,463
Repayment of borrowings	(83,546)	(68,063)	(75,361)	(9,662)
Principal elements of lease payments	(17,407)	(14,307)	(14,476)	(1,856)
Net loans from non-controlling shareholders	47	2,118	527	67
Issue of equity securities by subsidiary companies to non-controlling shareholders	95	85	–	–
Payments to acquire additional interests in subsidiary companies	(1,955)	(904)	–	–
Proceeds from partial disposal of subsidiary companies	–	–	61	8
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	4,648	–	–	–
Redemption of perpetual capital securities by a subsidiary	(9,360)	(7,800)	–	–
Payments for buy-back and cancellation of issued shares	(1,239)	(197)	–	–
Dividends paid to ordinary shareholders	(9,627)	(10,353)	(10,885)	(1,395)
Dividends paid to non-controlling interests	(6,518)	(4,816)	(4,694)	(602)
Distribution paid on perpetual capital securities	(491)	(316)	(167)	(21)
Cash flows used in financing activities	(54,452)	(67,406)	(46,784)	(5,998)
Decrease in cash and cash equivalents	(2,818)	(15,048)	(10,762)	(1,380)
Cash and cash equivalents at January 1	155,951	153,133	138,085	17,703
Cash and cash equivalents at December 31	153,133	138,085	127,323	16,323

(B) Financial Performance Summary

CKHH's consolidated financial statements are prepared and presented in accordance with HKFRS. CKHH has adopted HKFRS 16 "Leases" accounting standard ("HKFRS 16"), which relates to accounting for leases, for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). CKHH believes that the HKAS 17 basis metrics ("Pre-HKFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of CKHH's underlying operational performance. Pre-HKFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023.

The table in this section sets out the financial performance information of CKHH

(1) prepared under the Pre-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023; and

(2) prepared under the Post-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023.

The selected financial performance information

- for the year ended December 31, 2021 has been extracted from CKHH's Financial Performance Summary for the year ended December 31, 2022, except to the extent of incorporating the changes adopted by CKHH in 2023 in separately presenting CKHH's underlying EBITDA, EBIT and profit attributable to ordinary shareholders, and CKHH's EBITDA, EBIT and profit attributable to ordinary shareholders from one-off items as described in footnote (2) to the table "Financial Performance Summary"; and

- for each of the years ended December 31, 2022 and 2023 has been extracted from CKHH's Financial Performance Summary for the year ended December 31, 2023.

The selected financial performance information set out in this section should be read in conjunction with the aforementioned financial performance summaries of CKHH, including the notes thereto, and other financial information that is included elsewhere in this offering memorandum.

Amounts in CKHH's Financial Performance Summary are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into U.S. dollars is for convenience only and has been made at the rate of HK$7.80 to US$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Financial Performance Summary:

	Pre-HKFRS 16				Post-HKFRS 16			
	Year Ended December 31,				Year Ended December 31,			
	2021	2022	2023	2023	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million	HK$ million	HK$ million	HK$ million	US$ million
Revenue								
Ports and Related Services	42,285	44,141	40,851	5,237	42,285	44,141	40,851	5,237
Retail	173,601	169,645	183,344	23,506	173,601	169,645	183,344	23,506
Infrastructure	56,100	54,441	54,714	7,015	56,100	54,441	54,714	7,015
CK Hutchison Group Telecom	92,575	83,289	86,814	11,130	92,575	83,289	86,814	11,130
Hutchison Asia Telecommunications	8,786	11,628	11,779	1,510	8,786	11,628	11,779	1,510
Finance & Investments and Others	72,036	94,085	84,056	10,776	72,036	94,085	84,056	10,776
Total Revenue	445,383	457,229	461,558	59,174	445,383	457,229	461,558	59,174
EBITDA								
Ports and Related Services	15,157	15,805	13,628	1,747	18,008	19,007	16,415	2,104
Retail	16,034	14,309	16,226	2,080	26,119	23,359	25,507	3,270
Infrastructure	29,636	28,815	29,201	3,744	29,938	29,109	29,526	3,786
CK Hutchison Group Telecom	43,052	32,192	22,341	2,864	50,892	39,002	29,081	3,728
Hutchison Asia Telecommunications	2,036	9,420	3,952	507	4,232	12,478	6,011	771
Finance & Investments and Others	5,312	18,469	19,532	2,504	6,464	19,177	20,769	2,663
Total EBITDA	111,227	119,010	104,880	13,446	135,653	142,132	127,309	16,322
– Underlying	106,448	106,207	104,880	13,446	130,817	128,119	127,309	16,322
– One-off items[1][2]	4,779	12,803	–	–	4,836	14,013	–	–
EBIT								
Ports and Related Services	10,737	11,426	9,328	1,196	11,946	13,024	10,583	1,357
Retail	12,460	11,048	12,888	1,652	13,370	11,831	13,849	1,776
Infrastructure	19,095	18,833	19,562	2,508	19,139	18,872	19,616	2,516
CK Hutchison Group Telecom	23,462	12,803	2,265	290	24,530	14,216	3,191	409
Hutchison Asia Telecommunications	209	6,745	1,612	207	979	8,582	2,388	306
Finance & Investments and Others	(1,219)	12,009	12,913	1,656	(1,146)	11,736	13,143	1,685
Total EBIT	64,744	72,864	58,568	7,509	68,818	78,261	62,770	8,049
– Underlying	59,965	60,061	58,568	7,509	63,982	64,248	62,770	8,049
– One-off items[1][2]	4,779	12,803	–	–	4,836	14,013	–	–
Interest expenses and other finance costs	(14,659)	(14,860)	(20,147)	(2,583)	(18,841)	(18,398)	(24,200)	(3,104)
Profit before tax	50,085	58,004	38,421	4,926	49,977	59,863	38,570	4,945
Tax								
Current tax	(7,631)	(9,421)	(7,705)	(988)	(7,629)	(9,418)	(7,701)	(987)
Deferred tax	(1,947)	(6,670)	(795)	(102)	(1,932)	(6,762)	(690)	(89)
Profit after tax	40,507	41,913	29,921	3,836	40,416	43,683	30,179	3,869
Non-controlling interests and perpetual capitals securities holders' interests	(7,007)	(7,044)	(6,678)	(856)	(6,932)	(7,003)	(6,679)	(856)
Profit attributable to ordinary shareholders	33,500	34,869	23,243	2,980	33,484	36,680	23,500	3,013
– Underlying	28,579	25,140	23,243	2,980	28,506	25,741	23,500	3,013
– One-off items[1][2]	4,921	9,729	–	–	4,978	10,939	–	–

1) Under Pre-HKFRS basis, the one-off items for the year ended December 31, 2022 comprise HK$18,957 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,823 million) and Indonesian telecommunication business merger gain (HK$6,100 million), partly offset by non-cash impairments of CKHH's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$962 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

   Under Post-HKFRS 16 basis, the one-off items for the year ended December 31, 2022 comprise HK$19,060 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,926 million) and Indonesian telecommunication business merger gain (HK$7,245 million), partly offset by non-cash impairments of CKHH's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$1,000 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

2) Under Pre-HKFRS 16 basis, the one-off items for the year ended December 31, 2021 comprise HK$25,259 million gains from the disposal of Sweden and Italy tower assets, partly offset by reclassification adjustment of foreign exchange losses previously recognised in reserves arising from the merger of Husky and Cenovus Energy (HK$3,514 million), non-cash impairment of CKHH's telecommunication businesses in Italy (HK$15,472 million), as well as HK$1,494 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$1,352 million).

   Under Post-HKFRS 16 basis, the one-off items for the year ended December 31, 2021 comprise HK$25,316 million gains from the disposal of Sweden and Italy tower assets, partly offset by reclassification adjustment of foreign exchange losses previously recognised in reserves arising from the merger of Husky and Cenovus Energy (HK$3,514 million), non-cash impairment of CKHH's telecommunication businesses in Italy (HK$15,472 million), as well as HK$1,494 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$1,352 million).

Investors should consider, among other things, the factors set forth below, as well as other considerations with respect to investment in Cayman Islands corporations not normally associated with investments in the securities of issuers in European countries, the United States ("U.S.") and other jurisdictions. This offering memorandum, including particularly the information set forth under the caption "Business of CKHH" to the extent that it describes properties, projects, business ventures or strategies at an early stage of development or fulfillment, includes "forward-looking statements". Although CKHH believes that its plans, intentions and expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from CKHH's historical results and forward-looking statements are set forth in this offering memorandum, but particularly include those set forth below. All forward-looking statements attributable to CKHH or persons acting on its behalf are expressly qualified in their entirety by the investment considerations set forth below.

Global Economy

As a global business, CKHH is exposed to the developments in the global economy as well as developments in the industries and geographical markets in which it operates. As a result, CKHH's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect CKHH's financial condition or results of operations.

In general, volatility in the U.S. and worldwide credit and financial markets, the COVID-19 pandemic, fluctuations in commodity prices and rising energy costs mounting inflationary pressures, interest hikes, increasing geopolitical risks and political turbulence, global trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects and dampen economic growth. The major rating actions of the countries in which CKHH operates included Moody's changing Hong Kong's rating outlook from Aa2 (stable outlook) to Aa2 (negative outlook) in September 2019, in January 2020, downgrading Hong Kong's rating to Aa3 (stable outlook) in March 2022, affirming Hong Kong's rating as Aa3 (stable outlook) and in December 2023, revising Hong Kong's rating to Aa3 (negative outlook). In September 2019, Fitch downgraded Hong Kong's rating from AA+ (stable outlook) to AA (negative outlook), in April 2020, further downgraded Hong Kong's rating to AA– (stable outlook) and affirmed Hong Kong's rating as AA– (stable outlook) in April 2022, March 2023 and February 2024, respectively. In November 2019, Moody's changed the United Kingdom's ("UK") rating outlook from Aa2 (stable outlook) to Aa2 (negative outlook), in October 2020, downgraded its rating to Aa3 (stable outlook), in October 2022, revised UK's rating outlook to Aa3 (negative outlook) and in October 2023, further revised UK's rating outlook to Aa3 (stable outlook). In December 2019, S&P revised UK's rating outlook from AA (negative outlook) to AA (stable outlook), in September 2022, revised UK's rating outlook to AA (negative outlook). In March 2020, Fitch downgraded UK's rating from AA (negative outlook) to AA– (negative outlook) and in October 2023, revised UK's rating outlook to AA (stable outlook), in June 2021, revised UK's rating outlook to AA– (stable outlook), in December 2022, revised UK's rating outlook to AA– (negative outlook) and in March 2024, revised UK's rating outlook to AA– (stable outlook).

Furthermore, the last global financial crisis affected not only the banking and financial sectors, but also the commercial sectors which rely on the availability of banking facilities and bank borrowings. If CKHH's customers are unable to borrow money, experience financial difficulty, or are put into liquidation, CKHH may not be paid by such customers on time or at all, and may experience a significant decline in the demand for its products and services. The more recent trade conflicts between the U.S. and China could potentially reduce international trade and dampen economic growth in the longer run. Impact of such conflicts may result in lower throughput in its ports businesses and reduce demand for its related services. If another economic downturn occurs and results in weak economic sentiments, CKHH's business, financial condition, results of operations and prospects could experience deterioration.

CKHH's overall success as a global business depends, in part, upon its ability to succeed in different economic, social and political conditions. There can be no assurance that CKHH will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which CKHH conducts business could have a material adverse effect on CKHH's financial condition and results of operations.

Industry Trends, Interest Rates and Currency Markets

CKHH's results are affected by trends in the industries in which it operates, including the ports and related services, retail, infrastructure and telecommunications industries. While CKHH believes that its diverse operations, geographical spread and extensive customer base reduce its exposure to particular industry cycles, its results have in the past been adversely affected by industry trends. For example, CKHH's results have been negatively impacted by declines in retail consumer sentiment, decline in the value of securities investments, and volatility in currencies and interest rates, as well as increase in inflationary pressures, including energy costs. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by CKHH in the future will not adversely affect its financial condition and results of operations.

In particular, income from CKHH's finance and treasury operations is dependent upon interest rates, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect CKHH's financial condition and results of operations.

Ports and Related Services

The container throughput handled by CKHH's ports and related services division is primarily dependent on global trading volume. The 2008 global economic crisis in the last decade and the resulting economic and financial uncertainty continue to have an adverse effect to varying degrees on the markets and geographies in which the ports and related services division operates. Recent global market and economic conditions have been unprecedented and challenging with tight credit conditions and recession or stagnation in most major economies. Concerns over inflation or deflation, uncertainty relating to currency exchange rates and interest rates, the availability and cost of credit, the sovereign debt crisis in Europe, volatility in commodity and oil prices, geopolitical issues, policy changes affecting international trade and the imposition of tariffs, and unstable financial markets and the global housing and mortgage markets have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. If economic conditions deteriorate again, global throughput levels may decrease.

In the Mainland, imports and exports were affected by the economic performance of the U.S. and Europe as well as regulations imposed by the Mainland government authorities on tariffs or charges. In particular, the concerns over the trade war between the U.S. and the Mainland may impact trade volumes. See also "Risk Factors – Widespread Health Epidemic or Other Outbreaks or Natural Disasters". Any adverse development in the trade conflicts as well as regulatory imposed tariffs or charges restrictions may have an impact on the business operations and financial results of CKHH's ports and related services division.

CKHH's ports business is subject to significant competition, including continued consolidation and vertical integrations of international shipping lines that are major clients of CKHH's ports operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and may not require the use of CKHH's terminal facilities. Furthermore, ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime or sentiment changes in less politically stable countries may affect port concessions granted to foreign international port operations including CKHH's port operations. There can be no assurance that any of the above factors will not materially and adversely affect CKHH's financial condition and results of operations.

Retail

CKHH's retail division has regularly experienced fluctuations in consumer sentiments and price competition. Significant competition and pricing pressure regularly experienced by the retail business of CKHH from both online and brick and mortar retail competitors, as well as shifting consumer behaviors to online, are expected to continue, which may materially and adversely affect the financial performance of CKHH's retail operations. Recent geopolitical tensions, social unrest across various countries, as well as the recent COVID-19 pandemic also introduce further risks to CKHH's operations and financial results. See also *"Risk Factors – Widespread Health Epidemic or Other Outbreaks or Natural Disasters"*.

Retail Product Liability

CKHH's retail operations may be subject to product liability claims if consumers are injured or otherwise harmed by the products purchased from them. Customers count on CKHH's retail operations to provide them with safe products. Concerns regarding the safety of food and non-food products that are sourced from a wide variety of suppliers could cause shoppers to avoid purchasing certain products from CKHH's retail operations, even if the basis for the concern may be outside of CKHH's control. Claims, recalls or actions could be based on allegations that, among other things, the products sold by the retail operations are misbranded, contain contaminants or impermissible ingredients, provide inadequate instructions regarding their use or misuse, include inadequate warnings concerning flammability or interactions with other substances or in the case of any handset and other electrical devices that the retail operations sell, are not fit for purpose or pose a safety hazard. While CKHH maintains product liability insurance coverage in amounts and with deductibles that CKHH believes are prudent, there can be no assurance that the coverage will be applicable and adequate to cover all possible adverse outcomes of claims and legal proceedings against CKHH. Any material shortfall in coverage may have an adverse impact on the results of CKHH's retail operations. In addition, any lost confidence on the part of CKHH's customers would be difficult and costly to re-establish. As such, any material issue regarding the safety of any food and non-food items that CKHH sells, regardless of the cause, could materially and adversely affect the business, and results of CKHH's retail operations.

Infrastructure

CK Infrastructure Holdings Limited ("CKI")

CKI is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, and household infrastructure as well as infrastructure related businesses in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. Investments in large infrastructure and infrastructure related businesses are subject to potential political risks in the countries of operation. Although CKI's operations have not been adversely affected by any political actions to date, there can be no assurance that potential political risks associated with large infrastructure and infrastructure related businesses will not materially and adversely affect financial condition and results of operations in the future.

CKI has acquired and may continue to acquire businesses as opportunities arise. There could be difficulties managing or integrating the acquisitions, and the anticipated benefits of the acquisitions may or may not materialize. These difficulties could disrupt business, distract management and employees and increase expenses, any of which could materially and adversely affect CKHH's business, financial condition and results of operations.

In addition, certain infrastructure investments of CKI (for example, water, gas and electricity distribution) are subject to regulatory pricing and strict licensing requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licensing requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licenses by the authorities. Furthermore, certain regulated operations of CKI's investments are subject to price control by government regulatory authorities. The relevant government regulatory authorities will periodically review and reset the price control terms for certain projects in accordance with a predetermined timetable. There can be no assurance that such events or price resets will not have a material adverse effect on CKHH's financial conditions and results of operations.

Furthermore, new market entrants and intensified price competition among existing market players of CKI's non-regulated businesses could adversely affect the financial performance of CKI's non-regulated businesses.

Telecommunications

CKHH faces significant competition in each of the markets in which it operates its telecommunications businesses. Competition among providers of mobile and fixed-line telecommunications services, including new entrants, is expected to continue and may adversely affect the prices chargeable for services and handsets. In addition, mobile number portability policies and procedures in markets where CKHH currently operates enable customers to switch their providers of mobile telecommunications services without changing their mobile phone numbers. This has led to increased movement of customers among providers of mobile telecommunications services. Such movements increase marketing, distribution and administrative costs, slow growth in customer numbers and reduce revenues. CKHH's ability to collect revenues from services provided to both consumer and business customers depends on financial viability of these customers to settle bills as they fall due, as well as the effectiveness of various collections procedures executed by CKHH. CKHH's marketing position also depends on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the industry. This includes new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the countries in which it operates. Any failure by CKHH to compete effectively, including in terms of pricing of services, acquisition of customers and retention of existing customers, as well as collectability of revenues, could decrease the revenue that CKHH receives as a major provider of telecommunications services. See also *"Risk Factors – Widespread Health Epidemic or Other Outbreaks or Natural Disasters"*.

The telecommunications industry is subject to changes in customer needs, evolving industry standards and frequent introductions of new products and services. For example, many Internet products have been developed with the proliferation of Internet usage. The development of Internet products such as over-the-top content and voice-over-IP have resulted in a reduction in the usage of traditional text and long distance voice calls provided by CKHH's telecommunications businesses. The innovative nature of these products and services, their rapid evolution and shorter life cycles require CKHH to be able to respond quickly to offerings of these products by competitors. CKHH also faces competition from entities providing alternate telecommunications access technologies and may face competition in the future from technologies being developed or to be developed.

CKHH's telecommunications businesses are highly regulated. CKHH is only permitted to provide telecommunications services and operate networks under licenses (including spectrum licenses for mobile telecommunications) and/or authorizations granted under the national laws of each country in which it operates. Some spectrum licenses have historically been issued for fixed terms and subsequently renewed and/or reauctioned. There can be no assurance, however, that any application for the renewal or participation in any auction of one or more of these licenses will be successful or granted on equivalent or satisfactory terms. Governments and/or regulatory authorities may also impose auction rules and/or license conditions relating to national security, which could result in an operator being denied access to the spectrum and/or revocation of a license.

In addition, CKHH may not be successful in obtaining licenses for spectrum bands enabling new mobile technologies that may be developed in the future (including 5G) and will likely face competition for any such licenses. Due to changes in legislation, CKHH's mobile telecommunications licenses in the UK and Italy effectively provide for perpetual renewal rights. Telecommunications licenses (including spectrum licenses) and authorizations may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its business (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licenses.

Decisions by regulators with respect to the granting, amendment or renewal of licenses to CKHH 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 spectrum or other licenses necessary for CKHH's mobile telecommunications business, could result in CKHH facing unforeseen competition and/or could materially and adversely affect CKHH's financial condition and results of operations.

In addition, CKHH's business activities in certain countries are or may be subject to price control regulation with respect to their wholesale mobile termination rates and wholesale and retail international roaming rates, and such price control regulation may impact costs and revenues and therefore could have a material adverse effect on CKHH's financial condition and results of operations. Furthermore, any new regulatory initiatives or changes in legislation, regulation or government policy affecting CKHH's telecommunications businesses, as well as decisions by regulatory authorities or courts, could have a material adverse effect on CKHH's financial condition and results of operations.

CKHH's ability to provide telecommunications services depends, in part, on its interconnection agreements, as well as international roaming arrangements, with other telecommunications operators. There can be no assurance that CKHH will be able to maintain its interconnection and international roaming agreements on terms that are commercially acceptable to it.

CKHH is also exposed to legal and regulatory requirements, such as those required by the EU or other regulatory bodies. These include competition (anti-trust) laws applicable to CKHH's activities, including the regulation of monopolies and conduct of dominant firms, the prohibition of anti-competitive agreements and policies, and laws requiring the approval of mergers, acquisitions and joint ventures which could restrict CKHH's ability to acquire or merge operations in certain jurisdictions and/or subject the relevant operations to fines.

CKHH and/or its group companies may need to increase borrowings or issue shares to pay for the operation and further build-out of their networks as well as for possible future acquisition of mobile telecommunications licenses. There can be no assurance that CKHH and/or its group companies will be able to obtain such financing on favorable terms or at all.

CKHH is also addressing other challenges in the markets where it operates such as developing successful pricing and tariff strategies in response to local competition, strengthening its product distribution channels, responding to technical problems, and other issues relating to network stability, ensuring innovative content and strong customer service support. Competition in telecommunications markets continues as competitors enhance the quality and speed of their networks. This may result in lower than expected revenue per user and net margins, as well as higher than anticipated CACs and churn rates. There can be no assurance that CKHH will be successful in addressing these issues. In addition, CKHH may have to make substantial investments to acquire licenses and upgrade its mobile networks to the next generations of technologies, including 5G, or its product offerings from the chosen 3G and 4G (LTE) technologies may become obsolete or less profitable. There can be no assurance that CKHH will be able to effectively anticipate and respond to such new technologies, or to new consumer trends or changing consumer preferences. As a result of the volatility in economic conditions, customers may be more cautious in their mobile usage which may significantly reduce revenues and profits.

CK Hutchison Group Telecom or CKHGT

CKHH has made substantial investments in acquiring telecommunications licenses and developing and upgrading its mobile networks in Europe, Hong Kong and Macau. For example, CKHH has invested in the combination of Vodafone's and its respective telecommunications operations in the UK, which will enable CKHH to transform customer experience and create a best-in-class mobile telecommunications network in the UK for coverage and reliability. While CK Hutchison Group Telecom is reporting overall positive operating results, CKHH will need to continue increasing the customer base and operating margins to remain profitable as well as grow profitability. In order to grow and retain its customer base, CKHH has made significant investments in customer acquisition costs ("CACs") in each of the markets in which it operates. CKHH may need to incur more capital expenditure to expand or improve its mobile network and incur more CACs to retain and build the customer base. CKHH may not be successful in growing the customer base and improving operating margins to cover incremental operating

costs, customer acquisition and retention costs and capital expenditure requirements. In particular, the growth in the CK Hutchison Group Telecom operations is impacted by the effect of changes in regulatory regimes and competition. If these operations are unsuccessful in their initiatives to remedy the effects of these adverse factors, CK Hutchison Group Telecom's financial results will be materially and adversely affected, and there can be no assurance that CK Hutchison Group Telecom will remain profitable.

In addition, the mobile telecommunications licenses in the UK and Italy and brand names allocated to the businesses, which are accounted for as indefinite life assets, and goodwill allocated to the businesses are subject to annual impairment tests to assess whether their carrying values are supported by the net present value of future cashflows forecast to be derived from the use of these assets. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cashflow projections, could materially affect the net present value used in the impairment test and as a result may materially and adversely affect CKHH's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cashflow projections, it may be necessary to take an impairment charge to the income statement. See Note 46(b)(i) to the audited consolidated financial statements of CKHH for the year ended December 31, 2023 included elsewhere in this offering memorandum. Accordingly, there can be no assurance that the operating results of CK Hutchison Group Telecom will not be substantially reduced in the near term.

Under HKFRS, deferred tax assets are recognized for the deductible temporary differences and the carry forward of unused tax losses and tax credits 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 and tax credits can be utilized. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient evidence that sufficient taxable profits will be available within the utilization periods to allow utilization of the deductible temporary differences and the carry forward of unutilized losses and tax credits, the asset balance will be reduced and charged to the income statement. A variety of other factors are also evaluated in considering whether there is evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realized, such as the existence of taxable temporary differences, group relief, the percentages and the periods in which estimated tax losses can be utilized. As of December 31, 2023, CKHH had a total deferred tax asset balance[(1)] of HK$16,860 million (US$2,162 million) related to the CK Hutchison Group Telecom mobile operations. The ultimate realization of deferred tax assets recognized depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilize the underlying unused tax losses. In each of the countries and locations that CK Hutchison Group Telecom operates, taxation losses may be carried forward indefinitely. In addition, in the UK, CKHH benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from its other businesses in the same period. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cashflow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the consolidated income statement, which could have a material adverse effect on CKHH's financial condition and results of operations.

In August 2019, CK Hutchison Group Telecom was assigned long term credit ratings of "BBB+" from Fitch, "Baa1" from Moody's and "A-" from S&P. In December 2021, Fitch upgraded CK Hutchison Group Telecom's rating from "BBB+" to "A-". No assurance can be given that CK Hutchison Group Telecom's credit ratings or outlook will remain for any given period of time or that a credit rating will not be lowered or withdrawn by the relevant rating agency. Although CK Hutchison Group Telecom aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances. If liquidity in the capital and loan markets declines and/or any of the ratings of CK Hutchison Group Telecom declines, the availability and cost of borrowings could be affected and adversely impact CK Hutchison Group Telecom's and therefore CKHH's financial condition and results of operations, liquidity and cashflows.

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(1) Under Post-IFRS 16 basis, CKHH had a total deferred tax asset balance of HK$16,975 million (US$2,176 million) related to the CK Hutchison Group Telecom mobile operations.

Hutchison Telecommunications International Limited ("HTIL")

On May 8, 2007, HTIL completed the sale of its entire indirect interest in CGP Investments (Holdings) Limited ("CGP"), then a Cayman Islands incorporated subsidiary, to a subsidiary of Vodafone Group Plc ("Vodafone") incorporated in the Netherlands ("Vodafone Netherlands"). CGP held, through various subsidiaries, all of HTIL's indirect interests in the Indian mobile telecommunications operation, comprising Vodafone India Limited (then known as Hutchison Essar Limited) and its subsidiaries. As a result of the sale, the HTIL Group realized a pre-tax gain of approximately HK$69,343 million (US$8,890 million).

The Indian tax authorities ("ITA") initiated an investigation into Vodafone Netherlands' obligations to withhold tax from the acquisition proceeds. Vodafone Netherlands disputed the jurisdiction of the ITA in this matter by filing a Writ Petition with the Bombay High Court. On January 20, 2012, the Indian Supreme Court gave its ruling that the ITA did not have the jurisdiction as the sale was not taxable in India.

On May 28, 2012, the Government of India enacted several amendments to the Income Tax Act, 1961, that are retrospective to April 1, 1962 ("Retrospective Provisions"). Following the enactment of the Retrospective Provisions, ITA reminded Vodafone Netherlands that it is required to pay tax in India under a demand raised prior to the Retrospective Provisions.

On August 13, 2021, the Government of India amended the Income Tax Act, 1961 nullifying all tax demands raised for the indirect transfer of Indian assets in respect of transactions that occurred before May 28, 2012 on fulfillment of specified conditions, including, withdrawal or furnishing of an undertaking for withdrawal of pending litigation and furnishing of an undertaking waiving the right to seek or pursue any remedy or claim whatsoever in relation to the applicable income and litigation to be filed by the taxpayer concerned by a specified date ("Nullification"). Following the submission by Vodafone Netherlands of the requisite documentation the ITA has made the Nullification.

HTIL received an assessment order from the ITA dated January 25, 2017 ("AO") in respect of the same transaction. The AO imposes tax ("CGT") of approximately INR79 billion (US$948 million) on the aforementioned gains as well as interest on the unpaid CGT ("Interest") of approximately INR164.3 billion (US$1.97 billion). HTIL also received a penalty order from the ITA dated July 3, 2017 ("PO") for a penalty of approximately INR79 billion (US$948 million) ("Penalty") relating to the CGT (CGT, Interest and Penalty together referred to as the "Taxes"). In this paragraph, the US$ amounts have been converted from INR amounts at the rate of INR1 to US$0.012 for illustrative purposes only.

HTIL believes that the Taxes cannot be validly imposed, and it has obtained legal advice that the AO and the PO cannot create any liability for taxes, interest, penalties or otherwise that is legally enforceable. Furthermore, as a consequence of the Nullification, HTIL believes that it is unlikely that the Government of India will seek to enforce any tax demand in respect of the aforementioned transaction.

Cash Flow, Liquidity and Credit Ratings

From time to time, CKHH accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital markets and CKHH's credit, Environmental, Social and Governance (ESG) ratings. Although CKHH aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances or other factors such as how CKHH formulates, implements and integrates its strategies (including sustainability) in relation to its core businesses. If liquidity in the capital markets declines, and/or credit ratings of CKHH decline or other factors, such as the availability and cost of borrowings and any decline in ESG ratings could impact CKHH's financial condition and results of operations, liquidity and cash flows.

After the completion of the Reorganization of Cheung Kong (Holdings) Limited ("Cheung Kong") and Hutchison Whampoa Limited ("Hutchison") on June 3, 2015, CKHH was assigned long-term credit ratings of A3 from Moody's on June 3, 2015, "A-" from S&P on July 6,2015 and "A-" from Fitch on July 13, 2015. In November 2017, Moody's revised CKHH's rating from "A3"

to “A2” with a stable outlook. In September 2018, S&P revised CKHH’s rating from “A-” to “A” with a stable outlook. In October 2023, Moody’s affirmed CKHH’s rating at “A2” with a stable outlook. In October 2023, S&P affirmed CKHH’s rating at “A” with a stable outlook. CKHH’s long term rating from Fitch remained at A- with a stable outlook. However, no assurance can be given that any of CKHH’s credit ratings or outlook will remain for any given period of time or that a credit rating will not be lowered by the relevant rating agency. A negative change in one or more of CKHH’s credit ratings could, notwithstanding that it is not a rating of the notes or the Guarantee, adversely impact the market price and the liquidity of the notes.

Currency Fluctuations

CKHH reports its results in Hong Kong dollars but its subsidiaries, associates and joint ventures around the world receive revenue and incur expenses in around 50 different local currencies. CKHH’s subsidiaries, associates and joint ventures may also incur debt in these local currencies. Consequently, CKHH is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries, associates and joint ventures and also on repatriation of earnings, equity investments and loans. Although CKHH actively manages its currency exposures, depreciation or fluctuation of the currencies in which CKHH conducts its operations relative to the Hong Kong dollar could have a material adverse effect on CKHH’s financial condition and results of operations.

Strategic Partners

CKHH conducts some of its businesses through non-wholly-owned subsidiaries, associates and joint ventures in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will continue their relationships with CKHH in the future or that CKHH will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, other investors in CKHH’s non-wholly-owned subsidiaries, associates and joint ventures may undergo a change of control or financial difficulties, which may negatively impact CKHH’s financial condition and results of operations.

In addition, following the disposal of CKHH’s interests in tower assets supporting CKHH’s mobile businesses in Austria, Denmark, Ireland, Italy, Sweden and the UK, respectively, to Cellnex, CKHH’s ability to provide telecommunications services in such jurisdictions depends, in part, on the relevant Cellnex operating subsidiaries which have entered into master services agreements with subsidiaries of CKHH operating CKHH’s telecommunications business in the relevant jurisdictions. While each master services agreement provides for the relevant counterparty to provide infrastructure and built-to-suit services to CKHH’s telecommunication business in such jurisdictions, such agreements may be terminated for cause by either party and may be partially terminated in respect of part of the telecommunications infrastructure services which are affected by any material failure to meet service levels. Should any of these arrangements be terminated, this could result in delays or disruptions to CKHH’s telecommunications operations in the relevant jurisdictions and could result in CKHH incurring additional costs. There can be no assurance that changes in the relationship or rearrangements between CKHH and Cellnex (or its relevant operating subsidiaries) will not materially and adversely affect CKHH’s financial condition and results of operations.

Widespread Health Epidemic or Other Outbreaks or Natural Disasters

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic, such as COVID-19, swine flu, avian influenza, severe acute respiratory syndrome, Ebola and Zika; natural disasters, such as earthquakes, snowstorms, storm surges, floods, fires, drought and other extreme weather events and other effects of climate change; or other events, such as wars, acts of terrorism, environmental accidents, power shortages or communication interruptions. The global outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020, has spread to almost every country in the world. The subsequent variants and resurgence of infections globally have created severe economic contraction and adversely impacted many industries. While most countries gradually lifted the public health restrictions, recurring COVID-19 outbreaks caused by the new COVID

variants have led to the re-introduction of such restrictions in several regions from time to time. The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments could materially disrupt our industry and our business and operations, and have a material adverse effect on our business, financial condition and results of operations. CKHH's business could be impacted in a number of ways, including:

- the deterioration of socio-economic conditions leading to disruptions to CKHH's operations, such as reduction in CKHH's ports operation's throughput as a result of factory closures in the Mainland or reduced demand in Europe and the US, or mandatory store closures and a decline in footfall in the CKHH's retail stores;

- reductions or volatility in consumer demand for CKHH's products due to quarantine or illness, or other travel restrictions, economic hardship, or retail closures, which may impact CKHH's revenue and market share;

- significant volatility in financial markets (including interest rate and foreign currency rate volatilities) and commodities market and measures adopted by governments and central banks, which may limit CKHH's access to funds, lead to shortages of cash or increase the cost of raising such funds; and

- an adverse impact on CKHH's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

These impacts have threatened and could continue to threaten CKHH's facilities and transport of CKHH's products, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of CKHH's employees, and have and could continue to have a material adverse effect on CKHH's results of operations, cash flows and financial condition.

To date, there remains uncertainty relating to the severity of the long-term adverse impact of the pandemic on the global economy and global financial markets, and CKHH is unable to accurately predict the long-term impact on its business. To the extent that the pandemic adversely affects CKHH's business and operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

Impact of National, EU and International Law and Regulatory Requirements

As a global business, CKHH is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. CKHH operates in many countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the EU or the World Trade Organization ("WTO") or national authorities. These include:

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU (see *"Risk Factors – UK's Exit from the European Union"* for further details), as well as government-determined tariff resets of CKHH regulated infrastructure assets;

- changes in taxation regulations and interpretations;

- competition (anti-trust) laws applicable to CKHH's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices; and merger control, national security, and foreign investment laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict CKHH's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;

- state aid and/or state subsidy control rules which could require the repayment of grants or other financial support if aid or subsidies have been provided by national governments and/or public authorities to CKHH businesses;

- changes in the process of or the conditions or criteria to obtaining or maintaining licenses, permits and governmental approvals necessary to operate certain businesses;

- conditions or criteria to obtaining or maintaining assets that may be viewed by governments or regulatory authorities as critical assets for national security purposes, for example in the telecommunications and ports sectors; and

- environmental, safety, employee and consumer protection laws, rules and regulations.

See *"Operations – Telecommunications – CK Hutchison Group Telecom – European Union Regulation"* and *"Operations – Telecommunications – CK Hutchison Group Telecom – UK Regulation"* for a discussion of the EU and UK regulatory framework applicable to CKHH's CK Hutchison Group Telecom businesses in Europe and the UK. There can be no assurance that the European institutions and/or the regulatory authorities of the countries in which **3** Group Europe operates will not make decisions or interpret and implement regulations in a manner that materially and adversely affects CKHH's financial condition and results of operations in the future.

CKHH's overall success as a global business depends, in part, upon its ability to succeed in different economic, social, and political conditions. There can be no assurance that CKHH will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business.

Hong Kong and the Mainland

CKHH is a Cayman Islands company listed on The Stock Exchange of Hong Kong Limited ("SEHK") with a number of its businesses operating in Hong Kong. As a result, CKHH's financial condition and results of operations may be influenced by the political situation in Hong Kong and by the general state of the Hong Kong economy and the economies in the surrounding region, particularly the Mainland.

As of July 1, 1997, Hong Kong ceased to be a Crown Colony of the UK and became a Special Administrative Region of the PRC. Although the Sino-British Joint Declaration on the Question of Hong Kong and the Basic Law of Hong Kong provide that Hong Kong will have a high degree of legislative, judicial and economic autonomy, there can be no assurance that CKHH's financial condition and results of operations will not be materially and adversely affected as a consequence of the exercise of Chinese sovereignty over Hong Kong or other economic, social and/or political unrest or developments in Hong Kong. In addition, political, social and economic developments in the Mainland and the Mainland's trading relationships with other countries have from time to time materially and adversely affected the Hong Kong economy.

CKHH currently has investments via subsidiaries and joint venture companies in the Mainland. CKHH could decide to invest considerable additional capital resources to enter various markets in the Mainland. The value of CKHH's investments in the Mainland may be adversely affected by significant changes in economic, social or legal environments and could materially and adversely affect CKHH's investments in the Mainland.

Future Growth

CKHH continues to cautiously expand the scale and geographic spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities when appropriate opportunities in the market arise. Success of CKHH's mergers and acquisitions will depend on, among other things, the ability of CKHH to realize the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully, or a longer than projected period to realize the expected synergies, will not have a material adverse effect on CKHH's financial condition, results of operations and prospects.

Completion risk of mergers, acquisitions and disposals

CKHH may from time to time engage in mergers, acquisitions, joint ventures or other consolidation transactions between its businesses and certain third party companies (including competitors), or disposals. Such transactions are typically subject to merger, anti-trust, national security, foreign investment and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. There can be no assurance that such approvals or other conditions would be obtained or satisfied and, even if such approvals are obtained, third parties may initiate proceedings to appeal against such approvals. If a proposed transaction is prohibited or the relevant approvals are revoked and the transaction cannot be completed, CKHH will have incurred significant legal, accounting and other costs in connection with the transaction without realizing its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, CKHH's financial position and results of operations could be negatively impacted. In the case of potential mergers or acquisitions, such third party companies may also choose to merge with or be acquired by another of CKHH's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority or if a transaction is approved but such approval is subsequently revoked, it could have a material adverse impact on CKHH's business, financial condition and results of operations.

Accounting

The HKICPA is continuing its policy of issuing HKFRS, amendments and interpretations that fully converge with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). HKICPA has issued and may in the future issue more new and revised standards, amendments and interpretations, including those required to conform to standards, amendments and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on CKHH's financial condition and results of operations.

In the course of auditing CKHH's consolidated financial statements, CKHH's independent auditor has in the past identified issues relating to, and made recommendations to improve, the internal controls of various CKHH operating units. While CKHH has taken steps to address these issues based on the recommendations of its independent auditor, there is no assurance that these steps will be effective or that these or other internal control issues would not be identified by CKHH's independent auditor in the future.

Differences between HKFRS and U.S. GAAP

CKHH's consolidated financial statements included elsewhere in this offering memorandum are prepared and presented in accordance with HKFRS. Significant differences may exist between HKFRS and U.S. GAAP which might be material to the financial information contained herein. This offering memorandum does not contain any discussion on the differences between HKFRS and U.S. GAAP relevant to CKHH's consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between HKFRS and U.S. GAAP, and how these differences might affect the financial information herein.

Publicly Available Financial Information of Certain Subsidiaries, Associates and Joint Ventures

Certain of CKHH's subsidiaries, associates and joint ventures may, or are required to, make publicly available their financial results from time to time (on an annual, interim, quarterly basis or otherwise). Due to different accounting policies and measurement bases used in preparing CKHH's financial information and the financial information of certain subsidiaries, associates and joint ventures, consolidation adjustments are required to be made to the financial information of these subsidiaries, associates and joint ventures to align accounting policies and measurement bases when preparing CKHH's consolidated financial statements. Such adjustments may be significant and the actual impact of the financial results of CKHH's subsidiaries, associates and joint ventures on the financial results of CKHH may not be known until the consolidation of CKHH's financial results is complete. In addition, there can be no

assurance that these publicly available financial results of such CKHH's subsidiaries, associates and joint ventures on an individual basis can be relied upon as an indication of the consolidated financial results of CKHH.

Impact of Regulatory Reviews

CKHH and some of its subsidiaries and associates are listed on various stock exchanges around the world and are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies and/or other regulatory authorities. While all of CKHH's publicly listed companies endeavor to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with CKHH's interpretations and judgments and that any required actions mandated by the authorities will not have an adverse impact on CKHH's financial position and results of operations.

Natural Disasters

Some of CKHH's assets and projects, and many of CKHH's customers and suppliers are located in areas at risk of damage from earthquakes, floods and typhoons. The occurrence of any such damage could disrupt CKHH's business materially and adversely affect CKHH's financial condition and results of operations.

Although CKHH has not experienced any significant structural damage to infrastructure projects or ports or other facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to CKHH's infrastructure projects, ports or other facilities, or on the general supporting infrastructure facilities in the vicinity, which could materially and adversely affect CKHH's financial condition and results of operations.

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.

Some of CKHH's assets, businesses and supply chain are located in areas that would be affected in the medium to long term by the effects of climate change. Extreme weather events may also pose increased risks for CKHH's stakeholders such as CKHH's employees, customers and suppliers living and working in those locations. Further, as many countries seek to transition to low carbon economies, governments are increasingly introducing legislations to restrict emissions and incentivize environmental protection measures. Other market changes may also influence CKHH's business such as changing consumer preferences in favor of companies that are more sustainable.

Together these physical and transition risks arising from climate change could have a material impact on CKHH's business and adversely affect CKHH's financial condition and results of operations.

Political Unrest, Terrorist Attacks and Military Tensions

CKHH has presence in about 50 countries around the world. There can be no assurance that all of these countries will remain politically stable or immune to terrorist attacks or military tensions, and if any of these countries suffers from political unrest or terrorist attacks or military tensions, it may have an adverse impact on CKHH's financial condition and results of operations.

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

Governments and multinational organizations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control ("OFAC") of the US and the United Nations), 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 CKHH conducts its business, any of CKHH's business partners or suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where CKHH's business operates, CKHH may need to cease operations in those jurisdictions and suffer losses in that regard. If any of CKHH's business partners or suppliers is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect CKHH's ability to continue to operate related businesses. If any of CKHH's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect CKHH's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that CKHH will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and 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 CKHH's financial condition and results of operations.

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorized access to or disrupting the operation of CKHH's networks, systems and data base of CKHH or its suppliers, vendors and other service providers, could have an adverse effect on CKHH's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to CKHH's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by CKHH may not be able to prevent, eliminate or minimize the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of CKHH or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on CKHH could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources. CKHH may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage CKHH 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 claims and/or regulatory claims or investigations. Any of these occurrences could damage CKHH's reputation, adversely impact customer and investor confidence, and materially and adversely affect CKHH's financial condition and results of operations.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the CKHH group of companies collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within CKHH's business are expected to intensify. For example, the General Data Protection Regulation (EU) (2016/679) ("GDPR), the UK GDPR (the retained EU law version of the GDPR) and the United Kingdom's Data Protection Act 2018, which apply to CKHH companies in applicable jurisdictions, levy administrative penalties of up to 4 per cent. of CKHH global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the CKHH group of companies is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on CKHH's financial condition and results of operations.

UK's Exit from the European Union

The UK formally left the EU on January 31, 2020. As agreed in the Withdrawal Agreement, a transition period was implemented until December 31, 2020, during which time EU laws and regulations continued to apply broadly as before. Within the context of the Withdrawal Agreement of which the Protocol on Ireland/Northern Ireland ("NI Protocol") is part, the European Union and the UK Government reached a political agreement on February 27, 2023 ("Windsor Framework") to adjust the operation of the NI Protocol including solutions on, inter alia, the system of checks on goods moving across the land border between Great Britain and Northern Ireland enabling a smoother transition for goods destined for use in Northern Ireland. The Windsor Framework was formally adopted by the parties on March 24, 2023 and came into effect on October 1, 2023.

The EU and the UK Government signed the UK-EU Trade and Cooperation Agreement ("TCA") on December 30, 2020. The TCA sets out all aspects of the new UK-EU relationship, including trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in EU programmes. The TCA was applied provisionally from January 1, 2021 and entered into force on May 1, 2021.

In the UK, the Retained EU Law (Revocation and Reform) Act 2023 which received Royal Assent on June 29, 2023, has been enacted into UK law. Under the Act, certain retained EU laws (listed in Schedule 1 to the Act) were repealed automatically at the end of 2023. The Act further enables the revocation, restatement, replacement or updating of certain retained EU laws until June 23, 2026, and inter alia removes the special features that EU laws have in the UK legal system and repeals the principle of supremacy of EU law from UK law. The impact of the Act on our business is currently unclear.

The long-term impact of the UK's decision to leave the EU continues to be unclear and will depend on the implementation of the final terms agreed between the UK and the EU in the TCA as well as on the UK's ability to secure favorable trade and investment terms with countries outside the EU. There is considerable uncertainty as to the impact of the UK's exit from the EU on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the impact of the UK's departure from the EU and, in particular, no assurance can be given that such matters would not adversely affect CKHH's financial condition and results of operations.

Controlling Shareholder

Mr. Li Ka-shing, the Senior Advisor of CKHH, and Mr. Li Tzar Kuoi, Victor, the Chairman of CKHH, respectively owned one-third and two-thirds of the issued share capital of certain holding companies which in turn own one-third or more of the issued share capital of the trustees in a certain trust structure. Such trust structure, through companies 100% owned, held approximately 30.35% of the issued shares of CKHH as of December 31, 2023.

Although CKHH believes that its relationship with such trust structure and its associates provides it with significant business advantages, the relationship results in various related party, or "connected" transactions. Such trust structure is a connected person of CKHH for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and accordingly any transactions entered into between CKHH and/or subsidiaries of CKHH and such trust structure, its subsidiaries or associates thereof are connected transactions which, unless one of the exemptions is available or relevant waivers are applied for and granted, will be subject to the relevant requirements of Chapter 14A of the Listing Rules. These requirements include the issuance of certain announcements, the inclusion of certain disclosures in annual reports and accounts, and the obtaining of independent shareholders' approval at general meetings, the obtaining of which cannot be assured.

Holding Company Structure and Structural Subordination

The Issuer is a wholly-owned subsidiary of CKHH and its primary purpose is to act as a financing subsidiary of CKHH. The Guarantee is solely an obligation of the Guarantor. The Guarantor is primarily a holding company and its ability to make payments to holders of the notes pursuant to the Guarantee in respect of the notes depends largely upon the receipt of dividends, distributions, interest or advances from its wholly or partially owned subsidiaries and associates. The ability of the subsidiaries and associates of the Guarantor to pay dividends are subject to applicable laws. Payments on the notes are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries (other than the Issuer) and associates. These subsidiaries had an aggregate of HK$92,698 million (US$11,884 million) principal amount of bank and other debts outstanding as of December 31, 2023. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the notes seeking to enforce the Guarantee. The terms and conditions of the notes do not contain any restrictions on the ability of the Issuer, CKHH or its subsidiaries to incur additional indebtedness. In addition, the terms and conditions of the notes contain a cross acceleration provision, but that provision is limited to the Issuer, the Guarantor and any Principal Subsidiary (as defined therein) (other than Listed Principal Subsidiaries (as defined therein) and their Subsidiaries) and contains certain carve outs for, among others, project financing indebtedness and subsidiary indebtedness with a certain credit rating which is not guaranteed by the Guarantor or any Principal Subsidiary. For further detail see *"Description of the Notes and the Guarantee – Events of Default".*

The Issuer and the Guarantor May Raise Other Capital Which Affects the Price of the Notes

The Issuer and/or the Guarantor may from time to time without prior consultation of the holders of the notes raise additional capital through the issue of other notes or other means. Under the terms of the notes, there is no restriction, contractual or otherwise, on the amount of debt securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or pari passu with, the notes. The issue of any such debt securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of the notes on a winding-up of the Issuer and/or the Guarantor, and may also have an adverse impact on the trading price of the notes and/or the ability of holders of the notes to sell the notes. There can be no assurance that such future issuance or capital raising activities will not result in a significant decrease of the market price of the notes.

No Prior Market for the Notes and the Trading Price of the Notes could be Materially and Adversely Affected

The notes are new issues of securities for which there is currently no trading market. If the notes are traded after they are issued, they may trade at a discount from their initial offering price, depending on many factors, including prevailing interest rates, the market for similar securities, general economic conditions, and CKHH's financial condition, performance and prospects. Although application will be made to the SGX-ST for the listing and quotation of the notes on the SGX-ST, no assurance is made that the application to the SGX-ST will be approved or that such listing will be maintained, or that, if listed, a liquid trading market will develop or continue. If an active trading market for the notes does not develop or continue, the market price and liquidity of the notes may be adversely affected. The Issuer may elect to apply for a de-listing of the notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be unduly burdensome.

The terms and conditions of the Green Notes do not require CKHH to use the Green Notes Net Proceeds as described under "Use of Proceeds", and any failure by CKHH to comply with the anticipated use of proceeds will not constitute an Event of Default (as defined in the "Description of the Notes and the Guarantee") under the Green Notes or result in an increase in interest rate or other penalties. Any failure to allocate the Green Notes Net Proceeds to Eligible Projects (as defined in "Use of Proceeds") or otherwise in accordance with CKHH's Sustainable Finance Framework (as defined in "Use of Proceeds") or the failure of those investments or transactions to satisfy investor expectations or requirements could have a material adverse

effect on the market price of the Green Notes. Neither the Sustainability Framework described in *"Business of CKHH – Environmental Matters – Sustainability at CKHH"* nor the sustainability reports of CKHH shall form part of this offering memorandum.

No Clear Definition for Sustainable Activity and the Green Notes may not be a Suitable Investment for all Investors Seeking Exposure to Green Assets

There is currently no clear definition (legal, regulatory or otherwise) of, nor clear market consensus as to what constitutes, a "green", "environmental", "social", "sustainable", "sustainability" or equivalently labelled project or as to what precise attributes are required for a particular project to be defined "green", "environmental", "social", "sustainable", "sustainability" or such other equivalent label, nor can any assurance be given that a clear definition or consensus will develop over time nor if a definition or consensus develops, that it will not change over time.

While it is CKHH's intention to allocate the Green Notes Net Proceeds (as defined in "Use of Proceeds") to Eligible Projects, CKHH has flexibility and discretion in allocating the net proceeds of the Green Notes, or an amount equivalent thereto, to Eligible Projects under the Sustainable Finance Framework. Pending allocation to Eligible Projects, the Green Notes Net Proceeds will be temporarily invested in cash or cash equivalents or liquid and marketable instruments not related to greenhouse gas-intensive activities, in accordance with the Sustainable Finance Framework and CKHH's corporate treasury policy. There can be no assurance that any such Eligible Projects will be available or capable of being implemented in the manner anticipated and, accordingly, that CKHH will be able to use the Green Notes Net Proceeds for such Eligible Projects as intended. Furthermore, no assurance is given that any projects or uses the subject of, or related to, any Eligible Projects will be met or made, nor that adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects. In addition, where negative impacts are insufficiently mitigated, the projects may become controversial, and/or may be criticized by activist groups or other stakeholders. No assurance is given by the Issuer, CKHH or any Initial Purchaser of the Green Notes that the Green Notes or projects funded by the Green Notes Net Proceeds will satisfy (or will continue to satisfy), whether in whole or in part any present or future investor expectations or requirements, taxonomies or standards or other investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own by-laws or other governing rules or investment portfolio mandates, ratings mandates or other independent expectations regarding such "green", "environmental", "social", "sustainable", "sustainability" or other equivalently-labeled performance objectives, in particular with regard to any direct or indirect environmental, social, or sustainability impact of any projects or uses, the subject of or related to, any projects funded by the Green Notes Net Proceeds.

In addition, no assurance or representation is given and no opinion is expressed as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by CKHH) that may be made available in connection with the offering of the Green Notes and, in particular, with respect to whether the Green Notes or any projects funded by the Green Notes Net Proceeds are in alignment with the ICMA Principles (as defined in "Use of Proceeds") or any other guidelines that promote transparency, market integrity and disclosure and/or market practice, or fulfill any environmental, social, sustainability and/or other criteria. For the avoidance of doubt, the Sustainable Finance Framework and any such opinion or certification are not, and shall not be deemed to be, incorporated into and/or form part of this offering memorandum and are not, nor should be deemed to be, recommendations by the Issuer, CKHH or any Initial Purchaser, or any other person to buy, sell or hold the Green Notes. Any third party opinion or certification is only current as of the date that such opinion or certification was initially issued. Currently, the providers of such opinions and certifications may not be subject to any specific regulatory or other regime or oversight. Any withdrawal of any such opinion or certification or any additional opinion or certification attesting that CKHH is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying may have a material adverse effect on the value of the Green Notes and/or result in adverse consequences for certain investors with mandates to invest in securities to be used for a particular purpose. Prospective investors must determine

for themselves the relevance and reliability of any such opinion or certification and/or the information contained therein and/ or the provider of such opinion or certification for the purpose of any investment in the Green Notes.

The Initial Purchasers (as defined herein) make no assurances as to (i) whether the Green Notes will meet investor criteria and expectations with regard to environmental impact and sustainability performance for any investors, (ii) whether the use of the Green Notes Net Proceeds will be used for Eligible Projects or (iii) the characteristics of the Eligible Projects, including their environmental and sustainability criteria.

No Assurance or Representation of Inclusion of the Green Notes in any Dedicated Index for Green Instruments

The Green Notes may or may not be included in any dedicated "green," "environmental," "social," "sustainable", "sustainability" or other equivalently-labeled index, and any such inclusion may not be indicative of the suitability for the investment criteria of an investor. In particular, no assurance or representation is given by the Issuer, CKHH or any Initial Purchaser, or any other person that:

- any such inclusion would satisfy (or would continue to satisfy), whether in whole or in part, any present or future investor expectations or requirements, taxonomies or standards or other investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own by-laws or other governing rules or investment portfolio mandates, ratings mandates or other expectations, in particular with regard to any direct or indirect environmental, social or sustainability impact of any projects or uses, the subject of or related to, any projects funded by the Green Notes Net Proceeds (and it should be noted that the criteria for any such inclusion in index may vary); or

- any such inclusion will be maintained during the life of the Green Notes.

In the event that the Green Notes are included in any such index, any change to the inclusion status of the Green Notes, including but not limited to the exclusion of the Green Notes from the index or the suspension or admission to trading of the Green Notes may have a material adverse effect on the value of the Green Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves the relevance of any such inclusion for the purpose of any investment in the Green Notes.

USE OF PROCEEDS

Use of Proceeds for the Notes (excluding the Green Notes)

The net proceeds of the sale of the notes (excluding the Green Notes) after deducting commissions will be approximately US$988 million and will initially be advanced by the Issuer to CKHH. CKHH intends to use the net proceeds of this offering to refinance certain indebtedness, including recourse or non-recourse indebtedness owed by CKHH, indebtedness falling due in the near term and indebtedness which would provide an economic benefit to CKHH upon early repayment. Such indebtedness has been incurred for general corporate purposes, including the funding of capital expenditures and investments in CKHH's core business activities. In the event that CKHH determines not to use certain of the proceeds for this purpose, such proceeds will be used for general corporate purposes, including the funding of capital expenditures.

Use of Proceeds for the Green Notes

The net proceeds of the sale of the Green Notes after deducting commissions will be approximately US$994 million and will initially be advanced by the Issuer to CKHH.

CKHH intends to exclusively allocate such net proceeds, or an amount equivalent thereof[1] (together referred to as the "Green Notes Net Proceeds"), to finance or refinance, in whole or in part, assets, projects, investments and other related and supporting expenditure ("Eligible Projects") that may relate to one or more Eligible Project Categories as referred to below in accordance with CKHH's sustainable finance framework (the "Sustainable Finance Framework").

The foregoing represents CKHH's current intention to use and allocate an amount equivalent to the net proceeds from the sale of the Green Notes based upon its present plans and business conditions.

CKHH's Sustainable Finance Framework articulates how CKHH intends to issue bonds, loans or related debt financing instruments to fund assets and projects and investments that CKHH believes will catalyze positive environmental and/or social impact (each a "Sustainable Finance Transaction").

CKHH strives to follow best market practice as standards evolved, and has developed its Sustainable Finance Framework with reference to:

- ICMA Green Bond Principles 2021 with June 2022 Appendix 1 ("ICMA GBP")
- ICMA Social Bond Principles 2021 with June 2022 Appendix 1 ("ICMA SBP")
- ICMA Sustainability Bond Guidelines 2021 ("ICMA SBG" and together with the ICMA GBP and ICMA SBP, the "ICMA Principles")
- LMA, APLMA, and LSTA Green Loan Principles 2023 ("LMA GLP")
- LMA, APLMA, and LSTA Social Loan Principles 2023 ("LMA SLP" and together with the LMA GLP, the "LMA Principles")

CKHH has worked with an independent third-party consultant with recognized expertise in environmental, social and governance research and analysis to assess its Sustainable Finance Framework for alignment with the ICMA Principles and LMA Principles.

For the avoidance of doubt, the Sustainable Finance Framework is not, and shall not be deemed to be, incorporated into and/or form part of this offering memorandum. The below is intended as a summary of the Sustainable Finance Framework only. Investors should refer to the Sustainable Finance Framework which is available on CKHH's website for further information.

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1. Such equivalent amounts can include amounts which have no correlation to, and are entirely independent of, the Green Notes (other than it being in an amount equivalent to the net proceeds of the sale of the Green Notes).

Eligible Projects

CKHH intends to allocate an amount equal to the net proceeds from the sale of the Green Notes to finance or refinance, in whole or in part, assets, projects and investments that relate to one or more of the following categories (each a "Eligible Project Category"):

- *Renewable Energy*: Development, acquisition, maintenance, and operation of projects generating power from renewable sources
- *Energy Efficiency*: Development, acquisition, maintenance and operation of projects and processes resulting in ≥15% improvement in energy consumption or emissions generated including through electrification, automation or digitalization of equipment and facilities; and infrastructure or digital solutions to make new or legacy communications networks and supporting infrastructure more energy-efficient
- *Clean Transportation*: Development, acquisition, maintenance, and operation of transport for persons or freight by significantly less carbon intensive means; and development and improvement of infrastructure supporting such sustainable transport
- *Circular Economy and Design*: Development, sustainable production and use of materials and products (including in packaging), that support the circular economy through increasing functionality, durability, modularity and ease of repair, or are reusable, recyclable, or compostable; increasing waste diversion from landfills and reducing waste at the source; and development, acquisition, maintenance, and operation of projects for the capture and storage of CO_2
- *Access to Essential Services – Digital Inclusion*: Deployment, expansion, and upgrade of broadband connectivity services and infrastructures that provide reliable and sufficient bandwidth access to internet and digital services
- *Emergency Response and Pandemic Relief*: Projects seeking to alleviate the impact of specific crises on target populations and identified based on the date of the declaration of an emergency or pandemic

Qualifying expenditure for Eligible Projects includes capital expenditure and certain operating expenditure such as amounts incurred to extend the useful life of the relevant assets, projects or investments or to enhance their environmental or social benefit in addition to late-stage research and development.

Sustainable Finance Transactions will not finance or refinance assets, projects or investments directly relating to fossil fuels. In the case of refinancing, Eligible Projects include those invested within the 36 months prior to closing of the relevant Sustainable Finance Transaction.

Project Evaluation and Selection

CKHH's Sustainability Working Group (the "Sustainability Working Group") is responsible for nominating assets, projects, and investments for consideration as Eligible Projects after having assessed such potential assets, projects and investments against the criteria in the Sustainable Finance Framework for each Eligible Project Category. The Sustainability Working Group includes senior management from key departments that manage CKHH's material sustainability impacts.

CKHH's Sustainability Committee, a Board-level committee, will consider the assessments made by the Sustainability Working Group and, should it agree with the recommendations of the Sustainability Working Group, designate the relevant assets, projects and investments so nominated as Eligible Projects.

The Sustainability Working Group will meet periodically and at least semi-annually to monitor the aggregate amount of Eligible Projects in each environmental or social project. Should there be changes to an asset, project or investment due to divestment, no longer meeting the eligibility criteria, or material controversies emerge, the Sustainability Working Group will use reasonable efforts to reallocate proceeds as soon as a substitute asset, project or investment has been identified, assessed and confirmed as eligible.

Management of Proceeds

The Sustainability Working Group will track receipt and allocation of proceeds from each Sustainable Finance Transaction.

The Green Notes Net Proceeds of the sale of the Green Notes will be deposited in general funding accounts pending allocation to Eligible Projects. Pending allocation or re-allocation, the Green Notes Net Proceeds from the sale of the Green Notes will be temporarily invested in cash or cash equivalents or liquid and marketable instruments not related to greenhouse gas-intensive activities, in accordance with CKHH's corporate treasury policy. CKHH intends to achieve full allocation of net proceeds for each Sustainable Finance Transaction within 36 months from the closing date of the Sustainable Finance Transaction.

Reporting

With respect to the Green Notes, a report on both allocation and impact will be made on or before the first anniversary of settlement of the Green Notes. Allocation and impact reporting with respect to the Green Notes which remain outstanding will be made at least annually thereafter and on a timely basis in the case of material developments until all the Green Notes Net Proceeds from the Green Notes have been fully allocated to Eligible Projects.

External Review

CKHH worked with an independent third-party consultant with recognized expertise in environmental and social matters to (i) assess our Sustainable Finance Framework for alignment with the ICMA Principles; and (ii) obtain and make publicly available a "second party opinion" from such consultant with respect to such alignment.

For the avoidance of doubt, any second party opinion is not, and shall not be deemed to be, incorporated into and/or form part of this offering memorandum.

THE ISSUER

CK Hutchison International (24) Limited, a wholly-owned subsidiary of the Guarantor, was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on January 16, 2024 and registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong). Its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, registration number MC-406501.

The Issuer, whose primary purpose is to act as a financing subsidiary of the Guarantor, will remain a wholly-owned subsidiary of the Guarantor as long as the notes issued by it are outstanding. The Issuer has no material assets.

The directors of the Issuer are as follows:

Name	Position
Frank John SIXT	Director
Dominic Kai Ming LAI	Director
Edith SHIH	Director and Company Secretary

The business address of the abovementioned directors for the purposes of their directorships of the Issuer is 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Further information on the particulars and experience of the directors of CKHH is set forth below in "Management of CKHH".

The objects for which the Issuer is established are set forth in clause 3 of the Issuer's Memorandum of Association (copies of which are available as described under "General Information"). The Issuer has full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

The authorized share capital of the Issuer is US$50,000, divided into 50,000 shares of US$1.00 par value each, of which one ordinary share is issued and outstanding and has been fully paid.

No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As of the date of this offering memorandum, the Issuer does not have any debt outstanding.

The Issuer has no subsidiaries. The Issuer has not audited or published, and does not propose to audit or publish, any of its accounts since it is not required to do so under the laws of the Cayman Islands. The Issuer's non-audited financial statements are not published and are prepared only for internal purposes. The Issuer is, however, required to keep such accounts and records as are necessary to give a true and fair view of the Issuer's affairs and to explain its transactions. If the Issuer publishes any of its accounts, such published accounts of the Issuer will, in the event that and for as long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require (or for as long as the notes are listed on another stock exchange and its rules so require), be made available free of charge at the offices of the Fiscal Agent.

CAYMAN ISLANDS DATA PROTECTION

The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "DPA").

Prospective investors should note that, by virtue of making investments in the notes and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with information which constitutes personal data within the meaning of the DPA. The Issuer may constitute a data controller in respect of this personal data and its affiliates and/or delegates may act as data processors (or data controllers in their own right in some circumstances).

By investing in the notes, the holders of the notes and individuals connected with the holders of the notes shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the notes.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

PRIVACY NOTICE

Introduction

The purpose of this notice is to provide holders of the notes and individuals connected with the holders of the notes with information on the Issuer's use of their personal data in accordance with the DPL. In the following discussion, "Issuer" refers to the Issuer and its or their affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Issuer and a holder's associated interactions with the Issuer (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a holder of the notes otherwise providing the Issuer with personal information on individuals connected with the holder of the notes as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the holder of the notes will provide the Issuer with certain information which constitutes personal data within the meaning of the DPA ("Investor Data"). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a holder of the notes and/or any individuals connected with a holder of the notes as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the holder's investment activity. In the Issuer's use of Investor Data, the Issuer may be characterized as a "data controller" for the purposes of the DPA. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a holder of the notes is a natural person, this will affect such holder directly. If a holder of the notes is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such holder for any reason in relation to such holder's investment with the Issuer, this will be relevant for those individuals and such holder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Issuer May Use Personal Data of a Holder of the Notes

The Issuer may collect, store and use Investor Data for lawful purposes, including, in particular: (i) where this is necessary for the performance of the rights and obligations under the notes and any subscription agreements or purchase agreements and other documents relating to the notes; (ii) where this is necessary for compliance with a legal and regulatory obligation to which CKHH is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or (iii) where this is necessary for the purposes of the legitimate interests of CKHH and such interests are not overridden by the holder's interests, fundamental rights or freedoms. Should the Issuer wish to use Investor Data for other specific purposes (which requires consent of the holder of the notes with respect to such specific purposes), the Issuer will contact the applicable holder of the notes.

Why the Issuer May Transfer Personal Data of a Holder of the Notes

In certain circumstances, the Issuer and/or its authorized affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a holder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Issuer anticipates Investor Data will be disclosed by the Issuer or the holders of the notes to others who provide services to the Issuer, CKHH or their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a holder's personal data on the Issuer's behalf.

The Data Protection Measures the Issuer Takes

The Issuer and/or its duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data. The Issuer shall notify a holder of the notes of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such holder or those data subjects to whom the relevant Investor Data relates.

CAPITALIZATION OF CKHH

The following table sets forth the consolidated capitalization of CKHH as of December 31, 2023 as adjusted to give effect to the offering of the notes. The table has been prepared on a basis consistent with the principal accounting policies of CKHH as set out in CKHH's audited consolidated financial statements for the year ended December 31, 2023 included elsewhere in this offering memorandum and should be read in conjunction with such audited consolidated financial statements.

	As of December 31, 2023		
	Audited Actual	As adjusted	As adjusted
	(in million)	(in million)	(in million)
Short-term bank and other debts[1] (including current portion of long-term debt)	HK$58,411	HK$58,411	US$7,489
Long-term bank and other debts[1] (net of current portion)	HK$215,283	HK$215,283	US$27,600
Interest bearing loans from non-controlling shareholders	HK$3,245	HK$3,245	US$416
Notes offered hereby[2]	–	HK$15,600	US$2,000
Total ordinary shareholders' funds[3]	HK$544,035	HK$544,035	US$69,748
Perpetual capital securities[4]	HK$4,566	HK$4,566	US$585
Non-controlling interests	HK$121,948	HK$121,948	US$15,635
Total capitalization	HK$889,077	HK$904,677	US$115,984
Total short-term bank and other debts[1] and capitalization	HK$947,488	HK$963,088	US$123,473

(1) Short-term bank and other debts and long-term bank and other debts represent the respective current and non-current portion of bank and other debts. Bank and other debts comprise the principal amount and the unamortized fair value adjustments arising from acquisitions in respect of the bank and other debts, and are stated before the unamortized loan facilities fees and premiums or discounts related to debts.

(2) Translated based on an exchange rate of US$1.00 = HK$7.8.

(3) Total ordinary shareholders' funds comprise share capital, share premium and reserves as of December 31, 2023. The number stated above is before deducting the proposed 2023 final dividend of HK$6,798 million.

(4) Perpetual capital securities represent the nominal amount of €500 million (approximately HK$4,475 million or US$574 million) and accrued distribution of €11 million (approximately HK$91 million or US$11 million) in relation to the €500 million Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (Europe) Limited.

As of December 31, 2023, the share capital comprised 3,830,044,500 issued and fully paid ordinary shares.

Except for the adjustments included in the table above and the developments described below, there has been no material change in the total capitalization of CKHH since December 31, 2023.

- In March 2024, CKHH repaid a floating rate term loan facility of US$130 million (approximately HK$1,014 million) on maturity;
- In April 2024, CKHH repaid US$750 million (approximately HK$5,850 million) principal amount of fixed rate notes on maturity; and
- In April 2024, notice was issued for the redemption in full on June 13, 2024 of the nominal amount of €500 million (approximately HK$4,475 million or US$574 million) Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (Europe) Limited.

SELECTED FINANCIAL INFORMATION

(A) Consolidated Income Statement, Statement of Financial Position and Statement of Cash Flows of CKHH

CKHH's consolidated financial statements are prepared and presented in accordance with HKFRS issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Significant differences may exist between HKFRS and U.S. GAAP which may be material to the financial information contained in this offering memorandum. This offering memorandum does not contain any discussion on the differences between HKFRS and U.S. GAAP relevant to CKHH's consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between HKFRS and U.S. GAAP, and how these differences might affect the financial information herein.

CKHH's consolidated financial statements for the years ended December 31, 2021, 2022 and 2023 have been audited by PricewaterhouseCoopers ("PwC"), Certified Public Accountants, Hong Kong, as stated in their unqualified audit reports dated March 17, 2022, March 16, 2023 and March 21, 2024, respectively. These consolidated financial statements and PwC's reports are included elsewhere in this offering memorandum.

The tables in this section set out the

(1) consolidated income statement of CKHH for each of the years ended December 31, 2021, 2022 and 2023;

(2) consolidated statement of financial position of CKHH as of December 31, 2021, 2022 and 2023; and

(3) consolidated statement of cash flows of CKHH for each of the years ended December 31, 2021, 2022 and 2023.

The selected financial information

- as of December 31, 2021 and for the year then ended has been extracted from CKHH's consolidated financial statements for the year ended December 31, 2022; and

- as of December 31, 2022 and 2023 and for each of the years then ended has been extracted from CKHH's consolidated financial statements for the year ended December 31, 2023.

The selected financial information sets out in this section should be read in conjunction with the aforementioned consolidated financial statements of CKHH, including the notes thereto, PwC's related reports, and other financial information that is included elsewhere in this offering memorandum.

Amounts in CKHH's consolidated financial statements are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into U.S. dollars is for convenience only and has been made at the rate of HK$7.80 to US$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Consolidated Income Statement

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million (other than per share amounts)	HK$ million (other than per share amounts)	HK$ million (other than per share amounts)	US$ million (other than per share amounts)
Revenue	280,847	262,497	275,575	35,330
Cost of inventories sold	(104,266)	(101,724)	(105,739)	(13,556)
Staff costs	(37,462)	(37,170)	(39,226)	(5,029)
Expensed customer acquisition and retention costs	(16,411)	(14,527)	(15,188)	(1,947)
Depreciation and amortization	(45,256)	(39,788)	(40,083)	(5,139)
Other expenses and losses	(63,758)	(55,727)	(48,095)	(6,166)
Other income and gains	27,505	28,180	2,067	265
Share of profits less losses of:				
Associated companies	5,718	11,822	8,138	1,044
Joint ventures	6,393	7,422	7,990	1,024
Profit before the following:	53,310	60,985	45,439	5,826
Interest expenses and other finance costs	(10,608)	(9,052)	(12,227)	(1,568)
Profit before tax	42,702	51,933	33,212	4,258
Current tax	(4,029)	(5,435)	(4,119)	(528)
Deferred tax credit (charge)	1,799	(2,839)	1,116	143
Profit after tax	40,472	43,659	30,209	3,873
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,988)	(6,979)	(6,709)	(860)
Profit attributable to ordinary shareholders	33,484	36,680	23,500	3,013
Earnings per share for profit attributable to ordinary shareholders	HK$8.70	HK$9.57	HK$6.14	US$0.79

Consolidated Statement of Financial Position

	As of December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Non-current assets				
Fixed assets	131,099	112,650	119,826	15,362
Right-of-use assets	76,852	59,337	61,198	7,846
Telecommunications licenses	69,985	60,689	64,264	8,239
Brand names and other rights	89,019	83,694	83,396	10,692
Goodwill	289,340	268,008	271,136	34,761
Associated companies	137,781	140,711	143,638	18,415
Interests in joint ventures	141,344	148,561	156,337	20,043
Deferred tax assets	21,188	18,509	21,074	2,702
Liquid funds and other listed investments	8,227	16,103	15,786	2,024
Other non-current assets	14,202	15,900	19,862	2,547
	979,037	924,162	956,517	122,631
Current assets				
Cash and cash equivalents	153,133	138,085	127,323	16,323
Inventories	23,625	23,283	24,473	3,138
Trade receivables and other current assets	57,731	56,811	50,590	6,486
	234,489	218,179	202,386	25,947
Assets classified as held for sale	–	6,096	–	–
	234,489	224,275	202,386	25,947
Current liabilities				
Bank and other debts	66,361	70,130	58,324	7,477
Current tax liabilities	2,402	4,001	4,166	534
Lease liabilities	16,085	12,128	13,616	1,746
Trade payables and other current liabilities	96,565	89,129	86,419	11,080
	181,413	175,388	162,525	20,837
Liabilities directly associated with assets classified as held for sale	–	1,127	–	–
	181,413	176,515	162,525	20,837
Net current assets	53,076	47,760	39,861	5,110
Total assets less current liabilities	1,032,113	971,922	996,378	127,741
Non-current liabilities				
Bank and other debts	259,438	214,196	213,598	27,384
Interest bearing loans from non-controlling shareholders	759	2,567	3,245	416
Lease liabilities	68,994	53,931	54,307	6,963
Deferred tax liabilities	17,383	19,290	19,572	2,509
Pension obligations	3,466	2,730	3,536	453
Other non-current liabilities	37,818	31,899	31,571	4,048
	387,858	324,613	325,829	41,773
Net assets	644,255	647,309	670,549	85,968
Capital and reserves				
Share capital	3,834	3,830	3,830	491
Share premium	243,169	242,972	242,972	31,150
Reserves	266,149	276,711	297,233	38,107
Total ordinary shareholders' funds	513,152	523,513	544,035	69,748
Perpetual capital securities	12,414	4,561	4,566	585
Non-controlling interests	118,689	119,235	121,948	15,635
Total equity	644,255	647,309	670,549	85,968

Consolidated Statement of Cash Flows

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Operating activities				
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	85,933	73,897	75,416	9,669
Interest expenses and other finance costs paid (net of capitalization)	(10,577)	(9,051)	(12,083)	(1,549)
Tax paid	(4,092)	(3,552)	(3,931)	(504)
Funds from operations (before principal elements of lease payments)	71,264	61,294	59,402	7,616
Changes in working capital	(19,080)	(4,580)	(7,965)	(1,022)
Net cash from operating activities	52,184	56,714	51,437	6,594
Investing activities				
Purchase of fixed assets	(27,056)	(23,885)	(21,670)	(2,778)
Additions to telecommunications licenses	(8,158)	(160)	(1,956)	(251)
Additions to brand names and other rights	(4,429)	(1,807)	(1,675)	(215)
Purchase of subsidiary companies, net of cash acquired	(138)	–	(55)	(7)
Additions to unlisted investments	(142)	(564)	(74)	(9)
Repayments of loans from associated companies and joint ventures	1,044	374	2,829	363
Purchase of and advances to associated companies and joint ventures	(1,753)	(3,464)	(819)	(105)
Proceeds from disposal of fixed assets	438	335	168	21
Proceeds from disposal of subsidiary companies, net of cash disposed	38,425	17,096	2,563	329
Proceeds from disposal of financial instruments	–	–	2,451	314
Proceeds from partial disposal / disposal of associated companies and joint ventures	928	5,226	734	94
Proceeds from disposal of other unlisted investments	11	2,336	74	9
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(830)	(4,513)	(17,430)	(2,235)
Disposal of liquid funds and other listed investments	318	157	2,088	268
Additions to liquid funds and other listed investments	(38)	–	(73)	(9)
Cash flows used in investing activities	(550)	(4,356)	(15,415)	(1,976)
Net cash inflow before financing activities	51,634	52,358	36,022	4,618

	Year Ended December 31,			
	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million
Financing activities				
New borrowings	70,901	37,147	58,211	7,463
Repayment of borrowings	(83,546)	(68,063)	(75,361)	(9,662)
Principal elements of lease payments	(17,407)	(14,307)	(14,476)	(1,856)
Net loans from non-controlling shareholders	47	2,118	527	67
Issue of equity securities by subsidiary companies to non-controlling shareholders	95	85	–	–
Payments to acquire additional interests in subsidiary companies	(1,955)	(904)	–	–
Proceeds from partial disposal of subsidiary companies	–	–	61	8
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	4,648	–	–	–
Redemption of perpetual capital securities by a subsidiary	(9,360)	(7,800)	–	–
Payments for buy-back and cancellation of issued shares	(1,239)	(197)	–	–
Dividends paid to ordinary shareholders	(9,627)	(10,353)	(10,885)	(1,395)
Dividends paid to non-controlling interests	(6,518)	(4,816)	(4,694)	(602)
Distribution paid on perpetual capital securities	(491)	(316)	(167)	(21)
Cash flows used in financing activities	(54,452)	(67,406)	(46,784)	(5,998)
Decrease in cash and cash equivalents	(2,818)	(15,048)	(10,762)	(1,380)
Cash and cash equivalents at January 1	155,951	153,133	138,085	17,703
Cash and cash equivalents at December 31	153,133	138,085	127,323	16,323

(B) Financial Performance Summary

CKHH's consolidated financial statements are prepared and presented in accordance with HKFRS. CKHH has adopted HKFRS 16 "Leases" accounting standard ("HKFRS 16"), which relates to accounting for leases, for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). CKHH believes that the HKAS 17 basis metrics ("Pre-HKFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of CKHH's underlying operational performance. Pre-HKFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023.

The table in this section sets out the financial performance information of CKHH

(1) prepared under the Pre-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023; and

(2) prepared under the Post-HKFRS 16 basis relating to the accounting for leases for each of the years ended December 31, 2021, 2022 and 2023.

The selected financial performance information

- for the year ended December 31, 2021 has been extracted from CKHH's Financial Performance Summary for the year ended December 31, 2022, except to the extent of incorporating the changes adopted by CKHH in 2023 in separately presenting CKHH's underlying EBITDA, EBIT and profit attributable to ordinary shareholders, and CKHH's EBITDA, EBIT and profit attributable to ordinary shareholders from one-off items as described in footnote (2) to the table "Financial Performance Summary"; and

- for each of the years ended December 31, 2022 and 2023 has been extracted from CKHH's Financial Performance Summary for the year ended December 31, 2023.

The selected financial performance information set out in this section should be read in conjunction with the aforementioned financial performance summaries of CKHH, including the notes thereto, and other financial information that is included elsewhere in this offering memorandum.

Amounts in CKHH's Financial Performance Summary are stated in Hong Kong dollars. The translation of Hong Kong dollar amounts into U.S. dollars is for convenience only and has been made at the rate of HK$7.80 to US$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be converted into U.S. dollars at the rate indicated or at any other rate.

Financial Performance Summary:

	Pre-HKFRS 16				Post-HKFRS 16			
	Year Ended December 31,				Year Ended December 31,			
	2021	2022	2023	2023	2021	2022	2023	2023
	HK$ million	HK$ million	HK$ million	US$ million	HK$ million	HK$ million	HK$ million	US$ million
Revenue								
Ports and Related Services	42,285	44,141	40,851	5,237	42,285	44,141	40,851	5,237
Retail	173,601	169,645	183,344	23,506	173,601	169,645	183,344	23,506
Infrastructure	56,100	54,441	54,714	7,015	56,100	54,441	54,714	7,015
CK Hutchison Group Telecom	92,575	83,289	86,814	11,130	92,575	83,289	86,814	11,130
Hutchison Asia Telecommunications	8,786	11,628	11,779	1,510	8,786	11,628	11,779	1,510
Finance & Investments and Others	72,036	94,085	84,056	10,776	72,036	94,085	84,056	10,776
Total Revenue	445,383	457,229	461,558	59,174	445,383	457,229	461,558	59,174
EBITDA								
Ports and Related Services	15,157	15,805	13,628	1,747	18,008	19,007	16,415	2,104
Retail	16,034	14,309	16,226	2,080	26,119	23,359	25,507	3,270
Infrastructure	29,636	28,815	29,201	3,744	29,938	29,109	29,526	3,786
CK Hutchison Group Telecom	43,052	32,192	22,341	2,864	50,892	39,002	29,081	3,728
Hutchison Asia Telecommunications	2,036	9,420	3,952	507	4,232	12,478	6,011	771
Finance & Investments and Others	5,312	18,469	19,532	2,504	6,464	19,177	20,769	2,663
Total EBITDA	111,227	119,010	104,880	13,446	135,653	142,132	127,309	16,322
– Underlying	106,448	106,207	104,880	13,446	130,817	128,119	127,309	16,322
– One-off items[1][2]	4,779	12,803	–	–	4,836	14,013	–	–
EBIT								
Ports and Related Services	10,737	11,426	9,328	1,196	11,946	13,024	10,583	1,357
Retail	12,460	11,048	12,888	1,652	13,370	11,831	13,849	1,776
Infrastructure	19,095	18,833	19,562	2,508	19,139	18,872	19,616	2,516
CK Hutchison Group Telecom	23,462	12,803	2,265	290	24,530	14,216	3,191	409
Hutchison Asia Telecommunications	209	6,745	1,612	207	979	8,582	2,388	306
Finance & Investments and Others	(1,219)	12,009	12,913	1,656	(1,146)	11,736	13,143	1,685
Total EBIT	64,744	72,864	58,568	7,509	68,818	78,261	62,770	8,049
– Underlying	59,965	60,061	58,568	7,509	63,982	64,248	62,770	8,049
– One-off items[1][2]	4,779	12,803	–	–	4,836	14,013	–	–
Interest expenses and other finance costs	(14,659)	(14,860)	(20,147)	(2,583)	(18,841)	(18,398)	(24,200)	(3,104)
Profit before tax	50,085	58,004	38,421	4,926	49,977	59,863	38,570	4,945
Tax								
Current tax	(7,631)	(9,421)	(7,705)	(988)	(7,629)	(9,418)	(7,701)	(987)
Deferred tax	(1,947)	(6,670)	(795)	(102)	(1,932)	(6,762)	(690)	(89)
Profit after tax	40,507	41,913	29,921	3,836	40,416	43,683	30,179	3,869
Non-controlling interests and perpetual capitals securities holders' interests	(7,007)	(7,044)	(6,678)	(856)	(6,932)	(7,003)	(6,679)	(856)
Profit attributable to ordinary shareholders	33,500	34,869	23,243	2,980	33,484	36,680	23,500	3,013
– Underlying	28,579	25,140	23,243	2,980	28,506	25,741	23,500	3,013
– One-off items[1][2]	4,921	9,729	–	–	4,978	10,939	–	–

1) Under Pre-HKFRS basis, the one-off items for the year ended December 31, 2022 comprise HK$18,957 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,823 million) and Indonesian telecommunication business merger gain (HK$6,100 million), partly offset by non-cash impairments of CKHH's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$962 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

   Under Post-HKFRS 16 basis, the one-off items for the year ended December 31, 2022 comprise HK$19,060 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,926 million) and Indonesian telecommunication business merger gain (HK$7,245 million), partly offset by non-cash impairments of CKHH's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$1,000 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

2) Under Pre-HKFRS 16 basis, the one-off items for the year ended December 31, 2021 comprise HK$25,259 million gains from the disposal of Sweden and Italy tower assets, partly offset by reclassification adjustment of foreign exchange losses previously recognised in reserves arising from the merger of Husky and Cenovus Energy (HK$3,514 million), non-cash impairment of CKHH's telecommunication businesses in Italy (HK$15,472 million), as well as HK$1,494 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$1,352 million).

   Under Post-HKFRS 16 basis, the one-off items for the year ended December 31, 2021 comprise HK$25,316 million gains from the disposal of Sweden and Italy tower assets, partly offset by reclassification adjustment of foreign exchange losses previously recognised in reserves arising from the merger of Husky and Cenovus Energy (HK$3,514 million), non-cash impairment of CKHH's telecommunication businesses in Italy (HK$15,472 million), as well as HK$1,494 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$1,352 million).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF CKHH

Overview

CKHH, an exempted company incorporated in the Cayman Islands on December 11, 2014 with limited liability under no. MC-294571 and registered in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), is the holding company of the CKHH group of companies. CKHH was incorporated as part of the reorganization and combination of Cheung Kong, Hutchison and their respective subsidiaries, associated companies and joint ventures to create CKHH, which, immediately after such reorganization and combination, then held the non-property related businesses of both groups, and CK Asset Holdings Limited (formerly known as Cheung Kong Property Holdings Limited), which, immediately after such reorganization and combination, then held the property and hotels businesses (the "Property Businesses") of both groups (the "Reorganization"). The Reorganization was completed on June 3, 2015. Further details of the Reorganization can be found in the section *"The Reorganization"* below.

CKHH is a Hong Kong-based multinational conglomerate whose shares are listed on the SEHK. As of December 31, 2023, CKHH operated four core business divisions in about 50 countries: ports and related services; retail; infrastructure and telecommunications as well as finance & investments and other operations. Following the merger between Cenovus Energy Inc. and Husky Energy in January 2021, CKHH owns 15.8% in Cenovus Energy. As of December 31, 2023, CKHH owns 16.9% in Cenovus Energy. Significant developments in CKHH's business since December 31, 2023 are summarized below under *"Summary – Recent Developments"*.

Based on the closing price of its shares on the SEHK on December 31, 2023, CKHH had a market capitalization of approximately HK$160,287 million (approximately US$20,550 million). CKHH, its listed subsidiary, CKI and its listed associated company, Power Assets Holdings Limited ("Power Assets"), are three of the 82 constituent stocks of the Hang Seng Index in Hong Kong.

CKHH's registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. CKHH's principal place of business is 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Reorganization

On January 9, 2015, the boards of Cheung Kong and Hutchison put forward to their respective shareholders the proposals whereby:

(i) CKHH would become the holding company of the Cheung Kong group of companies by way of a scheme of arrangement;

(ii) an indirect wholly-owned subsidiary of Hutchison would purchase from the Li Ka-Shing Trust approximately 6.24% shareholding interest in Husky Energy, an associate of Hutchison listed on the Toronto Stock Exchange;

(iii) CKHH would become the holding company of the Hutchison group of companies by way of a scheme of arrangement (the "Hutchison Proposal"); and

(iv) immediately following completion of (iii) above, the Property Businesses of both groups would be transferred into CK Asset Holdings Limited and then distributed out of the CKHH Group by way of a distribution in specie.

The Reorganization was completed on June 3, 2015 and resulted in the non-Property Businesses and the Property Businesses of the Cheung Kong group of companies and the Hutchison group of companies being combined, and the combined non-Property Businesses and combined Property Businesses then being separated and held by two companies listed on the SEHK, namely CKHH and CK Asset Holdings Limited. The listing status of Hutchison on the SEHK was withdrawn on June 3, 2015.

Cheung Kong

Cheung Kong was incorporated in June 1971 and became a public listed company on the SEHK in November 1972. In 1979, Cheung Kong acquired a strategic stake of approximately 22.4% of the issued share capital of Hutchison. Immediately prior to the completion of the Reorganization, Cheung Kong's shareholding in Hutchison was approximately 49.97%. Prior to the Reorganization, Cheung Kong engaged principally in property development and investment in Hong Kong and in different regions of the world, including the Mainland, the UK and Singapore and developed high quality and large-scale properties for sale and investment in the residential, retail, office, hotel and industrial sectors.

Hutchison

Hutchison was initially established as the result of the merger between Hutchison International Limited and Hongkong and Whampoa Dock Company Limited. Hongkong and Whampoa Dock Company Limited, incorporated in 1866, was the first company to be registered in Hong Kong. Hutchison became a public listed company on the SEHK in 1978. Cheung Kong became a major shareholder of Hutchison in 1979 and Mr. Li Ka-shing, the Chairman of Cheung Kong, became the Chairman of Hutchison in 1981. Immediately prior to the completion of the Reorganization, Hutchison operated six core business divisions in over 50 countries: ports and related services; property and hotels; retail; infrastructure; energy and telecommunications as well as finance & investments and other operations.

Spin-off Proposal

Under the Spin-off Proposal, immediately following completion of the Hutchison Proposal, the Property Businesses of Cheung Kong and Hutchison were transferred to CK Asset Holdings Limited, which, prior to the completion of the Spin-off Proposal, was wholly-owned by CKHH. All the CK Asset Holdings Limited shares were then distributed by CKHH by way of the distribution in specie to the CKHH shareholders at the distribution ratio of one CK Asset Holdings Limited share for every one CKHH share and CK Asset Holdings Limited was separately listed on the SEHK.

Presentation of financial information for the years ended December 31, 2021, 2022 and 2023

As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this offering memorandum interchangeably with HKFRS 16 and HKAS 17, respectively. CKHH believes that the IAS 17 basis metrics ("Pre-IFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of CKHH's underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's financial results prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended December 31, 2021, 2022 and 2023. Unless otherwise specified, the discussion of CKHH's operating results in this offering memorandum is on a Pre-IFRS 16 basis as mentioned above. See also note 5(c) to CKHH's audited consolidated financial statements for the year ended December 31, 2023 for details on the effect of the adoption of HKFRS 16.

Revenue

The following table shows the revenue including share of associates and joint ventures, by business divisions:

	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services[(1)]	42,285	44,141	40,851
Retail	173,601	169,645	183,344
Infrastructure[(2)]	56,100	54,441	54,714
CK Hutchison Group Telecom	92,575	83,289	86,814
Hutchison Asia Telecommunications	8,786	11,628	11,779
Finance & Investments and Others	72,036	94,085	84,056
Total Revenue[(1)]	445,383	457,229	461,558

(1) Total revenue includes CKHH's proportionate share of associated companies and joint ventures' revenue, and was adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

(2) Total revenue for the years ended December 31, 2021, 2022 and 2023 included CKHH's share of revenue from its interests in the co-owned infrastructure investments with CKI.

EBITDA

Information concerning EBITDA has been included in CKHH's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. CKHH considers EBITDA to be an important performance measure which is used in CKHH's internal financial and management reporting to monitor business performance. EBITDA is not a measure of cash liquidity or financial performance under HKFRS nor U.S. GAAP and the EBITDA measures used by CKHH 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 of operations as determined in accordance with HKFRS.

The following table shows the EBITDA including share of associates and joint ventures, by business divisions:

	Pre-IFRS 16[1]		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services[2]	15,157	15,805	13,628
Retail	16,034	14,309	16,226
Infrastructure[3]	29,636	28,815	29,201
CK Hutchison Group Telecom	43,052	32,192	22,341
Hutchison Asia Telecommunications	2,036	9,420	3,952
Finance & Investments and Others	5,312	18,469	19,532
Total EBITDA[2]	111,227	119,010	104,880

(1) As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, IFRS 16 and the precedent lease accounting standard IAS 17 are referred to in this offering memorandum interchangeably with HKFRS 16 and HKAS 17, respectively. CKHH believes that the Pre-IFRS 16 basis, which are not intended to be a substitute for, or superior to, the reported metrics on a Post-IFRS 16 basis, better reflect management's view of CKHH's underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's EBITDA prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended December 31, 2021, 2022 and 2023. Unless otherwise specified, the discussion of CKHH's operating results in this offering memorandum is on a Pre-IFRS 16 basis as mentioned above.

Under Post-IFRS 16 basis, CKHH's EBITDA for the years ended December 31, 2021, 2022 and 2023 were as follows:

	Post-IFRS 16		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services[2]	18,008	19,007	16,415
Retail	26,119	23,359	25,507
Infrastructure[3]	29,938	29,109	29,526
CK Hutchison Group Telecom	50,892	39,002	29,081
Hutchison Asia Telecommunications	4,232	12,478	6,011
Finance & Investments and Others	6,464	19,177	20,769
Total EBITDA[2]	135,653	142,132	127,309

(2) Total EBITDA include CKHH's proportionate share of associated companies and joint ventures' EBITDA, and was adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

(3) Total EBITDA for the years ended December 31, 2021, 2022 and 2023 included CKHH's share of EBITDA from its interests in the co-owned infrastructure investments with CKI.

EBIT

The following table shows the EBIT including share of associates and joint ventures, by business divisions:

	Pre-IFRS 16[1]		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services[2]	10,737	11,426	9,328
Retail	12,460	11,048	12,888
Infrastructure[3]	19,095	18,833	19,562
CK Hutchison Group Telecom	23,462	12,803	2,265
Hutchison Asia Telecommunications	209	6,745	1,612
Finance & Investments and Others	(1,219)	12,009	12,913
Total EBIT[2]	64,744	72,864	58,568

(1) As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, IFRS 16 and the precedent lease accounting standard IAS 17 are referred to in this offering memorandum interchangeably with HKFRS 16 and HKAS 17, respectively. CKHH believes that the Pre-IFRS 16 basis, which are not intended to be a substitute for, or superior to, the reported metrics on a Post-IFRS 16 basis, better reflect management's view of CKHH's underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's EBIT prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended December 31, 2021, 2022 and 2023. Unless otherwise specified, the discussion of CKHH's operating results in this offering memorandum is on a Pre-IFRS 16 basis as mentioned above.

Under Post-IFRS 16 basis, CKHH's EBIT for the years ended December 31, 2021, 2022 and 2023 were as follows:

	Post-IFRS 16		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services[2]	11,946	13,024	10,583
Retail	13,370	11,831	13,849
Infrastructure[3]	19,139	18,872	19,616
CK Hutchison Group Telecom	24,530	14,216	3,191
Hutchison Asia Telecommunications	979	8,582	2,388
Finance & Investments and Others	(1,146)	11,736	13,143
Total EBIT[2]	68,818	78,261	62,770

(2) Total EBIT include CKHH's proportionate share of associated companies and joint ventures' EBIT, and was adjusted to exclude non-controlling interests' share of EBIT of HPH Trust.

(3) Total EBIT for years ended December 31, 2021, 2022 and 2023 included CKHH's share of EBIT from its interests in the co-owned infrastructure investments with CKI.

Ratios and Other Information:

Under Pre-IFRS 16 basis, CKHH's EBITDA for 2023, 2022 and 2021 covered total interest expenses and other finance costs[(1)], including share of associates and joint ventures, by 5.2 times, 8.0 times and 7.6 times, respectively, and CKHH's EBIT for 2023, 2022 and 2021 covered total interest expenses and other finance costs[(2)], including share of associates and joint ventures, by 2.9 times, 4.9 times and 4.4 times, respectively.

Significant judgements, estimates and assumptions

In applying CKHH's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying CKHH's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying CKHH's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if CKHH has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. CKHH controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. CKHH also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associated company or a cost investment might require the application of judgement through the analysis of various indicators, such as the practical ability to direct the relevant activities of the investee, the participation in policy-making processes of the investee, the representation on the board of directors or equivalent governing body of the investee, the percentage of ownership interest held in the investee, and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

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(1) Under Post-IFRS 16 basis, CKHH's EBITDA for 2023, 2022 and 2021 covered total interest expenses and other finance costs, including share of associates and joint ventures, by 5.3 times, 7.7 times and 7.2 times, respectively.

(2) Under Post-IFRS 16 basis, CKHH's EBIT for 2023, 2022 and 2021 covered total interest expenses and other finance costs, including share of associates and joint ventures, by 2.6 times, 4.3 times and 3.7 times, respectively.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

CKHH has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which CKHH expects to be entitled in exchange for the services and device. Device revenue is recognized at the inception of the contract upon delivery to the customer and services revenue is recognized throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which CKHH expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognized for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. CKHH periodically re-assesses the allocation of the elements as a result of changes in market conditions.

(iii) Determination of lease term

Lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. CKHH has lease contracts that include extension and termination options. CKHH applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In determining the lease term, CKHH considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), CKHH is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, CKHH is typically reasonably certain to extend (or not terminate).
- Otherwise, CKHH considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As of December 31, 2023, potential future cash outflows of HK$8,635 million (US$1,107 million) (December 31, 2022: HK$8,385 million and December 31, 2021: HK$12,290 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or CKHH becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Business combinations

CKHH applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When CKHH completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognized at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognized as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the consolidated income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of CKHH as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. CKHH based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of CKHH. Revisions to accounting estimates and assumptions are recognized prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licenses and brand names) are not subject to amortization and are tested for impairment annually and when there is an indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognized 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) are based on the latest approved financial budgets for the next five years. CKHH prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions 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. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

(ii) Impairment assessment on investment accounted for using equity method

Investments accounted for using equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity-accounted investee. Fair value adjustments and goodwill recognized on acquisitions of equity-accounted investees are not recognized separately. Goodwill recognized on acquisitions of an equity-accounted investee is not subject to annual impairment test. Instead, after applying equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in HKAS 28 "Investments in Associates and Joint Ventures" is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in HKAS 36 "Impairment of Assets".

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment in an equity-accounted investee, discounted cash flow models will be used to estimate (i) CKHH's share of the present value of the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture and from the ultimate disposal of the investment; or (ii) the present value of the estimated future cash flows to CKHH expected to arise from dividends to be received from the investment and from its ultimate disposal.

Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture, the present value of the estimated future cash flows to CKHH expected to arise from dividends to be received from the investment and the ultimate disposal of the investment. Other key estimates and assumptions, where applicable, include estimates of the investee's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and, where applicable, dividend yield, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the investment in future periods.

(iii) Pension costs and estimation of defined benefit pension obligation

CKHH operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". 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 recognized 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 benefit plans are recognized in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iv) Provisions for commitments, onerous contracts and other guarantees

CKHH has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognized, or where the borrowing of associated companies and joint ventures are assessed to be unable to repay the indebtedness that CKHH has guaranteed, a provision is recognized. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

(v) Provision for income tax and recognition of deferred tax asset

CKHH is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. CKHH recognizes 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 recognized, 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 recognized 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 and tax credits can be utilized, 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 realized, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilized.

The ultimate realization of deferred tax assets recognized for certain of CKHH's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilize the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognized to be reduced and charged to the consolidated income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required

to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for CKHH. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. CKHH periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vii) Estimation of useful life: Telecommunications licenses, other licenses, brand names, trademarks and other rights

Telecommunications licenses, other licenses, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortization and are reviewed for impairment annually. Telecommunications licenses, other licenses, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortized and are tested for impairment annually and when there is an indication that they may be impaired. Certain brand names related to retail and telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licenses, other licenses, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortization expense charged to the income statement. In addition, governments from time to time revise the terms of licenses to change, amongst other terms, the contracted or expected license period, which could also impact the amount of amortization expense charged to the consolidated income statement.

(viii) Estimation of the amortization period: Customer acquisition and retention costs

In accordance with HKFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognized in the consolidated income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalized and amortized over the customer contract period. Appropriate allowances are recognized if the carrying amounts of the capitalized costs exceed the remaining amount that CKHH expects to receive less any directly related costs that have not been recognized as expenses.

Judgement is required to determine the amount of the provision and the amortization period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the consolidated income statement.

(c) Climate-related matters

CKHH considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on CKHH due to both physical and transition risks. Even though CKHH believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, CKHH is closely monitoring relevant changes and developments, such as new climate-related legislation.

Year ended December 31, 2023 compared to year ended December 31, 2022

As per the above tables, the Revenue, EBITDA and EBIT in this section include share of associates and joint ventures, adjusted to exclude non-controlling interests' share of HPH Trust operations in both periods and are prepared under Pre-IFRS 16 basis relating to the accounting for leases for the year ended December 31, 2023. Unless otherwise specified, the discussion of the CKHH's operating results below is on a Pre-IFRS 16 basis as mentioned above. See "– Presentation of financial information for years ended December 31, 2021, 2022 and 2023".

Overview

Total revenue for 2023 of HK$461,558 million (US$59,174 million) represented an increase of 1% in reported currency and local currencies from HK$457,229 million in 2022, primarily due to favourable performance from the retail division, partly offset by lower revenue from the Ports division as well as lower contribution from Cenovus Energy(2). The infrastructure division continued to perform steadily. In 2023, most of the world outside of Mainland China and Hong Kong put the COVID pandemic behind and resumed a path to normality, which had attendant positive impacts on growth in many countries and sectors in which CKHH conducts business.

EBITDA(1) of HK$104,880 million (US$13,446 million) and EBIT(1) of HK$58,568 million (US$7,509 million) for 2023 decreased 12% and 20%, respectively, compared to 2022 in reported currency. EBITDA and EBIT in 2022 included net gain of HK$12.8 billion (US$1.6 billion) from one-off items comprising HK$19.0 billion (US$2.4 billion) gain from disposal of CKHH's interest in the UK tower asset to Cellnex completed in November 2022 and a net gain of HK$6.1 billion (US$0.8 billion) from the completion of the merger of the Indonesian telecommunication business in the first half of 2022, but was partly offset by a non-cash impairment of goodwill on CKHH's telecommunication businesses in Italy and Sri Lanka totalling HK$12.0 billion (US$1.5 billion). Excluding the above one-off impacts in 2022, CKHH's underlying EBITDA and EBIT decreased by 1% and 2%, respectively, in 2023 compared to 2022 in local currencies. Overall, headwinds continued to affect the ports division as well as profit contribution from Cenovus Energy, the latter being significantly impacted by FIFO losses resulting from sharp declines in commodity prices in the fourth quarter, offsetting improving operating performance. The telecommunications division, although growing revenues, continued to be adversely impacted by cost price inflation. The infrastructure division continued to perform steadily, and the retail division overall achieved excellent year-on-year growth despite continued weakness in consumer spending in Hong Kong and the Mainland.

Total consolidated interest expenses and other finance costs(3) for 2023, including share of associated companies' and joint ventures' interest expenses, amortization of finance costs and after deducting interest capitalized on assets under development amounted to HK$20,147 million (US$2,583 million), 36% higher compared to 2022, driven mainly by the higher effective interest rates.

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(1) Under Post-IFRS 16 basis, EBITDA was HK$127,309 million (US$16,322 million) (December 31, 2022: HK$142,132 million); EBIT was HK$62,770 million (US$8,047 million) (December 31, 2022: HK$78,261 million).

(2) As of December 31, 2023, CKHH owns 16.9% in Cenovus Energy.

(3) Under Post-IFRS 16 basis, total consolidated interest expenses and other finance costs were HK$24,200 million (US$3,103 million) (December 31, 2022: HK$18,398 million).

Total current and deferred taxation[4] charges for 2023 totaled HK$8,500 million (US$1,090 million), a decrease of 47% compared to 2022, primarily due to the higher deferred tax charges from the disposal of tower assets in 2022 and lower profit before tax in 2023.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders[5] for 2023 of HK$23,243 million (US$2,980 million) was a decrease of 33% in reported currency and local currencies compared to 2022. In 2023, on a Post-IFRS 16 basis and in reported currency, EBITDA, EBIT and profit attributable to ordinary shareholders decreased by 10%, 20% and 36%, respectively, compared to 2022.

Ports and Related Services

The ports and related services division handled throughput of 82.1 million twenty-foot equivalent units ("TEU") through 293 operating berths in 2023, a 3% drop compared to 2022, primarily attributable to reduced volume in HPH Trust due to diminished demand on Chinese exports particularly in the first half of 2023, together with the decline in European throughput volume owing to weakened consumer sentiment exacerbated by elevated global interest rates atmosphere, affecting major ports in Barcelona in Spain and Rotterdam in the Netherlands. The overall throughput in Asia, Australia and Others segment was relatively stable as reduction in throughput as a result of concession expiry in Tanzania since 2023 was mostly offset by throughput growth in South East Asia (Klang, Laemchabang, Jakarta), Pakistan and Middle East ports.

In reported currency, total revenue of HK$40,851 million (US$5,237 million), EBITDA[6] of HK$13,628 million (US$1,747 million) and EBIT[6] of HK$9,328 million (US$1,196 million) decreased by 7%, 14% and 18%, respectively, compared to 2022 due to a 24% drop in storage income as a result of gradual easing of supply chain disruptions and port congestion particularly in Europe and HPH Trust segment, and the adverse performance of a shipping line associated company which was heavily affected by the sharp decline of freight rates in 2023. In local currencies, total revenue, EBITDA and EBIT decreased 9%, 14% and 19%, respectively, compared to 2022.

Retail

The retail division operated 12 retail brands with 16,491 stores across 28 markets as of December 31, 2023, a 2% increase in store portfolio compared to 2022, while its loyalty member base expanded by 13% to 159 million with 64% sales participation. The division's total revenue, EBITDA[7] and EBIT[7] of HK$183,344 million (US$23,506 million), HK$16,226 million (US$2,080 million) and HK$12,888 million (US$1,652 million) increased by 8%, 13% and 17%, respectively, in reported currency against 2022. In local currencies, total revenue, EBITDA and EBIT increased by 8%, 11% and 14%, respectively. The increases were primarily due to favorable results in Europe and Asia, partly offset by weak performance in Hong Kong and the Mainland mainly due to stagnant store traffic and soft consumer sentiment.

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(4) Under Post-IFRS 16 basis, total current and deferred taxation charges were HK$8,391 million (US$1,076 million) (December 31, 2022: HK$16,180 million).

(5) Under Post-IFRS 16 basis, profit attributable to ordinary shareholders was HK$23,500 million (US$3,013 million) (December 31, 2022: HK$36,680 million).

(6) Under Post-IFRS 16 basis, EBITDA was HK$16,415 million (US$2,104 million) (December 31, 2022: HK$19,007 million); EBIT was HK$10,583 million (US$1,357 million) (December 31, 2022: HK$13,024 million).

(7) Under Post-IFRS 16 basis, EBITDA was HK$25,507 million (US$3,270 million) (December 31, 2022: HK$23,359 million); EBIT was HK$13,849 million (US$1,776 million) (December 31, 2022: HK$11,831 million).

Infrastructure

Infrastructure division comprises 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary listed in Hong Kong as well as interests in six co-owned infrastructure investments with CKI.

Total reported revenue, EBITDA[(8)] and EBIT[(8)] of this division in 2023 were HK$54,714 million (US$7,015 million), HK$29,201 million (US$3,744 million) and HK$19,562 million (US$2,508 million), respectively, an increase of 1%, 1% and 4%, respectively, compared to 2022, reflecting good operational performance across the global portfolio of infrastructure businesses, partly offset by the one-off gain from the partial disposal of Northumbrian Water in 2022. In local currencies, total revenue, EBITDA and EBIT were 2% and 3% and 5% higher, respectively, in 2023 compared to 2022.

CK Hutchison Group Telecom

Revenue of this division was HK$86,814 million (US$11,130 million), 4% higher than 2022 due to higher revenue of **3** Group Europe. EBITDA[(9)] and EBIT[(9)] of HK$22,341 million (US$2,864 million) and HK$2,265 million (US$290 million), excluding the impact of one-time net gain[(10)] of HK$7,918 million recognized in 2022, were 8% and 54% lower than 2022 in reported currency, primarily due to lower contribution from **3** Group Europe. On a reported basis, EBITDA and EBIT were 31% and 82% lower than 2022 respectively in reported currency.

3 *Group Europe*

Although Italy's wholesale revenue continued to decline year-on-year by approximately HK$1.4 billion, **3** Group Europe's revenue of HK$80,231 million (US$10,286 million) was 1% higher than 2022 in local currencies, primarily driven by the healthy growth in net customer services revenue from the higher customer base and favorable revenue initiatives phased throughout the year, coupled with higher roaming income from increased travelling by European customers. **3** Group Europe's 2023 results reflected the full year adverse impact from the tower disposal in the UK of around HK$1.0 billion. Together with increased operating expenses due to HK$1.2 billion higher energy cost and HK$0.9 billion other inflationary impacts, as well as higher network costs from the expanded networks, particularly in the UK, EBITDA[(11)]decreased by 12% against 2022 in local currencies to HK$21,348 million (US$2,737 million). **3** UK recognized £38 million accelerated depreciation on the legacy IT system in 2023 upon transitioning to an enhanced digital platform, excluding which, depreciation and amortization of **3** Group Europe was flat year-on-year in local currencies as the higher depreciation in the UK from continued 5G rollout was offset by the savings arising from tower assets disposal and lower depreciation in Italy following the transfer of certain network assets to a newly setup joint venture in January 2023 and lower 5G network investment. After taking into account this accelerated depreciation, EBIT[(11)] declined by 59% in local currencies to HK$2,400 million (US$308 million).

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(8) Under Post-IFRS 16 basis, EBITDA was HK$29,526 million (US$3,785 million) (December 31, 2022: HK$29,109 million); EBIT was HK$19,616 million (US$2,515 million) (December 31, 2022: HK$18,872 million).

(9) Under Post-IFRS 16 basis, EBITDA was HK$29,081 million (US$3,728 million) (December 31, 2022: HK$39,002 million); EBIT was HK$3,191 million (US$409 million) (December 31, 2022: HK$14,216 million).

(10) Comprising gain from the disposal of CKHH's interest in the UK tower assets to Cellnex of HK$18,957 million, partly offset by a non-cash impairment of goodwill on CKHH's telecommunication business in Italy of HK$11,039 million. Under Post-IFRS 16 basis, the net gain was HK$8,021 million.

(11) Under Post-IFRS 16 basis, EBITDA was HK$27,675 million (US$3,548 million) (December 31, 2022: HK$30,144 million); EBIT was HK$3,312 million (US$425 million) (December 31, 2022: HK$6,859 million).

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK$4,896 million (US$628 million) was flat compared to 2022, primarily due to higher net customer service revenue driven by the recovery of roaming market, fully offset by decline in hardware sales arising from softened demand. EBITDA[(12)] of HK$1,243 million (US$159 million) was 17% higher compared to 2022, mainly due to higher margin driven by substantial resurgence in revenue from roaming services and higher interest income from interest rate hikes, partly offset by higher network costs resulting from the network infrastructure expansion and related costs incurred in the deployment of 5G technology. Despite the impact of higher amortization costs from capitalized CACs and increased depreciation from the enlarged asset base resulting from network channel expansion, there was some improvement in EBIT, reversing LBIT of HK$30 million reported in 2022 to a positive EBIT[(12)] of HK$116 million (US$15 million) in 2023.

Hutchison Asia Telecommunications

For 2023, in reported currency, total revenue of HK$11,779 million (US$1,510 million) increased by 1% compared to 2022, EBITDA[(13)] and EBIT[(13)] of HK$3,952 million (US$507 million) and HK$1,612 million (US$207 million) were 58% and 76% lower, respectively, compared to 2022, mainly due to the net gain of HK$5.1 billion[(14)] (US$0.7 billion) from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in CKHH's telecommunication business in Sri Lanka in 2022. Excluding these one-off items, underlying EBITDA decreased by 8%, mainly due to lower net gain arising from disposal of non-core assets in IOH and EBIT remained flat as the EBITDA shortfall is fully offset by lower depreciation from IOH after the non-core assets disposal. IOH demonstrated solid performance in 2023 from top line growth and cost optimization after the merger.

Finance & Investments and Others

In 2023, finance & investments and others segment reported revenue of HK$84,056 million (US$10,776 million), a 11% decrease in reported currency, primarily due to lower contribution from the energy business, reflecting the decline in commodity prices, as well as reduced production volume due to unplanned outages and delays in completing certain downstream facility turnarounds during the first half of 2023.

Year ended December 31, 2022 compared to year ended December 31, 2021

As per the above tables, the Revenue, EBITDA and EBIT in this section include share of associates and joint ventures, adjusted to exclude non-controlling interests' share of HPH Trust operations in both periods and are prepared under Pre-IFRS 16 basis relating to the accounting for leases for the year ended December 31, 2022. Unless otherwise specified, the discussion of the CKHH's operating results below is on a Pre-IFRS 16 basis as mentioned above. See "– Presentation of financial information for years ended December 31, 2021, 2022 and 2023".

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(12) Under Post-IFRS 16 basis, EBITDA was HK$1,656 million (US$212 million) (December 31, 2022: HK$1,485 million); EBIT was HK$130 million (US$17 million) (December 31, 2022: LBIT of HK$15 million).

(13) Under Post-IFRS 16 basis, EBITDA was HK$6,011 million (US$771 million) (December 31, 2022: HK$12,478 million); EBIT was HK$2,388 million (US$306 million) (December 31, 2022: HK$8,582 million).

(14) Under Post-IFRS 16 basis, the net gain was HK$6.2 billion (US$0.8 billion). For further information, please see Note 5(b)(xviii) to CKHH's Financial Statements for the year ended December 31, 2023 which are included elsewhere in this offering memorandum.

Overview

Total revenue for 2022 of HK$457,229 million represented an increase of 3% from HK$445,383 million in 2021. In 2022, most of the world outside of Mainland China and Hong Kong put the COVID pandemic behind and resumed a path to normality, which had attendant positive impacts on growth in many countries and sectors in which CKHH conducts business. In local currencies, revenue for 2022 increased 10% compared to 2021.

EBITDA[(1)] of HK$119,010 million and EBIT[(1)] of HK$72,864 million for 2022 increased 7% and 13%, respectively, compared to 2021 in reported currency. EBITDA and EBIT in 2022 included net gain of HK$12.8 billion from one-off items comprising HK$19.0 billion gain from disposal of the CKHH's interest in the UK tower asset to Cellnex completed in November 2022 and a net gain of HK$6.1 billion from the completion of the merger of the Indonesian telecommunication business in the first half of 2022, but was partly offset by a non-cash impairment of goodwill on CKHH's telecommunication businesses in Italy and Sri Lanka totalling HK$12.0 billion. In 2021, CKHH had included a one-time net gain of HK$4.8 billion from one-off items, comprising the disposal gains from tower asset sales in Italy and Sweden, partly offset by non-cash impairment of goodwill on CKHH's Italian telecommunication business, the recognition of a non-cash foreign exchange reserve loss arising from the merger of CKHH's energy business with Cenovus Energy and CKHH's share of Cenovus Energy's non-cash impairment. Excluding the above one-off impacts in both years, CKHH's underlying EBITDA and EBIT increased by 7% in 2022 compared to 2021 in local currencies. The substantial growth was attributable to improvements in the ports division, higher contribution from Cenovus Energy[(2)], accretive contribution from the merger of the Indonesia telecommunication business since January 2022, as well as the steady performance of the infrastructure businesses. **3** Group Europe continue to operate in challenging environments exacerbated by the energy crisis experienced in the second half. **3** Group Europe financial performances were also burdened by higher depreciation and amortization from prior period network investment to maintain competitiveness in its markets. Retail operations in the Mainland also faced challenges with the prolonged pandemic lockdowns, which significantly reduced their contribution to CKHH.

Total consolidated interest expenses and other finance costs[(3)] for 2022, including share of associated companies' and joint ventures' interest expenses, amortization of finance costs and after deducting interest capitalized on assets under development amounted to HK$14,860 million, 1% higher compared to 2021.

Total current and deferred taxation[(4)] charges for 2022 totaled HK$16,091 million, an increase of 68% compared to 2021, primarily reflecting the adverse variance arising from the disposal of tower assets, higher profit before tax in 2022, as well as the adverse net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates in 2021.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders[(5)] for 2022 of HK$34,869 million was an increase of 4% in reported currency and 10% in local currencies compared to 2021. In 2022, on a Post-IFRS 16 basis and in reported currency, EBITDA, EBIT and profit attributable to ordinary shareholders increased by 5%, 14% and 10%, respectively, compared to 2021.

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(1) Under Post-IFRS 16 basis, EBITDA was HK$142,132 million (December 31, 2021: HK$135,653 million); EBIT was HK$78,261 million (December 31, 2021: HK$68,818 million).

(2) As of December 31, 2022, CKHH owns 16.6% in Cenovus Energy. Together with the warrants (on a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by CKHH), CKHH's share in Cenovus Energy represents a further 1.1% to 17.7% interest.

(3) Under Post-IFRS 16 basis, total consolidated interest expenses and other finance costs were HK$18,398 million (December 31, 2021: HK$18,841 million).

(4) Under Post-IFRS 16 basis, total current and deferred taxation charges were HK$16,180 million (December 31, 2021: HK$9,561 million).

(5) Under Post-IFRS 16 basis, profit attributable to ordinary shareholders was HK$36,680 million (December 31, 2021: HK$33,484 million).

Ports and Related Services

The ports and related services division handled throughput of 84.8 million TEU through 295 operating berths in 2022, a 4% drop compared to 2021, mainly due to volume reduction across all regions but primarily at HPH Trust, driven by a drop in US and Europe export cargoes and prolonged pandemic preventive measures, as well as global supply chain disruptions affecting mainly in the UK, Rotterdam in the Netherlands, Panama and certain Ports in Asia, partly offset by higher throughput in Mexico from new service lines and vessel diversions. The overall throughput in Europe was relatively stable as reduction in throughput of the aforementioned ports was mostly offset by higher volume contribution from the newly acquired Delta II terminal in the Netherlands.

In reported currency, total revenue of HK$44,141 million, EBITDA[(6)] of HK$15,805 million and EBIT[(6)] of HK$11,426 million increased by 4%, 4% and 6%, respectively, compared to 2021 from higher storage income across most ports despite lower throughput, strong performance in Mexico from increased vessel calls and the favorable performance of an associate in the container shipping business during 2022. In local currencies, total revenue, EBITDA and EBIT increased 10%, 8% and 10%, respectively, compared to 2021.

Retail

The retail division had 16,142 stores across 28 markets as of December 31, 2022, a 2% decrease in store portfolio compared to 2021, while its loyalty member base remained stable at 140 million with 62% sales participation. The division's total revenue, EBITDA[(7)] and EBIT[(7)] of HK$169,645 million, HK$14,309 million and HK$11,048 million decreased by 2%, 11% and 11%, respectively, in reported currency against 2021. In local currencies, total revenue increased by 6%, while EBITDA and EBIT both decreased by 2%. The decreases were primarily due to the adverse performance of Mainland operations due to the COVID restrictions and lockdowns throughout the year. Excluding Health and Beauty China, the division's EBITDA and EBIT grew 9% and 13%, respectively, in local currencies as almost all other regions delivered strong performances and have mostly returned to pre-pandemic trading levels.

Infrastructure

Infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary listed in Hong Kong as well as 10% of the economic benefits deriving from CKHH's direct holdings in six co-owned infrastructure investments with CKI.

Total reported revenue, EBITDA[(8)] and EBIT[(8)] of this division in 2022 were HK$54,441 million, HK$28,815 million and HK$18,833 million, respectively, a decrease of 3%, 3% and 1%, respectively, compared to 2021, reflecting unfavorable foreign currency translation impacts, partly offset by gain on partial disposal of Northumbrian Water and good operational performance across its global portfolio of infrastructure businesses. In local currencies, total revenue, EBITDA and EBIT were 4% and 5% and 6% higher, respectively, in 2022 compared to 2021.

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(6) Under Post-IFRS 16 basis, EBITDA was HK$19,007 million (December 31, 2021: HK$18,008 million); EBIT was HK$13,024 million (December 31, 2021: HK$11,946 million).

(7) Under Post-IFRS 16 basis, EBITDA was HK$23,359 million (December 31, 2021: HK$26,119 million); EBIT was HK$11,831 million (December 31, 2021: HK$13,370 million).

(8) Under Post-IFRS 16 basis, EBITDA was HK$29,109 million (December 31, 2021: HK$29,938 million); EBIT was HK$18,872 million (December 31, 2021: HK$19,139 million).

CK Hutchison Group Telecom

Revenue of this division was HK$83,289 million, 10% lower than 2021 due to adverse foreign currency exchange translation impact, and EBITDA[(9)] and EBIT[(9)] of HK$32,192 million and HK$12,803 million were 25% and 45% lower than 2021, respectively, primarily due to the net impact of one-off items in 2022 being lower than 2021, lower performance in Italy, as well as adverse foreign currency exchange translation. In 2022, this division reported net one-time gain of HK$7,918 million, comprising a HK$18,957 million disposal gain[(10)] on the sale of tower assets in the UK which was completed in November 2022, partly offset by a non-cash goodwill impairment on CKHH's Italian business of HK$11,039 million. In 2021, the division had reported net one-time gain of HK$9,787 million, comprising a HK$25,259 million disposal gain[(11)] on the sale of tower assets in Sweden and Italy where the transactions were completed in January and June 2021, respectively, partly offset by a non-cash goodwill impairment in Italy of HK$15,472 million.

3 *Group Europe*

3 Group Europe's revenue was HK$77,925 million, flat against 2021 in local currencies as the growth in net customer services revenue due to an increase in the customer base coupled with higher roaming income across all operations following travel resumption in Europe, were fully offset by lower wholesale revenues in Italy. Underlying EBITDA[(12)] and EBIT[(12)], before the one-time items mentioned above, of HK$23,864 million and HK$5,564 million for 2022 were 11% and 44% lower against 2021, respectively, in local currencies. **3** Group Europe's 2022 results were impacted by the full year incremental tower service fees of around HK$0.6 billion in Italy and the two months impact of over HK$0.1 billion in the UK after completion of the UK tower asset disposal in early November 2022. On a normalized basis[(13)], EBITDA and EBIT were 9% and 41% lower year-on-year, respectively, in local currencies, primarily due to increased operating expenses due to higher energy and other inflationary impact, certain dispute settlement proceeds recognized by Italy in 2021 that did not recur, as well as higher network costs and depreciation and amortization as compared to 2021 from the continued investments in network expansion, 5G rollout and digitalization.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK$4,882 million was 9% lower compared to 2021, primarily driven by lower hardware sales as a result of supply chain constraints. EBITDA[(14)] of HK$1,058 million was 3% lower compared to 2021, mainly due to lower margin from lower hardware sales as well as higher network costs driven by the investments in 5G technology and network infrastructure expansion, partly offset by the improved net customer service margin driven by the rebound in roaming service revenue. LBIT[(14)] of HK$30 million for 2022 compared to an EBIT of HK$142 million reported in 2021, mainly due to higher depreciation and amortization from the full year impact of the renewal of spectrum in 2021, the activation of new spectrum in 2022 and the enlarged asset base from 5G network infrastructure expansion.

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(9) Under Post-IFRS 16 basis, EBITDA was HK$39,002 million (December 31, 2021: HK$50,892 million); EBIT was HK$14,216 million (December 31, 2021: HK$24,530 million).

(10) Under Post-IFRS 16 basis, the disposal gain and net gain attributable to shareholders were HK$19,060 million and HK$15,926 million respectively. For further information, please see Note 5(b)(xvi) to CKHH's Financial Statements for the year ended December 31, 2022 which are included elsewhere in this offering memorandum.

(11) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$25,316 million. For further information, please see Note 5(b)(xvi) to CKHH's Financial Statements for the year ended December 31, 2022 which are included elsewhere in this offering memorandum.

(12) Under Post-IFRS 16 basis, EBITDA was HK$30,144 million (December 31, 2021: HK$37,267 million); EBIT was HK$6,859 million (December 31, 2021: HK$12,256 million).

(13) Comparison against 2021 results which excludes the proforma contribution from the tower assets in the UK for November to December 2021 and in Italy for the first half of 2021.

(14) Under Post-IFRS 16 basis, EBITDA was HK$1,485 million (December 31, 2021: HK$1,501 million); LBIT was HK$15 million (December 31, 2021: EBIT of HK$156 million).

Hutchison Asia Telecommunications

For 2022, in reported currency, total revenue, EBITDA[(15)] and EBIT[(15)] of HK$11,628 million, HK$9,420 million and HK$6,745 million increased by 32%, 363% and 3,127%, respectively, compared to 2021, mainly due to the net gain of HK$5.1 billion[(16)] from the completion of the merger of the Indonesian telecommunication business in the first half, partly offset by a non-cash impairment in CKHH's telecommunication business in Sri Lanka. Excluding these one-off items, underlying EBITDA and EBIT were HK$4,282 million and HK$1,607 million, respectively, which increased by 110% and 669%, mainly due to accretive contribution arising from the Indonesian merger with strong growth in data traffic from the enlarged customer base, realization of synergies following the merger and certain gains arising from disposal of non-core assets by the operation.

Finance & Investments and Others

In 2022, finance & investments and others segment reported revenue of HK$94,085 million, a 31% increase in reported currency, primarily due to higher contribution from the energy business.

EBITDA[(17)] and EBIT[(17)] included a one-off net loss of HK$0.3 billion, which represented CKHH's share of non-cash pre-tax impairment on the energy business' US refinery assets. This is compared to the one-off net loss of HK$5.0 billion in 2021, which comprised a non-cash foreign exchange reserve loss following the energy merger of HK$3.5 billion and CKHH's share of non-cash pre-tax impairment on the energy business' US refinery assets of HK$1.5 billion.

Excluding the one-off items, underlying EBITDA and EBIT grew 81% and 224%, respectively, from 2021 primarily due to the higher contribution from the energy business.

Liquidity and Capital Resources

Treasury Management

CKHH's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by CKHH's internal audit function. CKHH's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on CKHH's overall financial position and to minimize CKHH's financial risks. CKHH's treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to CKHH and its companies. It manages the majority of CKHH's funding needs, interest rate, foreign currency and credit risk exposures. It is CKHH's policy not to have credit rating triggers that would accelerate the maturity dates of CKHH's borrowings. CKHH uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing CKHH's exposure to interest rate and foreign exchange rate fluctuations. CKHH generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivative instruments to hedge CKHH's earnings were entered during the year or remain outstanding at the end of the year. It is CKHH's policy not to enter into derivative transactions for speculative purposes. It is also CKHH's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

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(15) Under Post-IFRS 16 basis, EBITDA was HK$12,478 million (December 31, 2021: HK$4,232 million); EBIT was HK$8,582 million (December 31, 2021: HK$979 million).

(16) Under Post-IFRS 16 basis, the net gain was HK$6.2 billion. For further information, please see Note 5(b)(xvii) to CKHH's Financial Statements for the year ended December 31, 2022 which are included elsewhere in this offering memorandum.

(17) Under Post-IFRS 16 basis, EBITDA was HK$19,177 million (December 31, 2021: HK$6,464 million); EBIT was HK$11,736 million (December 31, 2021: LBIT of HK$1,146 million).

Cash Management and Funding

CKHH operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-U.S. dollar currencies, CKHH generally obtains long-term financing at CKHH level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. CKHH regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

Interest Rate Exposure

CKHH manages its interest rate exposure with a focus on reducing CKHH's overall cost of debt and exposure to changes in interest rates. When considered appropriate, CKHH uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. CKHH's main interest rate exposure relates to U.S. dollar, Pound Sterling, Euro and HK dollar borrowings.

At December 31, 2023, approximately 34% of CKHH's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates (December 31, 2022: 34% floating; 66% fixed). CKHH has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$3,461 million (US$444 million) principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 32% of CKHH's total principal amount of bank and other debts were at floating rates and the remaining 68% were at fixed rates at December 31, 2023 (December 31, 2022: 27% floating; 73% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

For subsidiaries, associated companies, joint arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-U.S. dollar), CKHH generally endeavors to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-U.S. dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, CKHH may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimized by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. CKHH generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations, except in relation to certain infrastructure investments.

CKHH has operations in over 50 countries and conducts businesses in around 50 currencies. CKHH's functional currency for reporting purposes is Hong Kong Dollars and CKHH's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and Pound Sterling. Reported EBITDA[(1)] for 2023 was HK$104,880 million (US$13,446 million), of which 49% was derived from European operations, including 21% from the UK. At December 31, 2023, of CKHH's total principal amount of bank and other debts after currency swap arrangements, 34% and 4% were denominated in Euro and Pound Sterling, respectively, whilst liquid assets comprised 23% Euro and 5% Pound Sterling denominated cash and cash equivalents. As a result, 46% and 3% of CKHH's consolidated net debt[(2)] of HK$131,810 million (US$16,899 million) were denominated in Euro and Pound Sterling, respectively. Net assets[(3)] was HK$683,810 million (US$87,668 million), with 22% attributable to both Continental Europe and UK operations.

In terms of exposure to other foreign currencies, at December 31, 2023, CKHH's total principal amount of bank and other debts were denominated as follows: 33% in Euro, 49% in U.S. dollars, 5% in HK dollars, 5% in Pound Sterling and 8% in other currencies. CKHH had currency swap arrangements with banks to swap Pound Sterling principal amount of borrowings equivalent to HK$4,970 million (US$637 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. CKHH's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 34% in Euro, 49% in U.S. dollars, 5% in HK dollars, 4% in Pound Sterling and 8% in other currencies.

Credit Exposure

CKHH's holdings of cash, managed funds and other liquid investments, interest rate and foreign currency swaps and forward currency contracts with financial institutions expose CKHH to credit risk of counterparties. CKHH controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

CKHH is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook), respectively. CKHH aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A on the S&P Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances.

CK Hutchison Group Telecom, a wholly-owned subsidiary of CKHH, obtained long term credit rating from Moody's, S&P and Fitch at Baa1 (stable outlook), A- (stable outlook) and A- (stable outlook) respectively. CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as CKHH.

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(1) Under Post-IFRS 16 basis, EBITDA was HK$127,309 million (US$16,322 million) for 2023 and HK$142,132 million for 2022.

(2) Under Post-IFRS 16 basis, consolidated net debt was HK$130,585 million (US$16,742 million) as of December 31, 2023 and HK$132,042 million as of December 31, 2022.

(3) Under Post-IFRS 16 basis, net assets was HK$670,549 million (US$85,968 million) as of December 31, 2023 and HK$647,309 million as of December 31, 2022

As at of December 31, 2023, the consolidated net debt[2] of CKHH, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$131,810 million (US$16,899 million) (December 31, 2022: HK$133,109 million), a 1% decrease compared to the net debt at the beginning of the year mainly due to net cash generated from operating activities, partly offset by dividend payments and capital expenditure and investment spending. CKHH's consolidated net debt to net total capital ratio[4] was 16.1% as of December 31, 2023 (December 31, 2022: 16.7%). CKHH's consolidated cash and liquid investments as of December 31, 2023 were sufficient to repay all of CKHH's outstanding debt maturing before December 31, 2026 and cover 55% of outstanding debt due in 2027.

Market Price Risk

CKHH's main market price risk exposures relate to listed debt and equity securities as described in "Operations – Finance & Investments and Others" below and the interest rate swaps as described in "Interest Rate Exposure" above. CKHH's holding of listed debt and equity securities represented approximately 11% (December 31, 2022: approximately 10%) of the cash, liquid funds and other listed investments ("liquid assets") as of December 31, 2023. CKHH controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

CKHH's liquidity and capital resources for the years ended December 31, 2023, 2022 and 2021

CKHH's capital expenditures and investments are primarily funded by cash generated from operations, cash on hand and, to the extent appropriate, by external borrowings. CKHH finances its working capital requirements primarily through funds generated from operations. CKHH had cash, liquid funds and other listed investments of HK$143,109 million (US$18,347 million) as of December 31, 2023, HK$154,188 million as of December 31, 2022 and HK$161,360 million as of December 31, 2021.

Net Cash from Operating Activities

EBITDA[1][5] amounted to HK$104,880 million (US$13,446 million) in 2023, HK$119,010 million in 2022 and HK$111,227 million in 2021.

Consolidated funds from operations ("FFO")[6] before cash profits from disposals, capital expenditures, investments and changes in working capital amounted to HK$45,067 million (US$5,778 million) in 2023, HK$47,040 million in 2022 and HK$54,508 million in 2021.

One-off items listed below have been excluded from the EBITDA of Company and subsidiaries in the respective years:

(a) 2022: gains on disposal of tower assets, disposal gain from CKHH's Indonesia telecommunication business merger completed in 2022 and the non-cash impairment of CKHH's telecommunication businesses in Italy and Sri Lanka in 2022; and

(b) 2021: gain on disposal of tower assets completed in 2021, goodwill impairment on the Italian telecommunication business and exchange loss on merger of Husky and Cenovus Energy in 2021.

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(4) Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortized fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 16.2% as of December 31, 2023 and 16.9% as of December 31, 2022.

(5) Total EBITDA includes CKHH's proportionate share of associated companies and joint ventures' EBITDA, and was adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

(6) Under Post-IFRS 16 basis, FFO amounted to HK$59,402 million (US$7,616 million) in 2023, HK$61,294 million in 2022 and HK$71,264 million in 2021, and represents funds from operations before principal elements of lease payments, where such payments are included under "Cash flows used in financing activities"

Net cash from operating activities[7]was HK$37,158 million (US$4,764 million) in 2023, compared to HK$42,586 million in 2022, mainly due to an increase in cash outflow from changes in working capital [8] by HK$3,455 million (US$443 million), an increase in interest and tax paid[9] of HK$3,138 million (US$402 million) and a decrease in dividends received from associated companies and joint ventures of HK$1,395 million (US$179 million), partly offset by an increase in EBITDA of Company and subsidiaries[10] (excluding the aforementioned one-off items in 2022) by HK$2,693 million (US$345 million).

Net cash from operating activities[7] was HK$42,586 million in 2022, compared to HK$35,085 million in 2021, mainly due to a decrease in cash outflow from changes in working capital[8] by HK$14,969 million, a decrease in interest and tax paid[9] of HK$767 million and an increase in dividends received from associated companies and joint ventures of HK$1,681 million, partly offset by a decrease in EBITDA of Company and subsidiaries[10] (excluding the aforementioned one-off items in 2022 and 2021) by HK$9,087 million.

Cash Flows used in Investing Activities

Net cash used in investing activities[11] was HK$15,624 million (US$2,003 million) in 2023, HK$4,723 million in 2022 and HK$1,983 million in 2021, which mainly consisted of purchase of fixed assets and brand names and other rights[12], additions to telecommunications licenses and purchase of and advances to associated companies and joint ventures, net of repayments of loans from associates and joint ventures, proceeds from tower assets disposal, proceeds from partial disposal/disposal of associated companies and joint ventures, and proceeds from disposal of other investments and financial instruments.

Net cash used in investing activities[11] of HK$15,624 million (US$2,003 million) in 2023 was higher than the HK$4,723 million in 2022, mainly due to decrease in proceeds from disposal of subsidiaries by HK$14,533 million (US$1,863 million), decrease in proceeds from partial disposal/disposal of associated companies and joint ventures of HK$4,492 million (US$576 million) and increase in additions to telecommunications licenses costs by HK$1,796 million (US$230 million), partially offset by a decrease in additions to fixed assets and brand names and others rights[12] by HK$2,505 million (US$321 million), a decrease of purchase of and advance to (net of loan repayment) associates and joint ventures of HK$5,100 million (US$654 million), and an increase in proceeds on disposal of financial instruments by HK$2,451 million (US$314 million).

Net cash used in investing activities[11] of HK$4,723 million in 2022 was higher than the HK$1,983 million in 2021, mainly due to decrease in proceeds from tower assets disposal by HK$19,819 million and increase of purchase of and advance to (net of loan repayment) associates and joint ventures of HK$2,381 million, partially offset by a decrease in additions to fixed assets and brand names and others rights[12] by HK$6,859 million, a decrease in additions to telecommunications licenses costs by HK$7,998 million, and an increase in proceeds from partial disposal/disposal of associated companies and joint ventures of HK$4,298 million as well as proceeds from disposal of other investments in 2022 of HK$2,325 million.

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(7) Under Post-IFRS 16 basis, net cash from operating activities was HK$51,437 million (US$6,594 million) in 2023, HK$56,714 million in 2022 and HK$52,184 million in 2021.

(8) Under Post-IFRS 16 basis, an increase in cash outflows from changes in working capital of HK$3,385 million (US$434 million) in 2023 and a decrease in cash outflows from changes in working capital of HK$14,500 million in 2022.

(9) Under Post-IFRS 16 basis, an increase in interest and tax paid was HK$3,411 million (US$437 million) in 2023 and a decrease in interest and tax paid was HK$2,066 million in 2022.

(10) Under Post-IFRS 16 basis, an increase in EBITDA of Company and subsidiaries (excluding the aforementioned one-off items in 2022) by HK$2,131 million (US$273 million) in 2023 from 2022, and a decrease in EBITDA of Company and subsidiaries (excluding the aforementioned one-off items in 2022 and 2021) was HK$12,862 million in 2022 from 2021.

(11) Under Post-IFRS 16 basis, net cash used in investing activities was HK$15,415 million (US$1,976 million) in 2023, HK$4,356 million in 2022 and HK$550 million in 2021.

(12) Under Post-IFRS 16 basis, a decrease in additions to fixed assets and brand names and other rights was HK$2,347 million (US$301 million) in 2023, and a decrease in additions to fixed assets and brand names and other rights was HK$5,793 million in 2022.

(i) Capital Expenditure

The following table sets forth CKHH's capital expenditure (including license, brand name and other rights, but excluding capital expenditure of assets classified as held for sale) by business divisions in 2023, 2022 and 2021.

Capital Expenditure

	Pre-IFRS 16[1]		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services	3,630	3,801	5,521
Retail	2,525	2,387	2,814
Infrastructure	367	477	322
CK Hutchison Group Telecom	30,289	19,069	16,533
Hutchison Asia Telecommunications	4,110	349	128
Finance & Investments and Others	155	136	192
Total	41,076	26,219	25,510

(1) As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, IFRS 16 and the precedent lease accounting standard IAS 17 are referred to in this offering memorandum interchangeably with HKFRS 16 and HKAS 17, respectively. CKHH believes that the Pre-IFRS 16 basis, which are not intended to be a substitute for, or superior to, the reported metrics on a Post-IFRS 16 basis, better reflect management's view of CKHH's underlying operational performance. Pre-IFRS 16 basis metrics financial information is regularly reviewed by CKHH's most senior executive management. As a result, CKHH has provided an alternative presentation of CKHH's capital expenditure prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended December 31, 2023, 2022 and 2021. Unless otherwise specified, the discussion of CKHH's operating results for the year ended December 31, 2023, 2022 and 2021 are on a Pre-IFRS 16 basis as mentioned above.

	Post-IFRS 16		
	Year Ended December 31,		
	2021	2022	2023
	HK$ million	HK$ million	HK$ million
Ports and Related Services	3,630	3,801	5,521
Retail	2,525	2,387	2,814
Infrastructure	367	477	322
CK Hutchison Group Telecom	29,095	18,748	16,340
Hutchison Asia Telecommunications	3,871	303	112
Finance & Investments and Others	155	136	192
Total	39,643	25,852	25,301

In 2023, CKHH's total capital expenditure was HK$25,510 million (US$3,271 million). The ports and related services division incurred capital expenditure of HK$5,521 million (US$708 million), mainly for the development of the greenfield container terminal at Abu Qir, as well as the operations in Thailand, Mexico, the UK and Rotterdam. The retail division incurred capital expenditure of HK$2,814 million (US$361 million), mainly for digital technology, new store openings and store fit-outs. The infrastructure division incurred capital expenditure of HK$322 million (US$41 million), mainly for Enviro Waste and infrastructure materials division. CK Hutchison Group Telecom incurred capital expenditure of HK$16,533 million (US$2,120 million), mainly for network rollout and IT infrastructure enhancements. HAT incurred capital expenditure of HK$128 million (US$16 million), mainly for network expansion in Vietnam and Sri Lanka.

In 2022, CKHH's total capital expenditure was HK$26,219 million. The ports and related services division incurred capital expenditure of HK$3,801 million, mainly for the development of the greenfield container terminal at Abu Qir, as well as the operations in Thailand, Mexico, the UK and Rotterdam. The retail division incurred capital expenditure of HK$2,387 million, mainly for digital technology, new store openings and store fit-outs. The infrastructure division incurred capital expenditure of HK$477 million, mainly for Enviro Waste and infrastructure materials division. CK Hutchison Group Telecom incurred capital expenditure of HK$19,069 million, mainly for network rollout and IT infrastructure enhancements. HAT incurred capital expenditure of HK$349 million, mainly for network expansion in Vietnam and Sri Lanka.

In 2021, CKHH's total capital expenditure was HK$41,076 million. The ports and related services division incurred capital expenditure of HK$ 3,630 million, mainly for the development of the greenfield container terminal at Abu Qir, as well as the operations in Pakistan, UK and Rotterdam. The retail division incurred capital expenditure of HK$2,525 million, mainly for digital technology, new store openings and store fit-outs. The infrastructure division incurred capital expenditure of HK$367 million, mainly for Enviro Waste and infrastructure materials division. CK Hutchison Group Telecom incurred capital expenditure of HK$30,289 million, mainly for network rollout, IT infrastructure enhancements and license acquisition. HAT incurred capital expenditure of HK$4,110 million, mainly for network expansion in Indonesia, Vietnam and Sri Lanka.

(ii) Purchase of Subsidiary Companies, net of cash acquired

In 2023, the net cash outflow of HK$55 million (US$7 million) mainly represented acquisition made by the telecommunications division in Italy.

In 2022, there were no significant purchase of subsidiary companies.

In 2021, the net cash outflow of HK$138 million mainly represented acquisition of Delta II terminal in the Netherlands.

(iii) Purchase of and advances to associated companies and joint ventures, net of repayments of loans from associated companies and joint ventures

In 2023, the net cash inflow was HK$2,010 million (US$258 million).

In 2022, the net cash outflow was HK$3,090 million.

In 2021, the net cash outflow was HK$709 million.

(iv) Proceeds from disposal of subsidiary companies, net of cash disposed

In 2023, the net cash inflow of HK$2,563 million (US$329 million) mainly represented cash proceeds (net of cash disposed) on disposal of 50% interest in Zefiro Net S.r.l. which became a joint venture of the telecommunications division engaged in network rollout in the rural areas of Italy.

In 2022, the net cash inflow of HK$17,096 million mainly represented cash proceeds (net of cash disposed) on disposal of interest in tower assets in the UK and cash disposed in Indonesia telecommunications businesses.

In 2021, the net cash inflow of HK$38,425 million mainly represented proceeds on disposal of interest in tower assets in Sweden and Italy.

Cash Flows from Financing Activities

In 2023, the net cash used in financing activities[13] of HK$32,296 million (US$4,141 million) was mainly due to cash outflow on payment of dividends and distributions of HK$15,746 million (US$2,019 million) and a net cash outflow in borrowings[14] of HK$17,138 million (US$2,197 million).

In 2022, the net cash used in financing activities[13] of HK$52,911 million was mainly due to cash outflow on payment of dividends and distributions of HK$15,485 million, payments for buy-back of CKHH issued shares of HK$197 million, redemption of perpetual capital securities of HK$7,800 million and a net cash outflow in borrowings[14] of HK$30,728 million.

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(13) Under Post-IFRS 16 basis, net cash used in financing activities was HK$46,784 million (US$5,998 million) in 2023, HK$67,406 million in 2022 and HK$54,452 million in 2021.

(14) Under Post-IFRS 16 basis, net cash used in borrowings was HK$17,150 million (US$2,199 million) in 2023, HK$30,916 million in 2022 and HK$12,645 million in 2021.

In 2021, the net cash used in financing activities[13] of HK$35,920 million was mainly due to cash outflow on payment of dividends and distributions of HK$16,636 million, payments for buy-back of CKHH issued shares of HK$1,239 million, net cash outflows on redemption and issuance of perpetual capital securities by a subsidiary of HK$4,712 million, a net cash outflow in borrowings[14] of HK$11,520 million; and payment for tower assets disposal proceeds attributable to non-controlling interests of HK$1,955 million.

Bank and Other Interest Bearing Borrowings

CKHH's borrowings, excluding interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, including unamortized fair value adjustments from acquisitions[15], totaled HK$274,919 million (US$35,246 million) as of December 31, 2023, HK$287,297 million as of December 31, 2022 and HK$329,529 million as of December 31, 2021.

As of December 31, 2023, approximately 49% of CKHH's total principal amounts of borrowings were denominated in U.S. dollar, 5% in Hong Kong dollar, 34% in Euro, 4% in Pound Sterling and the remaining 8% in other currencies. As of December 31, 2023, approximately 22% of CKHH's principal amounts of borrowings were repayable within 2024, 36% were repayable between 2025 and 2027 and 42% were repayable beyond 2027. Finance costs on CKHH's borrowings were HK$9,947 million (US$1,275 million), HK$6,834 million and HK$7,060 million in 2023, 2022 and 2021, respectively.

CKHH's borrowings, excluding interest bearing loans from non-controlling shareholders, including unamortized fair value adjustments arising from acquisition, and net of total cash, liquid funds and other listed investments, were a net debt balance[2] of HK$131,810 million (US$16,899 million), HK$133,109 million and HK$168,169 million as of December 31, 2023, 2022 and 2021, respectively.

In March 2024, CKHH repaid a floating rate term loan facility of US$130 million (approximately HK$1,014 million) on maturity; and

In April 2024, CKHH repaid US$750 million (approximately HK$5,850 million) principal amount of fixed rate notes on maturity.

Security Interests

As of December 31, 2023, 2022 and 2021, assets of CKHH, in the amount of HK$1,533 million (US$197 million), HK$1,442 million and HK$1,440 million, respectively, were pledged as security for bank loans.

Undrawn Borrowing Facilities

Committed borrowing facilities available to CKHH but not drawn were HK$12,730 million (US$1,632 million), HK$8,252 million and HK$10,794 million as of December 31, 2023, 2022 and 2021, respectively.

Off-Balance Sheet Arrangements

CKHH entered into various interest rate agreements with major financial institutions to swap approximately HK$3,461 million (US$444 million), HK$21,360 million and HK$23,142 million principal amount of floating interest rate borrowings to fixed interest rate borrowings as of December 31, 2023, 2022 and 2021, respectively. For the year ended December 31, 2021, CKHH further swap by approximately HK$5,460 million principal amount of fixed interest rate borrowings to floating interest rate borrowings.

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(15) Under Post-IFRS 16 basis, CKHH's borrowings, excluding interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, including unamortized fair value adjustments arising from acquisitions was HK$273,694 million (US$35,089 million) as of December 31, 2023, HK$286,230 million as of December 31, 2022 and HK$328,253 million as of December 31, 2021.

Cash, Liquid Funds and Other Listed Investments

CKHH's total cash, liquid funds and other listed investments amounted to HK$143,109 million (US$18,347 million) as of December 31, 2023, HK$154,188 million as of December 31, 2022 and HK$161,360 million as of December 31, 2021. As of December 31, 2023, cash represented 89% of the total cash, liquid funds and other listed investments, U.S. Treasury notes and other listed debt securities 5% and listed equity securities 6%. As of December 31, 2022, cash represented 90% of the total cash, liquid funds and other listed investments, U.S. Treasury notes and other listed debt securities 4% and listed equity securities 6%. As of December 31, 2021, cash represented 95% of the total cash, liquid funds and other listed investments, U.S. Treasury notes and other listed debt securities 4% and listed equity securities 1%.

As of December 31, 2023, CKHH's total cash, liquid funds and other listed investments were denominated 17% in Hong Kong dollar, 45% in U.S. dollar, 23% in Euro, 3% in Renminbi, 5% in Pound Sterling and 7% in other currencies. As of December 31, 2022, CKHH's total cash, liquid funds and other listed investments were denominated 15% in Hong Kong dollar, 55% in U.S. dollar, 14% in Euro, 3% in Renminbi, 7% in Pound Sterling and 6% in other currencies. As of December 31, 2021, CKHH's total cash, liquid funds and other listed investments were denominated 18% in Hong Kong dollar, 60% in U.S. dollar, 9% in Euro, 4% in Renminbi, 4% in Pound Sterling and 5% in other currencies.

Current and Long-Term Liabilities, Commitments and Contingent Liabilities

A summary of CKHH's current and long-term liabilities as of December 31, 2023 is set forth below.

The obligations as of December 31, 2023 are reflected in CKHH's audited consolidated statement of financial position as of December 31, 2023 and in note 5(c)(iii) to the CKHH's audited consolidated financial statements for the year ended December 31, 2023 included elsewhere in this offering memorandum.

Current and Long-Term Liabilities

	As of December 31, 2023		
	Payment due by period		
	Total	Due within one year	Due after one year
	HK$ million	HK$ million	HK$ million
Principal amount of bank loans, other loans, notes and bonds[16]	272,626	58,854	213,772
Unamortized fair value adjustments arising from acquisitions	2,293	18	2,275
Total bank and other debts before the following items	274,919	58,872	216,047
Unamortized loan facilities fees and premiums or discounts related to debts	(1,772)	(87)	(1,685)
Interest bearing loans from non-controlling shareholders	3,245	726	2,519
Trade payables and other current liabilities[17]	87,477	87,477	–
Total	363,869	146,988	216,881

(16) Under Post-IFRS 16 basis, the total principal amount of bank loans, other loans, notes and bonds was HK$271,401 million (US$34,795 million) as of December 31, 2023.

(17) Under Post-IFRS 16 basis, trade payables and other current liabilities was HK$86,419 million (US$11,080 million) as of December 31, 2023.

The principal amount of bank and other debts scheduled for repayment by calendar year were as follows:

Debt Maturity Profile

	As of December 31, 2023
	HK$ million
2024	58,854
2025	32,201
2026	35,175
2027	30,812
2028	35,994
2029 to 2033	59,561
2034 to 2043	8,329
2044 and thereafter	11,700
	272,626

CKHH's capital commitments as of December 31, 2023 are summarized below. Contracted for commitments represent amounts payable pursuant to agreements signed as of December 31, 2023.

Capital and Other Commitments

	As of December 31, 2023
	Contracted for
	HK$ million
Ports and Related Services	462
Telecommunications	
– **3** Group Europe	181
– HTHKH & HAT	149
Total	792

CKHH has provided guarantees as of December 31, 2023, as shown in note 37 to the CKHH's audited consolidated financial statements for the year ended December 31, 2023 included elsewhere in this offering memorandum, which are summarized as follows:

Contingent Liabilities

	As of December 31, 2023
	Total
	HK$ million
Guarantees in respect of bank and other borrowing facilities for associated companies and joint ventures	4,560
Performance and other guarantees	4,115
Total	8,675

Ports and Related Services

The ports and related services division comprises the 80%-owned subsidiaries, Hutchison Port Holdings and Hutchison Ports Investments S.àr.l. (collectively "Hutchison Ports"), and HPH Trust, the 30.07% owned associate listed on the Main Board of the SGX-ST. As of December 31, 2023, CKHH had interests in 53 ports comprising 293 operational berths[(1)] in 24 countries in Asia, the Middle East, Africa, Europe, the Americas and Australasia. In 2022 and 2023, CKHH's ports and related services division handled combined container throughput of 84.8 million TEU and 82.1 million TEU, respectively. As of December 31, 2023, CKHH has interests in various locations including:

- the Mainland, where Hutchison Ports holds interests in Shanghai Mingdong Container Terminals ("SMCT"), Shanghai Pudong International Container Terminals ("SPICT"), Shanghai Container Terminals ("SCT"), Ningbo Beilun International Container Terminals ("NBCT"), as well as ports in Southern China, and CKHH, through its associate, HPH Trust holds interests in Phase I, II, III and West Port at Yantian International Container Terminals ("YICT") and Huizhou International Container Terminals ("HICT"). In June 2021, HPH Trust entered into a joint venture agreement with Shenzhen Port Group Company Limited (formerly known as Shenzhen Yantian Port Group Company Limited) to construct, develop, operate and manage Phase I of a container terminal located in the eastern side of the YICT. In January 2023, Hutchison Ports disposed of its entire 50% interest in Huizhou Quanwan Port Development;

- Hong Kong, the tenth busiest container port in the world in 2023 in terms of container throughput, where CKHH, through its associate, HPH Trust, holds interests in: Hongkong International Terminals ("HIT"); Asia Container Terminals ("ACT HK"), a strategic partnership between HPH Trust and COSCO SHIPPING Ports Limited; as well as COSCO-HIT Terminals ("CHT"), a 50/50 joint venture between HIT and COSCO SHIPPING Ports Limited;

- the Netherlands, where Hutchison Ports holds interests in Europe Container Terminals ("ECT") and Hutchison Ports Delta II ("Delta II") in Rotterdam, Amsterdam Container Terminals ("ACT") and TMA Logistics ("TMA") in Amsterdam;

- the UK, where Hutchison Ports holds interests in Hutchison Ports (UK), which operates in the Port of Felixstowe ("PFL"), London Thamesport ("LTP") and Harwich International Port ("HWH");

- Continental Europe, where Hutchison Ports holds interests in Barcelona Europe South Terminal ("BEST") in Spain and Gdynia Container Terminal ("GCT") in Poland, as well as Hutchison Ports Sweden at the Port of Nynäshamn ("CTN"), Norvik, in Sweden;

- Malaysia, where Hutchison Ports holds interests in Westports Malaysia ("KMT") at Port Klang;

- Indonesia, where Hutchison Ports holds interests in Jakarta International Container Terminal ("JICT") in Tanjung Priok and Terminal Petikemas Koja ("KOJA") at the Port of Tanjung Priok next to JICT;

- South Korea, where Hutchison Ports operates one deep-water container terminal in Busan through Hutchison Korea Terminals ("HKT") and one terminal in Gwangyang through Korea International Terminals ("KIT");

- Thailand, where Hutchison Ports holds interests in Thai Laemchabang Terminal ("TLT") and Hutchison Laemchabang Terminal ("HLT") at Laem Chabang;

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(1) Based on 300 meters per berth and is computed by dividing the total berth length by 300 meters, which may be different to the number of physical container berths for vessel mooring. Unless otherwise stated, the number of berths stated elsewhere in this offering memorandum represents the number of physical berths.

- Pakistan, where Hutchison Ports holds interests in Karachi International Container Terminal ("KICT") at the Port of Karachi and South Asia Pakistan Terminals ("SAPT") at the estuary of the Keamari Groyne basin;

- Vietnam, where Hutchison Ports holds interests in Saigon International Terminals Vietnam ("SITV") in Ba Ria Vung Tau Province in southern Vietnam;

- Myanmar, where Hutchison Ports holds interests in Myanmar International Terminals Thilawa ("MITT") at Thilawa;

- Australia, where Hutchison Ports holds interests in Brisbane Container Terminals ("BCT") at the Port of Brisbane and Sydney International Container Terminals ("SICTL") at Port Botany;

- Saudi Arabia, where Hutchison Ports invests and operates multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia which will be developed in two phases. Jazan Port has commenced operation in September 2022;

- Egypt, where Hutchison Ports holds interests in Alexandria International Container Terminals ("AICT"), which operates terminals at Alexandria and El Dekheila Ports. In March 2023, Hutchison Ports entered into two concession agreements with the Egyptian Government for the development and operation of a deep-water container terminal in each of Ain Sokhna Port and El Dekheila Port. Hutchison Ports has completed developing and commenced operating a new container terminal in Abu Qir in January 2024.

- The United Arab Emirates ("UAE"), where Hutchison Ports holds interests in Hutchison Ajman International Terminals ("HAJT") in Ajman, Hutchison Ports RAK ("RAK") in Ras Al Khaimah and Hutchison Ports UAQ ("UAQ") in Umm Al Quwain;

- Oman, where Hutchison Ports holds interests in Oman International Container Terminal ("OICT") at the Port of Sohar;

- Mexico, where Hutchison Ports holds interests in Internacional de Contenedores Asociados de Veracruz ("ICAVE"), which is located at the Port of Veracruz on the east coast, as well as other port operations in Ensenada, Manzanillo and Lazaro Cardenas which are located on the west coast;

- Argentina, where Hutchison Ports holds interests in Buenos Aires Container Terminal Services ("BACTSSA") at the Port of Buenos Aires, which ended its concession on August 31, 2023;

- the Bahamas, where Hutchison Ports holds interests in Freeport Container Port ("FCP") on Grand Bahama Island;

- Panama, where Hutchison Ports holds interests in Panama Ports Company ("PPC"), which manages and operates the ports of Cristobal and Balboa, located on the Atlantic and Pacific side respectively of the Panama Canal; and

- Tanzania, where Hutchison Ports holds interests in Tanzania International Container Terminal Services ("TICT") at Dar es Salaam which ended its concession on December 31, 2022. Since 2023, TICT has been acting as a subcontractor for the terminal operation.

The division also has interests in other logistics and transportation-related businesses. These include cruise ship terminals, air cargo handling services, distribution centers, rail services and ship repair facilities.

Retail

CKHH currently holds a 75.05% interest in A.S. Watson, the world's largest international health and beauty retailer in terms of number of stores. With a 159 million loyalty member base, A.S. Watson is also an operator of major chains of supermarkets and consumer

electronics and electrical appliances stores. As of December 31, 2023, A.S. Watson operated 12 retail brands with 16,491 stores in 28 markets mainly in Europe, Hong Kong, the Mainland and other markets in Asia. A.S. Watson also manufactures and distributes water and beverage products in Hong Kong and the Mainland.

Infrastructure

CK Infrastructure Holdings Limited ("CKI")

CKHH currently holds a 75.67% interest in CKI, the largest publicly listed infrastructure company in Hong Kong in terms of market capitalization, with principal operations in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. As of December 31, 2023, CKI's major interests include:

- a 36.01% interest in Power Assets Holdings Limited ("Power Assets"), a listed company in Hong Kong that holds a 33.37% interest in HK Electric Investments and HK Electric Investments Limited (collectively "HKEI"). HKEI's wholly-owned subsidiary, The Hongkong Electric Company, Limited ("Hongkong Electric"), generates, transmits and is the sole distributor of electricity to Hong Kong Island and Lamma Island;

- together with Power Assets, an 80% interest (CKI: 40%; Power Assets: 40%) in UK Power Networks Holdings Limited ("UK Power Networks"), which owns, operates and manages three regulated electricity distribution networks in the UK that cover London, the South East and the East of England. UK Power Networks is also engaged in certain non-regulated electricity distribution businesses in the UK, including the distribution of electricity to a number of privately owned sites;

- together with Power Assets, a 45% interest (CKI: 39%; Power Assets: 6%) in Northumbrian Water Group Limited ("Northumbrian Water"), a group comprising one of the ten regulated water and sewerage companies in England and Wales, which provides water and waste water services in the North East of England and water services in the South East of England. In addition, Northumbrian Water's operations include the Kielder Reservoir, the largest man-made reservoir in Northwestern Europe, as well as a portfolio of water and waste water contracts. CKI's and Power Assets' interest in Northumbrian Water reduced from 52% and 8% respectively to 39% and 6% respectively following the disposal of their respective 13% and 2% direct interest in Northumbrian Water in December 2022;

- together with Power Assets, an 88.35% interest (CKI: 47.06%; Power Assets: 41.29%) in Northern Gas Networks Holdings Limited ("Northern Gas"), which distributes gas to homes and businesses across the North of England, an area covering the North East, Northern Cumbria and much of Yorkshire;

- together with Power Assets, a 75% interest (CKI: 39%; Power Assets: 36%) in each of West Gas Networks Limited ("West Gas Networks") and Western Gas Networks Limited ("Western Gas Networks"), which together owns a 100% interest in Wales & West Utilities Limited ("Wales & West Utilities"). Wales & West Utilities is a gas distribution network that serves Wales and the South West of England;

- together with Power Assets, a 75% interest (CKI: 65%; Power Assets: 10%) in Eversholt UK Rails Group Limited ("UK Rails"), one of the three major rolling stock leasing companies that were established at the time of privatization of the UK rail industry. UK Rails offers a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, on long term contracts to train and freight operating companies;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Electricity First Limited, which owns a 50% interest in Seabank Power Limited ("Seabank Power"). Seabank Power owns and operates Seabank Power Station located near Bristol, England;

- a 1.79% interest in Southern Water Group ("Southern Water"), a regulated business which supplies fresh, quality drinking water, as well as treating and recycling waste water in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight;

- together with Power Assets, a 72.5% interest (CKI: 45.5%; Power Assets: 27%) in Dutch Enviro Energy Holdings B.V. ("Dutch Enviro Energy") which in turn owns AVR-Afvalverwerking B.V. ("AVR"). AVR is principally engaged in the business of waste processing and production and supply of sustainable energy from the incineration of waste in the Netherlands;

- a 35% interest in ista, a fully integrated energy management services provider that runs submetering businesses across 21 countries for heat and water consumption. It also sells a range of meter hardware and provides a range of related services such as maintenance, meter reading, data processing and billing;

- together with Power Assets, a 51% interest (CKI: 23.07%; Power Assets: 27.93%) in each of (i) SA Power Networks, the primary electricity distributor in the State of South Australia; (ii) Powercor Australia Limited ("Powercor"), the largest electricity distributor in the State of Victoria; and (iii) the CitiPower Trust ("CitiPower"), another major electricity distributor in the State of Victoria;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Australian Energy Operations Pty Ltd which owns and operates 71 kilometers of transmission lines and terminal stations in Victoria, Australia that connect Mount Mercer, Elaine, Moorabool and Ararat wind farms to the national power grid;

- together with Power Assets, a 72.48% interest (CKI: 44.97%; Power Assets: 27.51%) in Australian Gas Networks Holdings Pty Ltd ("AGN"), one of the largest natural gas distribution companies in Australia that owns natural gas distribution networks and transmission pipelines in South Australia, Victoria, Queensland, New South Wales and the Northern Territory;

- together with Power Assets, a 60% interest (CKI: 40%; Power Assets: 20%) in CK William Group, international owner and operator of energy utility assets, providing low emissions and remote energy generation solutions, gas transmission through the Dampier Bunbury Pipeline in Western Australia and distribution of gas and electricity in Victoria;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Wellington Electricity Distribution Network Limited ("Wellington Electricity"), which supplies electricity to the city of Wellington, the capital of New Zealand, and extends to the Porirua and Hutt Valley regions of New Zealand;

- a 100% interest in Enviro (NZ) Limited ("EnviroNZ"), a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and household customers via collection services, organics processing, landfills and transfer stations across the country;

- together with Power Assets, a 100% interest (on a 50/50 basis) in Canadian Power Holdings Inc. ("Canadian Power"), which is the owner of Meridian Cogeneration Plant and Okanagan Wind and owns a 49.99% partnership interest in TransAlta Cogeneration, L.P. The Meridian Cogeneration Plant is a natural gas-fired cogeneration plant in Saskatchewan, Canada. TransAlta Cogeneration, L.P. has ownership stakes in four electricity generation plants, including three natural gas-fired cogeneration plants in Alberta and Ontario, Canada and a gas-fired generation plant in Alberta, Canada. Okanagan Wind operates two wind farms located in the Okanagan region of British Columbia, Canada;

- together with Power Assets, a 75% interest (CKI: 65%; Power Assets: 10%) in Park'N Fly ("Park'N Fly"), the largest off-airport car park provider in Canada and the only national operator. The company provides parking facilities at most major airports in Canada, including Toronto, Vancouver, Montreal, Edmonton, Ottawa, Winnipeg and Halifax;

- together with Power Assets, a 65% interest (CKI: 16.25%; Power Assets: 48.75%) in Husky Midstream Limited Partnership ("HMLP"), which holds a portfolio of oil pipeline assets in Canada including approximately 2,300 kilometers of oil pipeline across the provinces of Alberta and Saskatchewan, oil storage capacity of 5.9 million barrels at the Hardisty and Lloydminster terminals, and other ancillary assets in Alberta and Saskatchewan. The remaining 35% interest in HMLP is held by Cenovus Energy, an associate in which CKHH owned a 16.9% interest as of December 31, 2023;

- a 25% interest in Reliance, which operates in the building equipment services sector providing water heaters, heating, ventilation and air conditioning ("HVAC") equipment, comfort protection plans and other services to homeowners in Canada and the United States;

- interests in joint ventures that own and operate approximately 149.8 kilometers of toll roads and bridges in the Mainland; and

- various interests in an infrastructure materials business that produces cement, concrete, asphalt and aggregates mainly in Hong Kong and the Mainland.

CKI and Power Assets acquired 30% and 20% economic benefits respectively in CKHH's interests in the six co-owned infrastructure investments – Northumbrian Water, UK Rails, Wales & West Utilities, AGN, Park'N Fly and Dutch Enviro Energy for a consideration of approximately HK$7,200 million and HK$4,800 million respectively under the Economic Benefits Agreements entered between CKHH, CK Asset Holdings Limited ("CKAH"), CKI and Power Assets during 2018. By the end of 2019, CKI and Power Assets completed the supplemental agreements with CKHH for the effective transfer of the proportionate voting rights of the co-owned investments in Europe and Canada from CKHH to the respective parties. As such, CKI's and Power Assets' respective interests in these co-owned infrastructure investments as of December 31, 2023 as stated above include their respective additional interest arising from the supplemental agreements.

Co-owned infrastructure investments

Post-Reorganization, CKHH's infrastructure division held interests in six co-owned infrastructure investments ("Co-owned Infrastructure Investments") with CKI, comprising 40% interest in Northumbrian Water, 30% interest in Wales & West Utilities, 50% interest in UK Rails, 35% interest in Dutch Enviro Energy, 27.51% interest in AGN and 50% interest in Park'N Fly.

In October 2018, CKHH completed the divesture of an aggregated 90% economic benefits in its direct interest in the Co-owned Infrastructure Investments as stated above for a cash consideration of HK$21.6 billion under the Economic Benefits Agreements entered with CKAH, CKI and Power Assets, which resulted in a reduction of CKHH's economic interest in its direct interest in these projects to 10% of the shareholding interests as stated above. By the end of 2019, CKHH completed the supplemental agreements with CKAH, CKI and Power Assets for the effective transfer of the proportionate voting rights of the co-owned investments in Europe and Canada from CKHH to the respective parties. Accordingly, Northumbrian Water, UK Rails and Park'N Fly ceased to be consolidated by CKHH as subsidiaries.

In December 2022, together with CKI and Power Assets, CKHH partially disposed of its direct interest in Northumbrian Water, resulting in a 1% reduction of economic interest therein from 4% to 3% as of December 31, 2022.

Telecommunications

CKHH is a leading worldwide operator of mobile telecommunications networks with CK Hutchison Group Telecom or CKHGT consolidating unlisted mobile telecommunications businesses in Europe ("**3** Group Europe") and an approximate 66.09% interest in HTHKH which is listed on the main board of SEHK; Hutchison Asia Telecommunications ("HAT") consists of telecommunications operations in Indonesia, Vietnam and Sri Lanka; and an approximate 87.87% interest in Hutchison Telecommunications (Australia) Limited ("HTAL").

- **3** Group Europe comprises mobile telecommunications businesses in the UK, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services under the brand name "Three" or "**3**", and in Italy where Wind Tre S.p.A. ("Wind Tre"), in which CKHH previously indirectly held a 50% interest until it became a wholly-owned operation of CKHH following the completion of the acquisition by CKHH from Veon the remaining 50% interest in Wind Tre in September 2018. As of December 31, 2023, CKHH's **3** Group Europe operations had approximately 43.7 million registered customers.

  – In the UK, Hutchison 3G UK Limited ("**3** UK") serviced a registered customer base of approximately 12.6 million as of December 31, 2023.

  – In Italy, Wind Tre serviced a registered mobile customer base of approximately 19.3 million as well as 2.9 million fixed line customers as of December 31, 2023.

  – In Sweden, Hi3G Access AB ("Hi3G Access"), in which CKHH holds a 60% interest, serviced a registered customer base of approximately 2.6 million as of December 31, 2023.

  – In Denmark, Hi3G Denmark ApS ("Hi3G Denmark"), in which CKHH holds a 60% interest and a wholly-owned subsidiary of Hi3G Access, serviced a registered customer base of approximately 1.6 million as of December 31, 2023.

  – In Austria, Hutchison Drei Austria GmbH ("**3** Austria") serviced a registered customer base of approximately 3.1 million as of December 31, 2023.

  – In Ireland, Three Ireland (Hutchison) Limited ("**3** Ireland") serviced a registered customer base of approximately 4.5 million as of December 31, 2023.

In November 2020, CKHH entered into an agreement to dispose of its European telecommunications tower assets for an aggregate consideration of €10 billion. The disposals of tower assets in Denmark, Austria and Ireland, pursuant to this agreement, were completed in December 2020. Disposals of the remaining tower assets in Sweden, Italy and the UK were completed in January 2021, June 2021 and November 2022, respectively.

In June 2023, CKHGT reached an agreement to combine their UK telecommunication businesses with that of Vodafone UK, with the merged entity being 49% owned by CKHGT upon completion, subject to regulatory approvals and satisfaction of conditions precedent.

- HTHKH, which was listed on the SEHK in May 2009, is a mobile telecommunications operator that provides services in Hong Kong and Macau under the **3**, SUPREME, 3Business, MO+ and SoSIM brands. HTHKH has a combined active mobile customer base of approximately 4.0 million in Hong Kong and Macau as of December 31, 2023.

- HAT holds interests in mobile operations in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between CKHH's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, is listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia upon the merger. Following the completion of the transaction, CKHH holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in Indosat Ooredoo Hutchison. HAT has an active mobile customer base of approximately 117.1 million as of December 31, 2023.

- HTAL, an 87.87% owned subsidiary listed on the ASX, has a 25.05% interest in TPG is also listed on the ASX. TPG has a mobile subscriber base of approximately 5.46 million as of December 31, 2023. CKHH's share of TPG's results is included under the finance & investments and others segment.

Finance & Investments and Others

CKHH receives income from its finance & investments and others segment, which is responsible for the management of CKHH's cash deposits, liquid assets held in managed funds and other investments. CKHH operates a central cash management system for all of its subsidiaries, except for listed subsidiaries and certain overseas entities conducting businesses in non-Hong Kong or non-U.S. dollar currencies. Income from this division includes interest income, dividends from equity investments, profits and losses from sale of securities, and foreign exchange gains and losses of non-Hong Kong dollar denominated liquid assets. The interest expense and finance costs related to CKHH's various operating businesses are not attributed to this division but are borne by the operating businesses.

CKHH's share of the results of Hutchison Whampoa (China) Limited ("HWCL"), Hutchison E-Commerce operations, listed associate TOM Group, the Marionnaud Group, listed associate CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), listed subsidiary HTAL, which has a 25.05% interest in TPG, as well as listed associate, Cenovus Energy Inc. ("Cenovus Energy"), are reported under this division.

- HWCL is engaged in the businesses of manufacturing, service and distribution in the Mainland, Hong Kong and the UK, and also has 38.17% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM Market of the London Stock Exchange in the UK and the Nasdaq Global Select Market ("Nasdaq") in the U.S.. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. During 2019, CKHH partially disposed of its interest in HUTCHMED, reducing CKHH's shareholding from 60.15% to 49.86%. Subsequent to the follow-on offering of HUTCHMED's ADS in January 2020 and private placements in July and November 2020, CKHH's shareholding was further diluted to 45.69%. The private placement in April 2021, initial public offering in Hong Kong in June 2021 and subsequent exercise of share options resulted in further dilution of shareholding to 38.17% as of December 31, 2023;

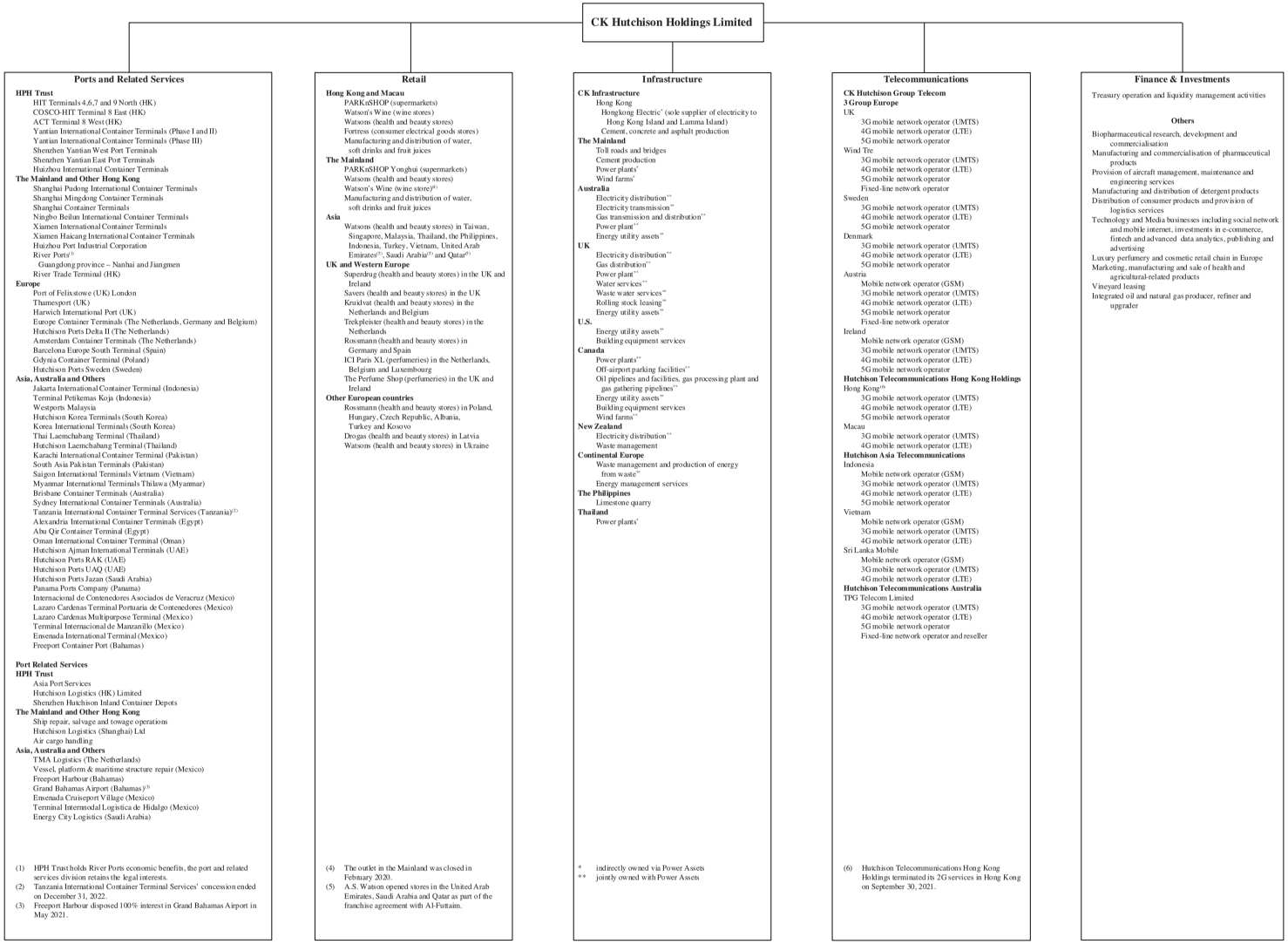
- CKHH has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialization, marketing, sale of, and investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products;

- CKHH has an approximate 36.1% interest in the TOM Group, a technology and media company listed on the SEHK. TOM Group has technology operations in social network and mobile internet, and investments in e-commerce, fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments;

- CKHH has a 100% interest in the Marionnaud Group, a luxury perfumery and cosmetic retail chain in Europe; and

- CKHH has an approximate 16.9% interest in Cenovus Energy, a Canadian integrated oil and natural gas company listed on the Toronto Stock Exchange and New York Stock Exchange.

The following chart illustrates the main activities of CKHH and its associates and joint ventures by business segment as of December 31, 2023:



Recent Developments

- With effect from April 1, 2024: (i) Mr Victor T K Li ceased to be Group Co-Managing Director of CKHH, and remains as the Chairman and Executive Director of CKHH; (ii) Mr Fok Kin Ning, Canning is appointed as Deputy Chairman of CKHH. He ceased to be Group Co-Managing Director of CKHH but remains as an Executive Director of CKHH. He is also appointed as Executive Chairman of CK Hutchison Group Telecom Holdings Limited; and (iii) Mr Frank John Sixt and Mr Lai Kai Ming, Dominic are appointed as Group Co-Managing Directors of CKHH.

- In February 2024, Wind Tre entered into an agreement to acquire OpNet S.p.A, an Italian wireless broadband provider, for a consideration of €485 million. The transaction is subject to regulatory approvals.

- The **3** UK and Vodafone merger will be entering into phase 2 investigation as announced in March 22, 2024 by the United Kingdom's Competition and Markets Authority (CMA).

- In March 2024, **3** Austria acquired 600MHz in 26GHz spectrum band for approximately €7 million.

- In April 2024, notice was issued for the redemption in full on June 13, 2024 of the nominal amount of €500 million (approximately HK$4,475 million or US$574 million) Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (Europe) Limited.

BUSINESS STRATEGY

In the current global economic environment, CKHH focuses on maintaining financial discipline and the strength of its financial position in order to successfully execute its business strategies. CKHH's overall business strategy is to focus on and continue to cautiously expand its core businesses and its market share in all markets in which it operates, mainly by organic growth, and through selective acquisitions where opportunities exist. CKHH has focused primarily in the markets which it has existing operations and with a stable economic and political environment. CKHH expects to continue to cautiously expand in its core businesses in line with demand for its products and services. CKHH also seeks to establish a strong and diversified local presence in each market in which it operates.

CKHH's divisions have the following specific business strategies:

- The ports and related services division plans to continue to optimize the performance of its existing port operations and to continue to grow and expand its existing position as a leading global competitor in container terminal operations. The division plans to pursue selective expansion opportunities to meet demand in its existing port locations to maintain market share and to cautiously expand into new markets elsewhere around the world. In addition, the division seeks to maximize the operational efficiencies among its global port operations as well as to improve the operating results of the ports through strict cost management strategies in order to maintain stable growth.

- The retail division seeks to build its leading market position by expanding its businesses through organic growth with new store openings mainly in markets with high growth potential. CKHH believes that it can use its retail expertise as a global retailer to expand and continue to grow its operations. In addition to network expansion, the retail division has been creating differentiation through developing its own brand products and building customer relationship management and digital capabilities that provide multi-channel shopping experiences, as well as increase insight into customer preferences to enhance the effectiveness of marketing campaigns. The division will also drive the digital transformation to accelerate the integration of its physical store portfolio and online channels.

- CKI seeks to ascertain further opportunities to invest in infrastructure projects with stable returns and accretive earnings and cashflow profiles.

- CK Hutchison Group Telecom aims to offer its customers the best network quality and coverage. Key strategies include:

  – **Operational strategies.** CKHGT aims to offer its customer the best network quality and coverage through (i) improving its network through data-centric digitalization to optimize service quality, increase overall network coverage and expand market share; (ii) IT transformation program, retail point-of-sales, billing systems and new product catalogues to enhance customer experience; and (iii) being actively involved in developing 5G and standardizing operation support systems and core network for 5G. CKHGT has already obtained sufficient 5G spectrums in all operations and has launched 5G services in almost all markets in which it operates.

  – **Business strategies.** CKHGT focuses on (i) increasing contract customer base to protect short term volatility; (ii) expanding revenue streams to increase margins and drive growth, including fixed-wireless access, data analytics, accessories sales, and financial services; and (iii) increasing margin by enhancing cost structure and capturing full cost efficiencies from network and IT transformations.

– **Financial strategies.** CKHGT aims to maintain investment grade rating and CKHH's standard of financial management, discipline and system. In addition, CKHGT demonstrates its operational efficiency and disciplined cost control, and aims to maintain a strong balance sheet, through (i) prudent financial management and strong financial flexibility through regular and close cash flow monitoring; (ii) stringent capex approval policies consistent with CKHH's standards; and (iii) strict dividend policy based on net debt to EBITDA threshold, which provides an implicit form of parental support to maintain liquidity of all operating units. In addition, the additional financial capacity resulting from the tower assets disposal proceeds will be used to support CKHGT's future growth and merger and acquisition opportunities.

OPERATIONS

Ports and Related Services

The ports and related services division comprises Hutchison Ports, and HPH Trust, the 30.07% owned associate listed on the Main Board of the SGX-ST. CKHH is one of the world's largest privately-owned container terminal operators in terms of throughput handled and CKHH has interests in container terminals operating in five of the 10 busiest ports by container throughput in the world[(1)]: Shanghai, the Mainland; Ningbo, the Mainland; Shenzhen, the Mainland; Busan, South Korea; and Hong Kong. The division handled combined container throughput of 84.8 million TEU and 82.1 million TEU in 2022 and 2023, respectively. As of December 31, 2023, CKHH had interests in 53 ports comprising 293 operational berths[(2)] in 24 countries.

The market for ports and related services is dependent on a variety of factors. The geographic location of each port is important to its traffic flow. A terminal operator must also have sufficient capacity to meet the demands of its customers. In addition, through its interests in Shanghai, Ningbo, and Delta ports and, through its associate HPH Trust, Yantian Port and Huizhou Port, CKHH is one of the largest private container terminal operators in the Mainland. Through its European operations, CKHH is positioned as one of the market leaders in container terminal operations with businesses in the UK, the Netherlands, Belgium, Germany, Spain, Poland and Sweden. CKHH also operates the largest container terminal operation in Indonesia and Thailand. Shipping lines focus on turnaround time at ports in order to minimize the amount of time their vessels spend at ports. CKHH utilizes the latest technology and management systems in all of its port operations in order to maximize turnaround performance.

The following table set out the container throughput by type of shipment and geographic location, respectively, of the portfolio of ports operated by CKHH's subsidiaries, associates and joint ventures:

Container Throughput[(3)]

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	54,742.0	53,704.8
Transshipment	30,054.6	28,432.7
Total	84,796.6	82,137.5
HPH Trust.	22,716.1	21,284.6
The Mainland and Other Hong Kong	13,229.7	13,258.2
Europe	16,832.3	15,597.2
Asia, Australia and Others	32,018.5	31,997.5
Total	84,796.6	82,137.5

(1) Based on an independent marketing research information source.

(2) Based on 300 meters per berth and is computed by dividing the total berth length by 300 meters, which may be different to the number of physical container berths for vessel mooring. Unless otherwise stated, the number of berths stated elsewhere in this offering memorandum represents the number of physical berths.

(3) The published statistics to the Hong Kong Marine Department are not directly comparable to the throughput figures of HIT, CHT and ACT HK included in the figure for HPH Trust above. HIT, CHT and ACT HK figures include volumes in relation lighterwork, etc. and are more comparable to statistics used by the industry.

HPH TRUST

Yantian Port

YICT, a joint venture between HPH Trust and Shenzhen Port Group (formerly known as Shenzhen Yantian Port Group Company Limited), is located in Da Peng Bay, three kilometers from the Hong Kong border.

HPH Trust has a 56.4% interest in YICT, which owns and manages Phases I and II of Yantian Port, the first deep-water port in the southern Mainland. Phases I and II of Yantian Port provide 130 hectares of yard space, five container berths and one barge berth. Yantian Phase III, in which HPH Trust holds a 51.6% interest, was formed to develop terminal facilities at Phase III and Phase III expansion of Yantian Port. Together they provide a total yard space of 226 hectares and 11 container berths.

HPH Trust holds a 51.6% interest in Yantian West Port Phases I and II, which are adjacent to existing Yantian Port Phases I and II facilities. Yantian West Port Phase I provides one container berth and two barge berths with yard space of 17 hectares. Yantian West Port Phase II provides three container berths with yard space of 44 hectares.

In June 2021, HPH Trust entered into a joint venture agreement with Shenzhen Port Group Company Limited (formerly known as Shenzhen Yantian Port Group Company Limited) to construct, develop, operate and manage Phase I of a container terminal with an approximate size of 120 hectares located in the eastern side of YICT, with an approximately 1,470-meter quay length.

Yantian Port handled throughput of 13.6 million TEU in 2022 and 13.4 million TEU in 2023.

Hong Kong Kwai Tsing Port Operations

HPH Trust holds a 100% interest in HIT. HIT's scope of operations in Hong Kong, one of the busiest ports in the world in terms of throughput in 2023, includes the loading and unloading of containers to and from container vessels, the storage of containers and cargoes and the handling of containers within the container terminal premises. HIT operates 12 container berths and four barge berths at its four terminals at Kwai Tsing. In addition, HIT's 50% joint venture, CHT, operates two container berths and five barge berths at Kwai Tsing. HIT and CHT occupy approximately 141 hectares of terminal space which is held under leases granted by the Hong Kong Government expiring in 2047. Historically, the Hong Kong Government has controlled the amount of land used for container terminals.

HPH Trust currently holds an effective interest of 40% in ACT HK, which owns and operates two container berths at Container Terminal 8 West, adjacent to the HPH Trust's existing container terminals, at Kwai Chung, Hong Kong.

In December 2016, HIT, CHT and ACT HK entered into a Co-Management Agreement for which they will collaborate towards the efficient management and operation of 16 berths across Terminals 4, 6, 7, 8 and 9 in Kwai Tsing, Hong Kong with effect from January 1, 2017.

On January 8, 2019, HIT, CHT, ACT HK and Modern Terminals Limited entered into a Hong Kong Seaport Joint Operating Alliance Agreement (the "Joint Operating Agreement") on which they will collaborate for the efficient management and operation of the 23 berths across Terminals 1, 2, 4, 5, 6, 7, 8 and 9 in Kwai Tsing, Hong Kong. The Joint Operating Agreement has been progressively implemented from April 1, 2019. The alliance has been approved by Hong Kong Competition Commission subject to a number of obligations, which include price caps and maintaining service levels, that will remain in place for up to eight years (and, for one of the service level obligations, for the duration of the Joint Operating Agreement).

Throughput of HIT, CHT and ACT HK together amounted to 8.9 million TEU in 2022 and 7.6 million TEU in 2023.

Huizhou International Container Terminals Limited

HPH Trust holds an effective interest of 41.3% in HICT, the first dedicated container terminal in Huizhou Port, which is located close to the manufacturing hinterland in eastern Guangdong and has two berths, with a total berth length of 800 meters, an area of 60 hectares, a depth alongside of 15.7 meters and approaching channel of 15.2 meters.

HICT handled throughput of 248,500 TEU in 2022 and 324,500 TEU in 2023.

Ports in the Mainland and Other Hong Kong

Shanghai Ports

Shanghai was the busiest port in the world in terms of container throughput in 2022 and 2023. Hutchison Ports' interests in Shanghai ports include interests in SMCT, SPICT and SCT. CKHH's Shanghai ports, comprising 17 container berths handled 8.4 million TEU in 2022 and 8.8 million TEU in 2023.

The following table summarizes the combined container throughput of CKHH's Shanghai ports:

Shanghai Ports Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	5,618.0	5,637.4
Transshipment	2,785.3	3,209.1
Total	8,403.3	8,846.5

Shanghai Mingdong Container Terminals Limited. Hutchison Ports' owns a 30% interest in SMCT. SMCT, located at Phase V of the Waigaoqiao in Shanghai, consists of four container berths and two barge berths along a 1,300-meter quay. SMCT is currently leasing the Waigaoqiao Phase VI container terminal with three container berths along a 958-meter quay.

Shanghai Pudong International Container Terminals Limited. Hutchison Ports owns a 30% interest in SPICT. SPICT operates three container berths at Phase I of the Waigaoqiao in Shanghai. It also offers supporting services that include a container freight station and reefer facilities.

Shanghai Container Terminals Limited. Hutchison Ports owns a 40% equity interest in SCT, which is a joint venture with Shanghai International Port (Group) Co. Ltd. SCT's Zhanghuabang and Jungonglu terminals are leased to Shanghai International Port (Group) Co. Ltd. for handling domestic cargo.

Other Mainland Ports

Ningbo Beilun International Container Terminals Limited. Ningbo-Zhoushan port was the third busiest port in the world in terms of container throughput in 2022 and 2023. Hutchison Ports holds a 49% interest in NBCT. NBCT is a container-handling facility situated at Ningbo Beilun Port, a natural deep-water port on the southeast coast of China. The facility is situated on 76.2 hectares of land and is equipped with three container berths. NBCT handled 2.1 million TEU each in 2022 and 2023.

Hutchison Delta Ports Limited ("Delta Ports"). Delta Ports, a wholly-owned subsidiary of Hutchison Ports, manages Hutchison Ports' existing interests in river and coastal ports in the Mainland and invests in, develops and operates new river and coastal ports in the Mainland in conjunction with local government entities as its joint venture partners. Delta Ports currently operates and manages joint venture facilities in Nanhai, Jiangmen and Xiamen of which Hutchison Ports' economic interest in the two River Ports (Jiangmen International Container

Terminals and Nanhai International Container Terminals) were assigned to HPH Trust prior to its IPO, but Hutchison Ports retains the legal interest in these operations. The two River Ports are 50%-owned joint venture facilities and the Xiamen port is 49%-owned by Hutchison Ports.

Nanhai, Jiangmen and Xiamen handled a total of 1.8 million TEU and 33,100 tons of non-containerized cargo in 2022 and 1.6 million TEU and 31,800 tons of non-containerized cargo in 2023.

Huizhou Port Industrial Corporation Limited ("HPIC"). Hutchison Ports holds a 33.59% interest in HPIC. HPIC, located at Quanwan Port zone in the Daya Bay Economic and Technological Development Zone of Huizhou, is a multi-purpose facility that mainly handles non-containerized cargo such as refined oil, sand and cement.

HPIC handled 9.7 million tons of oil and other non-containerized cargo in 2022 and 8.5 million tons of oil and other non-containerized cargo in 2023.

River Trade Terminal Co. Ltd. ("RTT"). Hutchison Ports has a 50% equity interest in RTT, which handles and consolidates container and break-bulk cargo originating from southern China river ports prior to dispatch to Kwai Tsing, Hong Kong. RTT handled throughput of approximately 0.9 million TEU in 2022 and 0.7 million TEU in 2023, respectively.

Ports in Europe

The Netherlands, Germany and Belgium

Europe Container Terminals. Hutchison Ports has a 93.5% equity interest in ECT in Rotterdam, the Netherlands. Through ECT, Hutchison Ports has an 89.37% equity interest in ECT Delta Terminal B.V. and a 60.78% equity interest in Euromax Terminal Rotterdam B.V. in Rotterdam, the Netherlands. ECT is one of the largest container operators in Europe in terms of container throughput, operating two deep-sea terminals with 10 container berths. ECT also has equity interests in inland facilities in the ports of Venlo and Moerdijk in the Netherlands, Duisburg in Germany and Willebroek in Belgium.

The following table summarizes the combined container throughput with respect to ECT:

The Netherlands, Germany and Belgium Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	6,001.1	5,618.1
Transshipment	2,488.8	2,176.8
Total	8,489.9	7,794.9

Hutchison Ports Delta II. In June 2021, Hutchison Ports acquired a 100% equity interest in Delta II which is adjacent to the existing ECT Delta terminal in Rotterdam.

Amsterdam Container Terminals. Hutchison Ports has a 100% equity interest in ACT which comprises three berths with a total length of 1,015 meters. The operation is currently engaged in general cargo, project cargoes and short-sea container traffic.

TMA Logistics. In December 2017, Hutchison Ports acquired a 50% equity interest in TMA Logistics B.V., which handles general cargo, project cargo and short-sea container traffic together with warehousing, cold store, transport and agency operations.

UK

CKHH's UK port operations consist of PFL, LTP and HWH with 11 container berths and 2 non-container berths. CKHH's UK ports handled 3.4 million TEU in each of 2022 and 2023. PFL and LTP together handled approximately 33% of the UK container throughput in 2022.

Port of Felixstowe Limited. Hutchison Ports has a 100% equity interest in PFL, the largest container facility in the UK. PFL's terminals include: Trinity, which can berth seven deep-sea container ships at any one time and Dooley, primarily a roll-on/roll-off facility. The 920-meter deep water berths 8 and 9 was extended in 2015 and can handle two of the largest container ships afloat concurrently.

Thamesport (London) Limited. Hutchison Ports has an 80% equity interest in LTP in the UK. LTP is a container and general cargo terminal on the Thames estuary 35 miles from London.

Harwich International (Holdings) Limited. Hutchison Ports has a 100% equity interest in HWH, which is situated one mile from PFL on the opposite side of the Harwich Haven estuary. It has strong links with Northern Europe, particularly through regular passenger and freight roll-on/roll-off services and cruise vessels. It also handles liquid bulk and agricultural products.

The following table summarizes the combined container throughput with respect to PFL and LTP:

UK Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	3,178.5	3,256.1
Transshipment	250.7	134.0
Total	3,429.2	3,390.1

Spain

Barcelona Europe South Terminal. Hutchison Ports has a 100% equity interest in BEST, which has a 45-year concession, extendable to 50 years, at the Port of Barcelona, Spain. The semi-automated terminal at BEST has a quay length of 1,500 meters. BEST handled 2.5 million TEU in 2022 and 2.2 million TEU in 2023.

Poland

Gdynia Container Terminal. The Port of Gdynia is located on the southern coast of the Baltic Sea, where approximately 97% of Polish sea-borne containerized cargo is handled. Hutchison Ports has a 100% equity interest in GCT at the Port of Gdynia. GCT handled 374,200 TEU in 2022 and 340,600 TEU in 2023.

Sweden

Hutchison Ports Sweden. In February 2017, Hutchison Ports signed an agreement with Ports of Stockholm to develop and operate new container-handling facilities at the Port of Nynäshamn ("CTN"), Norvik, approximately 60 kilometers south of Stockholm, under a 25-year concession, extendable to 30 years. CTN handled 52,500 TEU in 2022 and 47,400 TEU in 2023.

Ports in Asia, Australia and others

Malaysia

Westports Malaysia. Westports Holdings Berhad ("Westports"), Hutchison Ports' 23.55% listed associate, is listed on the Malaysia Stock Exchange. Westports is the holding company of KMT at Port Klang, Malaysia. KMT is an integrated terminal situated at Port Klang. It offers container-handling services, with the capability of also handling dry bulk, liquid bulk and other conventional cargo. KMT has 20 container berths and handled 10.1 million TEU in 2022 and 10.9 million TEU in 2023.

Indonesia

Jakarta International Container Terminal. Hutchison Ports has a 48.9% economic interest in JICT, located at Tanjung Priok Port in Jakarta. JICT is the largest terminal port operator in Indonesia with seven container berths. JICT completed its final phase of the expansion program in November 2016, which has shortened the gate transaction time, and is delivering improved service levels to its customers.

Terminal Petikemas Koja. Hutchison Ports has an effective 45.09% interest in KOJA at Tanjung Priok Port in Jakarta. KOJA is adjacent to JICT and has three container berths. The expansion program at KOJA has been completed. As a result of the investments associated with this expansion program, KOJA increased its capacity to approximately 1 million TEU.

In 2014, Hutchison Ports signed conditional agreements for 20-year extensions to the concessions of JICT and KOJA. The agreements became effective on July 6, 2015 following approval from the Indonesian Government.

The following table summarizes JICT's and KOJA's container throughput:

Indonesia Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	2,756.5	2,951.4
Transshipment	147.4	138.7
Total	2,903.9	3,090.1

South Korea

Hutchison Korea Terminals. Hutchison Ports operates a five-berth deep-water container terminal in Busan, the world's seventh largest container port in terms of throughput in 2022 and 2023.

Korea International Terminals. Hutchison Ports has an equity interest of 88.9% in KIT. KIT is located at the Gwangyang Port Phase II in South Korea with a total of four berths.

The combined throughput handled by HKT and KIT in South Korea was 2.7 million TEU in 2022 and 2.6 million TEU in 2023.

Thailand

Thai Laemchabang Terminal. Hutchison Ports has an 87.5% interest in TLT, which owns a multi-purpose facility with two container berths. The terminal is located at Laem Chabang Port on the Gulf of Thailand, which is 100 kilometers from Bangkok and 25 kilometers from Pattaya.

Hutchison Laemchabang Terminal. Hutchison Ports has an 80% interest in HLT. CKHH has construction, management and operation rights over an 11-berth facility and 141 hectares of land in Laem Chabang port for 30 years, with an option to renew for two further 10-year periods. Four of the total six terminals are currently in operation with the remaining terminals expected to commence operations in phases.

The terminals in Laem Chabang handled combined throughput of 3.7 million TEU in 2022 and 3.9 million TEU in 2023.

Pakistan

Karachi International Container Terminal. Hutchison Ports has a 100% equity interest in KICT, which is one of the container terminal operators at the Port of Karachi in Pakistan. KICT operates five container berths.

South Asia Pakistan Terminals. Hutchison Ports has a 90% equity interest in SAPT, a port with a concession period of 25 years, extendable for another 25 years. Operation of the first and second berth of phase one commenced in the fourth quarter of 2016 and in May 2017 respectively. SAPT is situated at the estuary of the Keamari Groyne basin and the terminal provides convenient access to ships entering Karachi. Since the completion of phase 2 construction in 2021, SAPT has four berths with a total quay length of 1,500 meters, a yard area of up to 85 hectares and depth alongside up to 18 meters.

The terminals in Pakistan handled combined throughput of 1.5 million TEU in 2022 and 1.6 million TEU in 2023.

Vietnam

Saigon International Terminals Vietnam. Hutchison Ports has a 70% interest in SITV. SITV is located approximately 55 kilometers from the Ho Chi Minh City hinterland in Vietnam. It is a modern container terminal situated close to the manufacturing centers in the Ba Ria Vung Tau Province.

Myanmar

Myanmar International Terminals Thilawa. Hutchison Ports has a 100% interest in MITT which has a long-term concession to operate a five berth general cargo and container port facility. The terminal is located 25 kilometers from Yangon, the largest city in Myanmar and the country's international trade portal.

Australia

Brisbane Container Terminals. Hutchison Ports has a 100% equity interest in BCT which operates a container terminal at Berths 11 and 12 in the Port of Brisbane, Queensland, Australia.

Sydney International Container Terminals. Hutchison Ports has a 100% equity interest in SICTL which operates the third container terminal at Port Botany, New South Wales, Australia.

The terminals in Australia handled a combined throughput of 646,400 TEU in 2022 and 571,600 TEU in 2023.

Saudi Arabia

Jazan. Hutchison Ports has a 60% interest in Hutchison Ports Jazan. In February 2021, Hutchison Ports agreed with the Royal Commission in Jubail and Yanbu, to invest and operate multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia which will be developed in two phases and offering a combined total of 1,270 meters of berth length in Phase 1. Jazan Port has commenced operation in September 2022.

Egypt

Alexandria International Container Terminals. Hutchison Ports has a 73.33% interest in two terminals at Ports of Alexandria and El Dekheila on the Mediterranean Sea. AICT handled 695,400 TEU in 2022 and 644,200 TEU in 2023.

Abu Qir Container Terminal. In August 2020, Hutchison Ports entered into a long-term agreement with the Egyptian Navy to develop and operate a new container terminal in Abu Qir, which commenced operation in January 2024. Following the disposal of 5% effective interest in December 2023 and 15% effective interest in January 2024, Hutchison Ports now has effective interest of 41% in Abu Qir container terminal.

Terminals in Ain Sokhna Port and El Dekheila Port. In March 2023, Hutchison Ports entered into two concession agreements with the Egyptian Government for the development and operation of a deep-water container terminal in each of Ain Sokhna Port and El Dekheila Port.

Oman

Oman International Container Terminal. Hutchison Ports has a 65% interest in a container terminal in the Port of Sohar. The Port of Sohar is located outside the Strait of Hormuz in the Gulf of Oman, approximately 200 kilometers from Muscat and 160 kilometers from Dubai. OICT handled 724,600 TEU in 2022 and 818,100 TEU in 2023. OICT operates Terminal C with a quay length of 970 meters and a depth alongside of 18 meters.

UAE

Hutchison Ajman International Terminals. CKHH was granted a 10-year concession period commencing on January 1, 2012 to develop and operate Ajman Port in the UAE. HAJT is located 25 kilometers from Dubai and 10 kilometers from Sharjah, where most of the UAE's manufacturing and trading companies are located. The main container and general cargo berths of the terminal have a total quay length of 1,250 meters and a yard area of 12.9 hectares. HAJT handled 198,300 TEU in 2022 and 238,800 TEU in 2023. While a development plan and a longer term extension are under negotiation, an extension agreement was signed with the UAE Department of Ports and Customs in June 2021, extending the current concession from 3 years to 4 years up to December 31, 2025.

Hutchison Ports RAK. Hutchison Ports has a 60% equity interest in RAK. In October 2017, CKHH was granted a 25-year concession period to operate at Saqr Port in Ras Al Khaimah of the UAE, located in close proximity to the RAK Maritime City Free Zone and the industrial zones of Al Hamra and Al Ghail. Currently, it has a quay length of 815 meters and a yard area of 20 hectares.

Hutchison Ports UAQ. Hutchison Ports has a 60% equity interest in UAQ. In December 2017, CKHH was granted a concession to operate in Umm Al Quwain of the UAE. Currently, it has a quay length of 845 meters and a yard area of 23 hectares.

Iraq

NAWAH for Ports Management LLC. In July 2017, Hutchison Ports acquired 51% interest in a container terminal in the Port of Basra, an existing port with a concession of 15 years, extendable for 10 years based on mutual agreement with Port Authority. The Port of Basra is located in downtown Basra City, Iraq, on the banks of Shatt Al Arab River. Currently, it has a quay length of 158 meters and a yard area of 2 hectares. Operations are currently suspended based on management's assessment of the unfavorable operating conditions and planned to wind down in 2024.

Mexico

CKHH's Mexico port operations consist of operations in Veracruz, Lazaro Cardenas, Ensenada and Manzanillo.

Internacional de Contenedores Asociados de Veracruz. Hutchison Ports has a 100% equity interest in ICAVE, which is located at the Port of Veracruz on the east coast of Mexico. In addition to facilities for handling containers, ICAVE is equipped with a container freight station, intermodal station, and empty container depot and external storage and repair facilities. In April 2016, ICAVE was granted a 20-year extension of the current concession for the relocation of ICAVE's current terminal facilities to the new port of Veracruz, on the east coast of Mexico. In June 2019, ICAVE has commenced operation at the new port of Veracruz.

Lazaro Cardenas Terminal Portuaria de Contenedores ("LCT"). Hutchison Ports has a 100% interest in LCT, which is located in the State of Michoacan, on the Pacific coast of Mexico. Phase I & II of the new terminal development has a total quay length of 930 meters. In January 2024, LCT obtained authorization from the Port Authority to initiate Phase III development which will extend the terminal's quay length to 1,275 meters.

Lazaro Cardenas Multipurpose Terminal ("LCMT"). Hutchison Ports has a 100% interest in a multi-purpose terminal, LCMT at the Port of Lazaro Cardenas for a concession period of 20 years. It has a total area of 20 hectares, a 286-meter berth with depth alongside of 14 meters.

Ensenada International Terminal ("EIT"). Hutchison Ports has a 100% equity interest in EIT, located 110 kilometers south of the U.S.-Mexico border along the Pacific Ocean. EIT is a multi-use terminal oriented to manage containers and bulk goods. In February 2017, EIT was granted a 20-year extension of the current concession.

The following table summarizes the combined container throughput with respect to the Mexico operations:

Mexico Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	2,432.3	2,717.7
Transshipment	779.1	373.5
Total	3,211.4	3,091.2

Argentina

Buenos Aires Container Terminal Services. Hutchison Ports has a 100% equity interest in BACTSSA, which is located at Terminal 5 at the Port of Buenos Aires, Argentina. BACTSSA handled 91,000 TEU in 2021. BACTSSA's concession expired in May 2021, but the Federal Chamber in Administrative Litigation of the City of Buenos Aires ordered the Port Authority to allow BACTSSA to remain in the concession until the dispute on the concession extension is resolved. BACTSSA's concession ended on August 31, 2023.

The Bahamas

Freeport Container Port. Hutchison Ports has a 51% interest in FCP on Grand Bahama Island in the Bahamas serving as a transhipment hub for the eastern seaboard of the U.S. and the east/west line haul routes through the region. The facility has more than 1,000 meters of quay and 49 hectares of container yard. FCP handled 1.6 million TEU in 2022 and 1.1 million TEU in 2023.

Panama

Panama Ports Company. Hutchison Ports has a 90% interest in PPC, which operates the ports of Balboa on the Pacific Ocean side and Cristobal on the Atlantic Ocean side of the Panama Canal, under a long-term concession agreement and has created a modern post-Panamax transhipment facility with 8 container berths. The ports of Cristobal and Balboa provide the link and strategic access for the transatlantic and transpacific trades to the east and west coasts of the Americas. In addition, Balboa is strategically located to participate in the transhipment trade between Asia, the west coast of the U.S., and the west and east coasts of Central and South America and the Caribbean.

The following table summarizes Panama's container throughput:

Panama Container Throughput

	Year Ended December 31,	
	2022	2023
	in thousands of TEU	in thousands of TEU
Local	249.5	279.0
Transshipment	2,893.0	2,960.1
Total	3,142.5	3,239.1

Tanzania

Tanzania International Container Terminal Services. TICT, which is located at Dar es Salaam, had a total quay length of 725 meters and a yard area of 14 hectares, and handled 717,300 TEU in 2022 and its concession ended on December 31, 2022. Since 2023, TICT has been acting as a subcontractor for the terminal operation.

Port Related Services

Hongkong United Dockyards Limited ("HUD") provides both marine and general engineering services from its Tsing Yi facility which includes a floating dry-dock and workshops complex. In addition to ship maintenance and repair, HUD is a contractor for mechanical and electrical engineering and has a structural steel cut and bend facility on the premises.

HK Salvage and Towage Services Limited ("HKSTS") is a major tug operator in Hong Kong, deploying 13 tugs. The operation provides services including harbor towage, off-shore towage, salvage, and oil spill response, as well as tug design, new building, supervision and project consultancy. It is also the exclusive service provider and operator of the two dual-fuel standby vessels for Hong Kong LNG Terminal Limited.

Hutchison Ports has a 50% interest in Freeport Harbour Company ("FHC"), a major cruise ship passenger terminal on Grand Bahama Island in the Bahamas. FHC also held a 100% interest in The Grand Bahama Airport Company, which operates the international airport on the island. FHC disposed of 100% interest of The Grand Bahama Airport Company on May 31, 2021.

Hutchison Ports has a 100% equity interest in Ensenada Cruiseport Village ("ECV") in Mexico, which is an important international port for worldwide and Pacific Coast cruise ships. ECV also has marina facilities.

Hutchison Ports has a 100% equity interest in Terminal Internacional de Manzanillo ("TIMSA"). TIMSA is a multi-purpose stevedoring operation, which provides services at the Port of Manzanillo, Mexico. The port is strategically situated along the west coast of Mexico and is connected to major trade routes linking the Americas and Asia.

Hutchison Ports has a 100% equity interest in Talleres Navales del Golfo in Mexico, which provides maintenance, technical support, conservation and repair services to vessels, platforms and other kinds of maritime structures.

Hutchison Ports has an 80% economic interest in Terminal Intermodal Logistica de Hidalgo, which operates an intermodal terminal in the Mexican State of Hidalgo, strategically situated near Mexico City.

Hutchison Ports has a 20.83% interest in Hong Kong Air Cargo Terminals Ltd in Hong Kong, which provides air cargo handling services to airlines at Hong Kong International Airport.

Hutchison Ports has a 3.56% interest in Orient Overseas (International) Limited, a company listed on the Hong Kong Stock Exchange.

HPH Trust has a 100% interest in Asia Port Services, which operates ancillary services including container depots, trucking, feeder and a shipping agency.

In July 2020, HPH Trust increased its interest in Shenzhen Hutchison Inland Container Depots Co., Ltd from 81.7% to 86.57%. Shenzhen Hutchison Inland Container Depots Co., Ltd operates a container depot and warehousing facilities in Shenzhen in the Mainland to provide logistics services, including storage and distribution, warehousing, transportation and other related services. This facility serves to enhance container traffic through Yantian Port.

In October 2019, Hutchison Ports entered into definitive agreements with KA Petra Sdn Bhd ("KA Petra"), a ship-to-ship transfer specialist in Malaysia, to jointly develop what is expected to be the world's largest ship-to-ship transfer hub in Malaysia. Under the terms of the agreements, KA Petra is expected to have 70% interest in the project, whilst Hutchison Ports will have a strategic 30% stake. The transaction is subject to satisfaction of certain conditions precedent including obtaining regulatory approvals.

In October 2022, Hutchison Ports formed a Joint Venture with Saudi Aramco in King Salman Energy Park ("SPARK") to operate and manage the dry port and bonded logistics zone in the SPARK energy industrial city in Saudi Arabia.

Retail

CKHH's strategy in its retail operation is to continue to build on its portfolio, through a policy of carefully managed growth, while tightly controlling costs. CKHH believes that it can leverage the retail expertise gained to expand and grow its retail operations through digital transformation to accelerate the integration of its physical store portfolio and online channels. As customers become increasingly cost and quality conscious, CKHH strives to provide customers with quality products at competitive prices through its exclusives and own brand products. As of December 31, 2023, CKHH operates retail businesses across 28 markets, predominantly in Europe, Hong Kong, the Mainland and other markets in Asia. CKHH believes that significant benefits flow from the economies of scale inherent in operating a global retail organization. All A.S. Watson's retail stores are rented, preserving the operational flexibility of the division. As of December 31, 2023, CKHH's interest in A.S. Watson is 75.05%.

All the numbers of stores quoted in the following paragraphs are as of December 31, 2023 unless otherwise specified.

Health & Beauty China

Watsons China is the leading retailers of health and beauty products in the Mainland with 3,840 stores.

Health & Beauty Asia

The Watsons business is the leading retailer of health and beauty products in Asia with strong brand name recognition and extensive geographical coverage with 556 stores in Taiwan, 736 in Malaysia, 1,106 in the Philippines, 177 in Hong Kong and Macau, 706 in Thailand, 98 in Singapore, 159 in Indonesia, 6 in Vietnam and 385 in Turkey. There were 18 stores for the franchise business with Al-Futtaim located in the Gulf Cooperation Council.

Health & Beauty Western Europe

A.S. Watson owns 7 leading retail chains (Kruidvat, Trekpleister, Rossmann, Superdrug, Savers, The Perfume Shop and ICI Paris XL) with 5,764 stores in Western Europe.

A.S. Watson owns Superdrug and Savers in the UK and Ireland. Superdrug is one of the UK's leading health & beauty retailers operating 784 stores. Savers, a chain of discount health and beauty stores in the UK, has 519 stores. The company also owns a specialty perfumery retailer, The Perfume Shop in the UK and Ireland, which comprises 209 perfumery stores in the UK and Ireland.

ICI Paris XL is another leading perfumery chain in Europe with 271 stores in the Netherlands, Belgium and Luxembourg.

A.S. Watson also owns 3 leading retail chains (Kruidvat, Trekpleister and Rossmann) with 3,981 stores in Western Europe.

Health & Beauty Eastern Europe

A.S. Watson owns 3 leading retail chains (Rossmann, Drogas and Watsons) with 2,537 stores in 5 countries (Poland, Hungary, Czech Republic, Latvia and Ukraine) in Eastern Europe.

Other Retail

PARKnSHOP is a leading supermarket chain with 251 locations in Hong Kong and Macau. It is one of the market leaders in Hong Kong and has further expanded its offerings into the higher end food retailing market through branded store formats. In the Southern part of the Mainland, PARKnSHOP Yonghui operates supermarkets, selling fresh food, general merchandise and household products, with 61 stores in Guangdong Province.

Fortress is one of the leading retailers of consumer electronics and electrical appliances in Hong Kong. The chain of 68 Fortress stores throughout Hong Kong and Macau offers a wide range of products and after-sales product services.

Watson's Wine is one of the leading Hong Kong wine retailers with 23 outlets in Hong Kong and Macau. The outlet in the Mainland was closed in February 2020.

The manufacturing division of A.S. Watson manufactures and distributes local and international branded drinking water, juices and other beverages in both Hong Kong and the Mainland.

A.S. Watson's "Watsons" brand is one of the leading brands of drinking water in Hong Kong. A.S. Watson's water business continues to develop in the Mainland, with strong sales in the Southern region, Shanghai and Beijing. "Mr. Juicy" is one of the best-selling brands of fruit juice in Hong Kong and is also increasingly distributed throughout the Southern Mainland.

Infrastructure

CKI

CKHH's interest in CKI, a subsidiary listed on the SEHK, is 75.67% as of December 31, 2023. Based on the closing price of its shares on the SEHK on December 31, 2023, CKI had a market capitalization of approximately HK$108,847 million (approximately US$13,955 million) and became one of the Hang Seng Index constituents on March 14, 2016.

CKI looks for projects with strong economic fundamentals and prefers to invest in operational projects or in projects that are already under construction in order to benefit from immediate or imminent cashflow and to reduce project development risks. CKI's objective is to obtain a relatively secure investment return from its infrastructure businesses by ensuring a stable minimum financial return, with the potential for participation in excess profits. In addition, it has focused on diversification and globalization initiatives and will continue to pursue opportunities when they arise.

Certain regulated operations of CKI's investments are subject to price control by regulatory authorities. The relevant regulatory authorities will reset the price control terms for certain projects in accordance with predetermined schedules.

The following table summarizes certain information with respect to CKI:

CK INFRASTRUCTURE HOLDINGS LIMITED

	Year Ended/ As of December 31, 2022	Year Ended/ As of December 31, 2023
Profit attributable to shareholders	HK$7,748 million	HK$8,027 million
Earnings per share	HK$3.08	HK$3.19
Dividend per share	HK$2.53	HK$2.56
Equity attributable to shareholders of CKI – shareholders' funds	HK$119,393 million	HK$123,293 million
Net debt	HK$10,166 million	HK$11,120 million
Net debt to net total capital ratio	7.3%	7.7%

Power Assets Holdings Limited

Power Assets is listed on the SEHK. CKI's interest in Power Assets was 36.01% as of December 31, 2023. Based on the closing price of its shares on the SEHK on December 31, 2023, Power Assets had a market capitalization of approximately HK$96,433 million (approximately US$12,363 million). Power Assets completed the separate listing of its Hong Kong electricity business by way of the listing of the share stapled units jointly issued by HKEI on the Main Board of the SEHK on January 29, 2014. Power Assets currently holds 33.37% of HKEI which became an associated company of Power Assets following its separate listing. HKEI's wholly-owned subsidiary, Hongkong Electric, generates, transmits and is the sole distributor of electricity to Hong Kong Island and Lamma Island. Currently, Hongkong Electric supplies electricity to over half a million customers. Total unit sales in 2023 were 10,040 GWh, a 1% increase from the 9,941 GWh sold in 2022.

The operations of Hongkong Electric are subject to the Scheme of Control Agreement ("SCA") with the Hong Kong Government.

In April 2017, Hongkong Electric and HKEI signed a new SCA with the Hong Kong Government for a period of 15 years commencing January 1, 2019. The agreement provides for an 8% permitted rate of return on average net fixed assets.

Power Assets holds a 45% interest in Jinwan Power Plant in the Mainland as of December 31, 2023.

Power Assets also holds 45% interests in two wind farms, one 48 MW farm in Dali, Yunnan Province and one 49.5 MW farm in Laoting, Hebei Province.

Power Assets has a 25% interest in Ratchaburi Power Company Limited, which owns and operates a 1,400 MW gas-fired power plant project located in Ratchaburi Province, Thailand.

Power Assets also holds interests in the following operations:

- 40% interest in UK Power Networks (CKI's direct interest: 40%);
- 6% interest in Northumbrian Water (CKI's direct interest: 39%);
- 41.29% interest in Northern Gas Networks (CKI's direct interest: 47.06%);
- 36% interest in Wales & West Utilities (CKI's direct interest: 39%);
- 10% interest in UK Rails (CKI's direct interest: 65%);
- 25% interest in Seabank Power (CKI's direct interest: 25%);
- 27.93% in each of SA Power Networks, Powercor and CitiPower (CKI's direct interest in each: 23.07%);
- 27% interest in Dutch Enviro Energy (CKI's direct interest: 45.5%);
- 27.51% interest in AGN (CKI's direct interest: 44.97%);

- 50% interest in Australian Energy Operations (CKI's direct interest: 50%);
- 20% interest in CK William Group (CKI's direct interest: 40%);
- 50% interest in Wellington Electricity (CKI's direct interest: 50%);
- 50% interest in Canadian Power (CKI's direct interest: 50%);
- 10% interest in Park'N Fly (CKI's direct interest: 65%); and
- 48.75% interest in HMLP (CKI's direct interest: 16.25%).

Power Assets may pursue other international investment opportunities on a selective basis including equity investments in infrastructure assets and, where appropriate, participating in partnership with CKI.

The following table summarizes certain information with respect to Power Assets:

Power Assets Holdings Limited

	Year Ended/ As of December 31, 2022	Year Ended/ As of December 31, 2023
Profit attributable to shareholders	HK$5,649 million	HK$6,003 million
Earnings per share	HK$2.65	HK$2.82
Dividend per share	HK$2.82	HK$2.82
Net cash	HK$2,658 million	HK$1,104 million

UK Projects

UK Power Networks Holdings Limited

CKI and Power Assets each currently hold a 40% interest in UK Power Networks, which comprises three regional networks with a distribution area that covers London, the South East and the East of England. These networks serve over 8.5 million customers and provide approximately 28% of the electrical power in the UK. In addition, UK Power Networks' businesses include a non-regulated business comprising the distribution of electricity to a number of privately owned sites.

Northumbrian Water Group Limited

CKI and Power Assets currently hold a 39% and 6% interest in Northumbrian Water, respectively. Northumbrian Water is one of the ten regulated water and sewerage companies in England and Wales and provides water and waste water services to approximately 2.7 million people in the North East of England and water services to approximately 1.8 million people in the South East of England. In addition, Northumbrian Water's operations include Kielder Reservoir, the largest man-made reservoir in Northwestern Europe, as well as a portfolio of long term water and waste water contracts. CKHH's effective interest in Northumbrian Water is 34.15%.

Northern Gas Networks Holdings Limited

CKI and Power Assets currently hold a 47.06% and a 41.29% interest, respectively in Northern Gas. It is one of the eight major gas distribution networks in the UK. The region contains a mixture of large cities (Newcastle, Sunderland, Leeds, Hull and Bradford) and a significant rural area including North Yorkshire and Cumbria. Northern Gas delivers gas to 2.7 million homes and businesses.

Wales & West Utilities

CKI and Power Assets currently hold a 39% and 36% interest, respectively, in Wales & West Utilities, which is a gas distribution network that serves Wales and the South West of England. Wales & West Utilities provides service to a population of 7.5 million and the network covers an area of 42,000 square kilometers. The total length of main gas pipeline is about 35,000 kilometers. CKHH's effective interest in Wales & West Utilities is 42.32%.

UK Rails

CKI and Power Assets hold a 65% and 10% interest, respectively, in UK Rails, one of the three major rolling stock owning companies that were established at the time of privatization of the UK rail industry. UK Rails offers a diverse range of rolling stock, including regional, commuter and high speed passenger trains, as well as freight locomotives, on long term contracts to train and freight operating companies. CKHH's effective interest in UK Rails is 56.91%.

Seabank Power Limited

CKI, together with Power Assets, holds a 50% interest in Seabank Power, which owns and operates Seabank Power Station located near Bristol, England and comprises two combined cycle gas turbine generating units with an aggregate capacity of approximately 1,140 MW.

Southern Water Group

CKI holds a 1.79% interest in Southern Water which is a regulated business which supplies fresh, quality drinking water to approximately 2.7 million customers, as well as treating and recycling waste water from approximately 4.7 million customers in the South East of England across Sussex, Kent, Hampshire and the Isle of Wight.

Other Continental European Projects

Dutch Enviro Energy Holdings B.V.

CKI and Power Assets hold 45.5% and 27% interest, respectively, in Dutch Enviro Energy which in turn owns AVR. AVR is principally engaged in the business of waste processing and production and supply of sustainable energy from the incineration of waste in the Netherlands. CKHH's effective interest in Dutch Enviro Energy is 45.28%.

ista

CKI holds a 35% interest in ista, a fully integrated energy management services provider which provides submetering services across 21 countries and over 14 million dwellings.

Australian Projects

CKI, together with Power Assets, owns a 51% interest (CKI: 23.07%; Power Assets: 27.93%) in:

- SA Power Networks, the owner and manager of South Australia's primary electricity distributor, which delivers electricity to more than 900,000 residential and business customers. The network has a route length of over 90,000 kilometers;
- Powercor owns and operates a distribution network which supplies electricity to approximately 930,000 customers in central and western Victoria and Melbourne's outer western suburbs; and
- CitiPower, owns and operates a distribution network which supplies electricity to approximately 340,000 customers in Melbourne's central business district and inner suburbs. These customers include some of Australia's largest companies and most important cultural and sporting icons.

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Australian Energy Operations Pty Ltd which owns and operates 71 kilometers of transmission lines and terminal stations in Victoria, Australia that connect Mount Mercer, Elaine, Moorabool and Ararat wind farms to the transmission network.

CKI, together with Power Assets, owns a 72.48% interest (CKI: 44.97%; Power Assets: 27.51%) in AGN, one of the largest natural gas distribution companies in Australia with approximately 27,000 kilometers of natural gas distribution networks and 1,000 kilometers of transmission pipelines serving around 1.4 million customers in South Australia, Victoria, Queensland, New South Wales and the Northern Territory. CKHH's effective interest in AGN is 52% (including economic benefit interest).

CKI, together with Power Assets, owns a 60% interest (CKI: 40%; Power Assets: 20%) in CK William Group, an international owner and operator of energy utility assets, providing low emissions and remote energy generation solutions, gas transmission through the Dampier Bunbury Pipeline in Western Australia and distribution of gas and electricity in Victoria. CK William Group is also an operator of energy utility assets in the U.S., Canada and Europe.

New Zealand Projects

Wellington Electricity Distribution Network

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Wellington Electricity, which supplies electricity to the city of Wellington, the capital of New Zealand. The distribution network extends to the Porirua and Hutt Valley regions of New Zealand and has a system length of over 4,800 kilometers.

Enviro (NZ) Limited

CKI holds a 100% interest of EnviroNZ, a diversified, vertically integrated waste management business that has national coverage across New Zealand. It is one of only two vertically integrated waste collection and disposal companies operating throughout New Zealand, offering waste-related services to approximately half a million commercial and household customers via collection services, organics processing, landfills and transfer stations across the country.

Canadian Projects

Canadian Power Holdings Inc.

CKI, together with Power Assets, owns a 100% interest (on a 50/50 basis) in Canadian Power, which is the owner of Meridian Cogeneration Plant and Okanagan Wind and owns a 49.99% partnership interest in TransAlta Cogeneration, L.P.. The Meridian Cogeneration Plant is a natural gas-fired cogeneration plant with an installed capacity of 220 MW in Saskatchewan, Canada. TransAlta Cogeneration, L.P. has ownership stakes in four electricity generation plants in Canada with total capacity of 1,064 MW. Okanagan Wind operates two wind farms located in the Okanagan region of British Columbia, Canada with a combined capacity of 30 MW. The wind farms supply electricity to a Canadian electric utility in the province of British Columbia under a 40-year power purchase agreement until 2057.

Park'N Fly

CKI and Power Assets holds a 65% and 10% interest, respectively, in Park'N Fly, an off-airport car park business in Toronto, Vancouver, Montreal, Edmonton, Ottawa, Winnipeg and Halifax. CKHH's effective interest in Park'N Fly is 56.91%.

Husky Midstream Limited Partnership

CKI, together with Power Assets, owns 65% interest (CKI: 16.25%; Power Assets: 48.75%) in HMLP, which holds a portfolio of oil pipeline assets in Canada including approximately 2,300 kilometers of oil pipeline across the provinces of Alberta and Saskatchewan, oil storage capacity of 5.9 million barrels at the Hardisty and Lloydminster terminals, and other ancillary assets in Alberta and Saskatchewan.

Reliance

CKI holds a 25% interest in Reliance, building equipment services sector providing water heaters, HVAC equipment, comfort protection plans and other services to homeowners in Canada and the United States, serving over 2.0 million customers.

Mainland Projects

Power Plants

Through Power Assets, CKI has interests in a power project with an aggregate design capacity of 1,200 MW in the Mainland as of December 31, 2023. The following table summarizes certain information with respect to such power project.

Business	Business Scale	Power Assets' Interest[1]	Commencement Date of Operations	Expiration Date
Jinwan Power Plant	Two units of coal-fired power plants with a total installed capacity of 1,200 MW	45.0%	February 2007	2035

(1) This represents the approximate share of Power Assets' contribution to the total investment of the project in the form of registered capital contribution as of December 31, 2023. It does not necessarily represent either the profit distribution ratio or the ratio of the distribution of assets upon the termination or expiration of the joint venture.

Wind Farms

Through Power Assets' 45% interests, CKI has interests in two wind farms, one 48 MW farm in Dali, Yunnan Province and one 49.5 MW farm in Laoting, Hebei Province.

Roads and Bridges in the Mainland

As of December 31, 2023, CKI had interests in various projects with a total length of 140 kilometers of toll roads and 9.8 kilometers of toll bridges in the Mainland.

The following table summarizes certain information with respect to CKI's transportation projects in the Mainland as of December 31, 2023:

CKI'S TRANSPORTATION PROJECTS

Business	Business Scale (kilometers "km")	CKI's Interest %[1]	Commencement Date of Operation	Expiration Date
Shantou Bay Bridge	2.5 km toll bridge[2]	30.0	December 1995	2028
Shen-Shan Highway (Eastern Section)	140.0 km toll road	33.5	November 1996	2028
Panyu Beidou Bridge	3.3 km toll bridge	40.0	January 2001	2024

(1) This represents the approximate share of CKI's contribution to the total investment of each project in the form of registered capital contribution and shareholders' loans as of December 31, 2023. It does not necessarily represent either the profit distribution ratio or the ratio of the distribution of assets upon the termination or expiration of the joint venture.

(2) The toll bridge including the approach roads is 6.5 kilometers in length.

Infrastructure Materials

CKI, through Green Island Cement (Holdings) Limited ("Green Island"), Green Island International (BVI) Limited, Alliance Construction Materials Limited ("ACML") and other subsidiaries and associates, is an integrated construction materials manufacturer involved in the production, distribution and sale of cement, concrete, asphalt, limestone and aggregates.

Cement

Green Island operates an integrated cement business, starting from resource extraction and going through development and cement manufacturing to ultimate down-stream distribution in both Hong Kong and the Mainland. In addition, Green Island is involved in the disposal of solid waste (principally fly ash) which is produced as a waste product of power generation by coal-fired power stations.

Concrete

ACML is the leading concrete and aggregates total solutions provider in Hong Kong by supplying high quality ready mixed concrete of standard and designed mixes and wide range of aggregates with different product sizes for concrete producers and asphalt producers.

Energy

From January 2021 onwards, after the completion of merger between Cenovus Energy and Husky Energy, CKHH's share of Cenovus Energy's results were reported under finance & investments and others segment and the energy business no longer constitutes a core business of CKHH. See "– Finance and Investments and Others – Cenovus Energy."

Telecommunications

CKHH is one of the world's leading mobile telecommunications operators and one of the first operators in the world to offer 3G services primarily under the brand name "Three" or "**3**". The mobile telecommunications businesses span across six countries in Europe, Hong Kong and Macau, as well as four countries in the Asia-Pacific region.

CKHH's telecommunications division currently comprises:

- CK Hutchison Group Telecom, which consolidates **3** Group Europe (comprising unlisted mobile businesses in the UK, Sweden, Denmark, Austria (including fixed-line business), Ireland and Italy (including fixed-line business)) and listed subsidiary HTHKH (in which CKHH currently holds an approximate 66.09% interest) comprising mobile businesses in Hong Kong and Macau;
- mobile operations in Indonesia, Vietnam and Sri Lanka; and
- an approximate 87.87% interest in HTAL, a listed subsidiary in Australia, which has a 25.05% interest in TPG.

CKHH has made substantial investments to build mobile telecommunications operations in certain key mature mobile telecommunications markets in Europe, Hong Kong and Macau, and Australia, and continues to leverage the strong network coverage and capacity in the Indonesia, Vietnam and Sri Lanka markets to grow its customer base organically. CKHH intends to continue to grow its mobile telecommunications businesses and remain profitable, as well as grow profitability through the expansion of data service offerings and competitive tariff plans to stimulate customer growth.

As part of its strategy, CKHH has formed alliances with leading international telecommunications providers and investors including:

- Investor AB, the largest diversified holding company in Sweden;
- Telefonica, one of the largest telecommunications companies in the world;
- Conexus Mobile Alliance, one of Asia's biggest mobile alliances;
- Vodafone, one of the world's largest telecommunications companies;
- Etisalat, one of the leading telecommunication groups in emerging markets;
- Ooredoo, an international communications company operating across the Middle East, North Africa and Southeast Asia; and

- Cellnex Telecom ("Cellnex"), a leading infrastructure operator for wireless telecommunications and broadcasting in Europe.

In July 2020, the structural separation to form a new telecommunication infrastructure company with 29,100 sites across six European countries, CK Hutchison Networks ("CKHN"), into a wholly-owned subsidiary of CK Hutchison Group Telecom was completed. In November 2020, CKHH entered into an agreement to dispose of its European telecommunications tower assets to Cellnex for an aggregate consideration of €10 billion. Following the transactions, CKHH will be able to increase its focus on developing its networks and IT platforms, and will retain the option to accelerate the rollout of its 5G networks, while benefiting from significant additional financial capacity to support future growth and opportunities. The disposals of tower assets in Denmark, Austria and Ireland, pursuant to this agreement, were completed in December 2020. Disposals of the remaining tower assets in Sweden, Italy and the UK were completed in January 2021, June 2021 and November 2022 respectively. Pursuant to the agreement with Cellnex, upon completion of disposal of the respective tower assets, a local master services agreement will be entered into between the relevant tower company and CKHH's respective mobile business in that jurisdiction, and the tower company will provide telecommunications infrastructure services and built-to-suit services to the respective mobile business in that relevant jurisdiction in the ordinary and usual course of business.

In January 2022, the merger transaction between CKHH's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, is listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia as of the date of the merger. Following the completion of the transaction, CKHH holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in Indosat Ooredoo Hutchison.

CK Hutchison Group Telecom

In July 2019, CKHH formed a new wholly-owned telecommunication holding company, CK Hutchison Group Telecom Holdings Limited, which consolidates CKHH's **3** Group Europe and HTHKH under one holding entity (collectively CK Hutchison Group Telecom or CKHGT), providing a diversified telecommunication asset platform across eight geographical locations. In August 2019, the investment grade-rated CK Hutchison Group Telecom refinanced all external debt of Wind Tre of approximately €10 billion, and has started generating interest cost savings from 2020 onwards. In 2020, the disposals of tower assets to Cellnex in Denmark, Austria and Ireland, were completed in December 2020 and CKHGT recognized a gain of HK$16,583 million (US$2,126 million). In 2021, the disposals of tower assets to Cellnex in Sweden and Italy were completed in January and June 2021 respectively, resulting in a gain of HK$25,259 million (US$3,238 million). In November 2022, the disposal of tower assets to Cellnex in the UK was completed, resulting in a gain before tax of HK$18,957 million (US$2,430 million). In June 2023, CKHGT reached an agreement to combine **3** UK with Vodafone UK, with the merged entity being 49% owned by CKHGT upon completion, subject to regulatory approvals and satisfaction of conditions precedent.

Key Business Indicators ("KBIs")

The KBIs for the businesses of CK Hutchison Group Telecom as included in CKHH's 2023 Annual Report are as follows:

	Registered Customers Base					
	Registered Customers at December 31, 2023 ('000)			Registered Customer Growth (%) from December 31, 2022 to December 31, 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	3,418	9,158	12,576	-23%	+6%	-4%
Italy[1]	9,824	9,537	19,361	-6%	-1%	-4%
Sweden	769	1,829	2,598	+1%	+7%	+5%
Denmark	706	885	1,591	+5%	+2%	+3%
Austria	717	2,417	3,134	-1%	-1%	-1%
Ireland	843	3,603	4,446	-2%	+23%	+17%
3 Group Europe Total	16,277	27,429	43,706	-9%	+5%	-1%
HTHKH	3,185	1,463	4,648	+36%	–	+22%

	Active[2] Customers Base					
	Active Customers at December 31, 2023 ('000)			Active Customer Growth (%) from December 31, 2022 to December 31, 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total
UK	1,556	9,058	10,614	-15%	+7%	+3%
Italy[1]	8,954	9,151	18,105	-6%	-1%	-4%
Sweden	764	1,829	2,593	+2%	+7%	+6%
Denmark	704	885	1,589	+5%	+2%	+3%
Austria	397	2,406	2,803	-1%	-1%	-1%
Ireland	843	3,603	4,446	-2%	+23%	+17%
3 Group Europe Total	13,218	26,932	40,150	-6%	+5%	+1%
HTHKH	2,500	1,463	3,963	+38%	–	+21%

(1) In addition to that set out in the table, Wind Tre has 2.9 million fixed line customers.

(2) An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

	12-month Trailing Average Revenue per Active User ("ARPU") [3] to December 31, 2023			
	Non-contract	Contract	Blended Total	% Variance compared to December 31, 2022
UK	£6.16	£20.84	£18.40	-2%
Italy	€9.56	€12.81	€11.18	+2%
Sweden	SEK121.53	SEK239.91	SEK204.32	-7%
Denmark	DKK94.36	DKK139.19	DKK119.51	-3%
Austria	€9.06	€23.25	€21.17	-1%
Ireland	€14.40	€9.37	€10.41	-16%
3 Group Europe Average	€9.75	€17.80	€15.04	-3%
HTHKH	HK$14.17	HK$190.30	HK$87.91	-7%

	12-month Trailing Net Average Revenue per Active User ("Net ARPU") [4] to December 31, 2023			
	Non-contract	Contract	Blended Total	% Variance compared to December 31, 2022
UK	£6.16	£14.80	£13.37	+3%
Italy	€9.56	€12.00	€10.78	+3%
Sweden	SEK121.53	SEK212.09	SEK184.86	+2%
Denmark	DKK94.36	DKK131.59	DKK115.24	-2%
Austria	€9.06	€19.41	€17.89	-3%
Ireland	€14.40	€7.20	€8.69	-16%
3 Group Europe Average	€9.75	€14.38	€12.80	-1%
HTHKH	HK$14.17	HK$173.72	HK$80.97	-6%

	12-month Trailing Net Average Margin per Active User ("Net AMPU") [5] to December 31, 2023			
	Non-contract	Contract	Blended Total	% Variance compared to December 31, 2022
UK	£5.70	£13.31	£12.05	+3%
Italy	€8.74	€11.04	€9.89	+6%
Sweden	SEK105.02	SEK187.21	SEK162.50	+2%
Denmark	DKK81.90	DKK111.97	DKK98.77	+1%
Austria	€8.22	€17.81	€16.41	-2%
Ireland	€13.28	€6.59	€7.97	-16%
3 Group Europe Average	€8.87	€13.02	€11.59	+1%
HTHKH	HK$10.86	HK$151.83	HK$69.88	-5%

(3) ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(4) Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

(5) Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

3 Group Europe

Overview

As a leading global player in the mobile telecommunications arena, **3** Group Europe is continuing to look towards the development of new services and network enhancement. **3** Group Europe is continuing to upgrade their network capabilities and enhance customer experience to ensure that their service quality meets market demands.

With the upgrade of CKHH's networks for increased speed and capacity and the increasing demand for smartphone and related products, **3** Group Europe has become a significant competitor and, in some countries, the market leader in the provision of mobile broadband internet access and high speed mobile data services on smartphones or mobile devices as well as fixed wireless access services through 5G technology.

CKHH's **3** Group Europe includes mobile telecommunications businesses in the UK, Italy (including fixed-line business), Sweden, Denmark, Austria (including fixed-line business) and Ireland. As of December 31, 2023, **3** Group Europe had approximately 43.7 million registered mobile customers and 40.2 million active mobile customers.

UK

CKHH currently has a 100% interest in **3** UK, which is one of four networks licensed to operate a national 3G, 4G (LTE) and 5G network in the UK. The current network coverage by population exceeds 98%. **3** UK launched 4G (LTE) services in December 2013, with its 4G (LTE) network coverage by population reaching 96% as of December 31, 2023, and launched its 5G services in August 2019.

3 UK holds the following spectrum which it uses optimally to operate national 3G, 4G (LTE) and 5G services.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
700 MHz	5 MHz	2	Paired	20 MHz	Indefinite
800 MHz	5 MHz	1	Paired	10 MHz	Indefinite
1400 MHz	5 MHz	4	Unpaired	20 MHz	Indefinite
1800 MHz	5 MHz	3	Paired	30 MHz	Indefinite
2100 MHz	5 MHz	3	Paired	30 MHz	Indefinite
2100 MHz	5 MHz	1	Unpaired	5 MHz	Indefinite
3400 MHz	5 MHz	4	Unpaired	20 MHz	Indefinite
3500 MHz	40 MHz	1	Unpaired	40 MHz	Indefinite
3600 MHz	80 MHz	1	Unpaired	80 MHz	Indefinite
3900 MHz	84 MHz	1	Unpaired	84 MHz	Indefinite
28 GHz (National)	112 MHz	2	Unpaired	224 MHz	Indefinite
28 GHz (Regional)	112 MHz	2	Unpaired	224 MHz	Indefinite
40 GHz	1000 MHz	2	Unpaired	2000 MHz	Indefinite

Pursuant to the agreement with Cellnex, the disposal of tower assets in UK was completed in November 2022. Result comparison below was made against normalized 2022 results which exclude the proforma contribution from tower assets of **3** UK for comparability purpose.

Revenue for the year ended December 31, 2023 increased by 3% in local currency to £2,588 million compared to 2022. On a normalized basis, EBITDA of £402 million decreased by 21% in local currency in 2023 compared to 2022, mainly driven by higher network spending and costs inflation, partly offset by growth in total margin from 3% increase in certain customer segments and growth in other margin improvements in net customer service margin from increase in customer base, partly offset by higher network spending from increased 5G coverage and increase in annual license fee. LBIT of £117 million decreased by 252% in 2023 in local currency compared to 2022, mainly due to increased depreciation due to an accelerated depreciation of £38 million on a legacy IT system, as well as higher asset base driven by 5G investments.

3 UK has a shared network agreement with Everything Everywhere Limited via its 50/50 joint venture Mobile Broadband Network Limited. The shared network currently has over 96% outdoor coverage of the UK population.

Italy

Prior to November 5, 2016, CKHH held a 97.414% shareholding interest in **3** Italia S.p.A., which operated one of four national mobile networks in Italy. The remaining 2.586% shareholding in **3** Italia S.p.A. was held by Private Equity International S.A. ("PE International"), a company belonging to the Intesa Sanpaolo group, one of the leading Italian banking groups.

On November 5, 2016, CKHH and Veon formed a joint venture company, VIP-CKH Luxembourg S.à r.l. ("VCL"), in which CKHH and Veon each indirectly owned a 50% interest. VCL combined the ownership and operations of the Italian telecommunications businesses of **3** Italia S.p.A. and WIND Acquisition Holdings Finance S.p.A. under VCL's wholly-owned subsidiary, Wind Tre. The combined businesses trade under the "Wind", "Tre", and "Wind Tre Business" brands.

CKHH's 50% interest in VCL includes a 1.293% indirect economic interest in VCL received by PE International in exchange for its 2.586% shareholding in **3** Italia S.p.A. prior to November 5, 2016.

In September 2018, CKHH acquired the entire interest of Veon in the Wind Tre joint venture at a cash consideration of €2.45 billion. Wind Tre became a wholly-owned subsidiary of CKHH and contributed accretively as a wholly-owned subsidiary for four months in 2018. As of December 31, 2023, Wind Tre had approximately 19.3 million registered mobile customers and approximately 2.9 million fixed-line customers.

Wind Tre's 4G (LTE) network coverage by population reached 100% as of December 31, 2022. Wind Tre launched its 5G services in 2020.

As of December 31, 2018, Wind Tre had incurred indebtedness under certain notes and loan facilities (both drawn and undrawn) in an aggregate principal amount of €10.7 billion on the back of security over the shares of capital stock of Wind Tre, certain subordinated shareholder loans advanced to Wind Tre and certain other assets held by Wind Tre. All such indebtedness and security have been discharged and released respectively in August 2019.

The accounting standards require CKHH to account for Wind Tre's assets and liabilities at their acquisition-date fair values when Wind Tre became a joint venture and again when it became a subsidiary of CKHH. Accordingly, adjustments to the results of the telecommunications businesses in Italy have been made as a result of the acquisitions when CKHH's interest in Wind Tre is incorporated into CKHH's consolidated results.

Revenue for the year ended December 31, 2023 decreased by 3% in local currency to €3,838 million mainly due to decline in wholesale volume., EBITDA of €1,242 million and EBIT of €142 million decreased by 8% and 24% in local currency respectively, compared to 2022. The lower EBITDA was mainly driven by revenue decline mentioned above and higher energy cost, partly offset by lower opex from effective implementation of cost control measures. EBIT decreased by 24% due to reduction in EBITDA, partly offset by lower depreciation and amortization as 5G investment intensity reduces from prior years give Wind Tre has already reached over 95% and 70% FDD and TDD coverage.

In January 2023, Wind Tre entered into a joint venture arrangement to rollout network in rural areas, which is expected to create synergies and reduce the costs of developing and maintaining the network assets in these regions.

Wind Tre holds the following spectrum for use in operating a national mobile network.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz	5 MHz	2	Paired	20 MHz	2029
900 MHz	5 MHz	2	Paired	20 MHz	2029
1800 MHz	5 MHz	4	Paired	40 MHz	2029
2100 MHz	5 MHz	4	Paired	40 MHz	2029
2600 MHz	5 MHz	4	Paired	40 MHz	2029
2600 MHz	15 MHz	2	Unpaired	30 MHz	2029
3600 MHz	20 MHz	1	Unpaired	20 MHz	2037
27 GHz	200 MHz	1	Unpaired	200 MHz	2037

Scandinavia

CKHH has a 60% interest in Hi3G Access, which owns and operates 3G, 4G and 5G mobile telecommunications networks in Scandinavia. Investor AB (publ), an owner of high quality Nordic-based international companies, holds the remaining 40% interest.

The mobile telecommunications businesses in Scandinavia comprise operations in Sweden and Denmark. CKHH has invested in these businesses through Hi3G Access, which also provides central management and financial control.

In Sweden, revenue for the year ended December 31, 2023 was SEK7,984 million, increased by 5% from 2022 in local currency. Total margin in 2023 reported 10% growth in local currency compared to 2022, primarily driven by a growth of 6% in active customers. In local currency, EBITDA for the year ended December 31, 2023 was SEK2,501 million, which was 7% higher than 2022, primarily driven by the total margin growth and was partly offset by the higher operating costs incurred from the enlarged network base and increased handset receivables sales costs. EBIT for the year ended December 31, 2023 was SEK881 million, representing an increase of 42% as compared to 2022, as a result of the higher EBITDA and lower level of accelerated depreciation charges from the ongoing network asset swap in 2023.

In Denmark, revenue for the year ended December 31, 2023 was DKK2,438 million, representing 3% increase in local currency as compared to 2022. Total margin reported a 7% increase in 2023 in local currency compared to 2022, primarily driven by a growth of 3% in active customers and 1% in net AMPU. In local currency, EBITDA of DKK653 million was 4% lower than 2022, primarily driven by higher operating costs from the enlarged network base, increase in marketing expenses and staff costs, which more than offset the aforementioned total margin growth. Denmark's EBIT decreased further when compared to 2022 as a result of lower EBITDA and the higher depreciation from the network expansion and increase in 5G customer-premises equipment take up.

Sweden

Hi3G Access has a license to operate a national mobile network in Sweden. Hi3G Access's 4G (LTE) network coverage by population reached 98% as of December 31, 2023, with over 99% in the most densely populated southern part of the country.

Hi3G Access holds the following spectrum for use in operating a national mobile network.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
800 MHz.....	10 MHz	1	Paired	20 MHz	2035
900 MHz	5 MHz	1	Paired	10 MHz	2049
1800 MHz	5 MHz	1	Paired	10 MHz	2027
2100 MHz	20 MHz	1	Paired	40 MHz	2050
2100 MHz	5 MHz	1	Unpaired	5 MHz	2050
2600 MHz	10 MHz	1	Paired	20 MHz	2050
2600 MHz	50 MHz	1	Unpaired	50 MHz	2050
3500 MHz	100 MHz	1	Unpaired	100 MHz	2046

3G Infrastructure Services AB ("3GIS"), a 50/50 joint venture with Telenor Sverige AB, constructs and operates a UMTS infrastructure network in certain areas of Sweden.

By the end of 2023, **3** Sweden had achieved extensive coverage over ten of the country's largest cities with full TDD coverage.

Denmark

Hi3G Denmark, a wholly-owned subsidiary of Hi3G Access, has one of four licenses to operate a national mobile network in Denmark. Hi3G Denmark's 4G (LTE) network coverage by population was 100% as of December 31, 2023.

Hi3G Denmark holds network the following spectrum for use in operating a national mobile network.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
700 MHz	10 MHz	1	Paired	20 MHz	2040
900 MHz	10 MHz	1	Paired	20 MHz	2034
900 MHz	5 MHz	1	Paired	10 MHz	2034
1800 MHz	5 MHz	2	Paired	20 MHz	2032
1800 MHz	10 MHz	2	Paired	40 MHz	2032
2100 MHz	10 MHz	1	Paired	20 MHz	2042
2100 MHz	5 MHz	2	Paired	20 MHz	2042
2600 MHz	10 MHz	1	Paired	20 MHz	2030
2600 MHz	5 MHz	5	Unpaired	25 MHz	2030
3500 MHz	80 MHz	1	Unpaired	80 MHz	2042
3500 MHz	10 MHz	4	Unpaired	40 MHz	2042
26 GHz	400 MHz	1	Unpaired	400 MHz	2042
26 GHz	200 MHz	3	Unpaired	600 MHz	2042

Hi3G Denmark also holds an equal equity interest (25% equity share) with Telenor, Telia and TDC A/S in 4T af 1. Oktober 2012 ApS. The purpose of the joint venture is to provide mobile payment services in the Denmark market.

Since December 2016, Hi3G Denmark holds an equal equity interest (25% equity share) of OCH A/S with Telenor, Telia and TDC A/S. The purpose of this joint venture is to implement and handle number portability within the Danish telecommunications market.

3 Denmark had achieved approximately 90% 5G population coverage by end of 2023.

Austria

CKHH's wholly-owned subsidiary, **3** Austria, is one of three companies licensed to operate a national mobile and fixed-line network in Austria. **3** Austria's 4G (LTE) network coverage by population reached 98% as of December 31, 2023. At the end of 2023, **3** Austria's 5G population coverage was approximately 90%.

In January 2013, **3** Austria completed the acquisition of a 100% interest in Orange Austria. Together with the licenses acquired following the acquisition of Orange Austria, **3** Austria holds the following spectrum for use in operating a national mobile network.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
700 MHz	5 MHz	2	Paired	20 MHz	2044
900 MHz	5 MHz	1	Paired	10 MHz	2034
1500 MHz	10 MHz	3	Unpaired	30 MHz	2044
1800 MHz	5 MHz	4	Paired	40 MHz	2034
2100 MHz	5 MHz	4	Paired	40 MHz	2044
2600 MHz	5 MHz	5	Paired	50 MHz	2026
2600 MHz	25 MHz	1	Unpaired	25 MHz	2026
26 GHz[(1)]	200 MHz	3	Unpaired	600 MHz	2046
3500 MHz	10 MHz	10	Unpaired	100 MHz	2039

(1) Spectrum acquired in March 2024.

In September 2019, **3** Austria was the first Austrian provider to launch 5G commercially with new offers and devices.

Revenue for the year ended December 31, 2023 was €976 million, representing an increase of 10% in local currency compared to 2022. EBITDA decreased 2% in 2023 to €342 million and EBIT decreased 10% in 2023 to €176 million compared to 2022, mainly due to higher operating costs from network expansion and energy cost inflation, partly offset by 5% growth in total margin primarily from strong MVNO performance. The reduction in EBIT also reflected increased depreciation from an enlarged asset base as 5G network rollout continues. Austria's 5G coverage has reached over 85% and 60% FDD and TDD coverage respectively in 2023.

Ireland

3 Ireland is one of the three companies licensed to operate a national mobile network in the Republic of Ireland. In July 2014, Hutchison completed the acquisition of O_2 Ireland for €780 million with an additional deferred payment of €70 million payable dependent upon achievement of agreed financial targets, which was fully settled during 2021 and 2022. **3** Ireland's 4G (LTE) network coverage by population reached 99% as of December 31, 2023. Together with the licenses acquired following the acquisition of O_2 Ireland in 2014, **3** Ireland holds the following spectrum for use in operating its national network.

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
700 MHz[(1)]	5 MHz	2	Paired	20 MHz	2042
800 MHz	5 MHz	2	Paired	20 MHz	2030
900 MHz	5 MHz	3	Paired	30 MHz	2030
1800 MHz	5 MHz	7	Paired	70 MHz	2030
2100 MHz[(1)]	5 MHz	4	Paired	40 MHz	2042
2600 MHz[(1)]	5 MHz	7	Paired	70 MHz	2042
3600 MHz	5 MHz	20	Unpaired	100 MHz	2032

(1) Spectrum acquired in January 2023.

Revenue for the year ended December 31, 2023 in local currency decreased 1% to €615 million compared to 2022. EBITDA and EBIT for 2023 was €155 million and €21 million, respectively, representing a decrease of 11% and 59%, respectively, in local currency as compared to 2022, driven by higher operating expenses due to network expansion, energy cost inflation and increased marketing and sponsorship following the uplift of lockdown restrictions. The lower EBIT also reflected higher depreciation due to increased asset base and accelerated depreciation on certain retired network assets. Total margin was flat against 2022 as the customer base growth was fully offset by the lower net AMPU from the dilutive impact of higher mix of low margin Internet of things (IoT) customers. In 2023, **3** Ireland was awarded the fastest 5G network with 90% population coverage.

Hutchison Telecommunications Hong Kong Holdings Limited

Overview

HTHKH operates mobile telecommunications services in Hong Kong and Macau marketed under the **3** brand. Based on the closing price of HTHKH's shares on the SEHK on December 31, 2023, HTHKH had a market capitalization of approximately HK$5,156 million (approximately US$661 million).

In April 2020, HTHKH launched 5G network services in Hong Kong. The operation aims to further strengthen its 5G network coverage.

On March 5, 2024, HTHKH announced Post-IFRS 16 loss attributable to shareholders of HK$52 million (US$7 million) for the year ended December 31, 2023.

Hong Kong and Macau Mobile

HTHKH provides services to approximately 4.0 million active customers as of December 31, 2023 in Hong Kong and Macau.

HTHKH holds a unified carrier license ("UCL") in Hong Kong, under which it currently operates. HTHKH currently holds the following spectrum:

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
700 MHz[(1)]	5 MHz	2	Paired	20 MHz	2037
900 MHz	5 MHz	1	Paired	10 MHz	2036
900 MHz	5 MHz	1	Paired	10 MHz	2026
1800 MHz	15 MHz	1	Paired	30 MHz	2036
2100 MHz	14.8 MHz	1	Paired	29.6 MHz	2031
2300 MHz	30 MHz	1	Unpaired	30 MHz	2027
2600 MHz[(2)]	5 MHz	1	Paired	10 MHz	2028
2600 MHz[(2)(3)]	15 MHz	1	Paired	30 MHz	2024
3300 MHz	10 MHz	3	Unpaired	30 MHz	2034
3500 MHz	10 MHz	4	Unpaired	40 MHz	2035

(1) Activated in June 2022.

(2) Held by Genius Brand Limited, a 50/50 owned joint venture between HTHKH and Hong Kong Telecommunications (HKT) Limited.

(3) Following a successful bid of 10 MHz at the 2600 MHz spectrum band by a subsidiary of the HTHKH 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 license held by the joint venture in March 2024. Such joint venture will also obtain two other 10 MHz at the 2600MHz spectrum band from PCCW, 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 at the 2600 MHz spectrum band from 2024 to 2039.

In 2018, HTHKH exercised a right of first refusal offered by the Office of Communications Authority of Hong Kong and was selected as a preferred bidder in a spectrum auction. Accordingly, after renewal of the pre-existing licenses in the 900 MHz and 1800 MHz spectrum bands upon expiry in January 2021 and September 2021, respectively, HTHKH holds 10 MHz in the 900 MHz spectrum band for a 15-year term commencing from January 12, 2021 and 30 MHz in the 1800 MHz spectrum band for a 15-year term commencing from September 30, 2021. The total spectrum utilization fee was HK$2,040 million. After the spectrum auction in 2019, HTHKH acquired 30 MHz in the 3300 MHz spectrum band for a spectrum utilization fee of HK$199.5 million for 15 years from 2019, as well as 40 MHz in the 3500 MHz spectrum band for a spectrum utilization fee of HK$202 million for 15 years from 2020. After the spectrum auction in 2021, HTHKH acquired 20 MHz in the 700 MHz spectrum band for a spectrum utilization fee of HK$138 million and 10 MHz in the 2600 MHz spectrum band for a spectrum utilization fee of HK$114 million, both under a 15-year term commencing from their respective spectrum assignment dates of which the spectrum assignment dates for 700 MHz and 2600 MHz spectrum bands are June 30, 2022 and March 31, 2024 respectively. In November 2023,

the Communications Authority of Hong Kong approved the transfer of the bided 10 MHz in the 2600 MHz spectrum band from a subsidiary to a joint venture of HTHKH for a 15-year term commencing from March 31, 2024.

HTHKH also holds the following spectrum for use in operating its mobile network in Macau:

License	Spectrum Lot	Blocks	Paired/ Unpaired	Available Spectrum	Expiry
900 MHz.....	5 MHz	1	Paired	10 MHz	2025
1800 MHz	10 MHz	1	Paired	20 MHz	2028
2100 MHz	5 MHz	1	Paired	10 MHz	2025

European Union Regulation

EU telecoms regulatory framework – the European Electronic Communications Code ("EEC Code") – the BEREC Regulation

Individual national regulatory authorities ("NRA(s)") regulate **3** Group Europe businesses in the EU under national laws, the EEC Code which is implemented into national laws and EU regulations which are directly effective.

The EEC Code came into force in December 2018 and modernized the framework for the regulation of electronic communication services and networks across the EU. Member States had until December 2020 to transpose it into national legislation.

The EEC Code provides for, among other things, the way in which telecommunications operators are authorized to operate, the terms for access to, and interconnection between, the operators' networks, principles for ensuring the universal availability of a basic set of telecommunications services at affordable prices and the principles and coordination procedures for the development of a coherent EU radio spectrum policy.

In order to ensure consistency in the implementation and interpretation across the EU, the EEC Code contains powers for the Commission, as well as processes for collaboration among the NRAs, and between the NRAs and the Commission.

The EEC Code contains provisions to: harmonize further the management of spectrum; reduce regulations surrounding access to infrastructure (e.g. fixed-line networks) where the operator has significant market power ("SMP"); revise the definition of the universal service obligation; implement new consumer protection rules that will regulate internet based ("over-the-top" or "OTT") communication services and fully harmonize many consumer protection measures across the EU (e.g. maximum contract periods, rights of termination where customer terms have changed, new rules and transparency measures with respect to bundled packages, mandated one day recipient-led porting of mobile numbers); and set a single maximum EU-wide mobile voice termination rate ("MT Rate") for the whole EU. The Commission's stated objective is to increase the availability of fast broadband connections and the EEC Code contains measures to encourage investment in fast broadband connections, principally fiber. This is partly achieved by reducing the regulation of access to new fiber infrastructure, which may make it more difficult for competitors to access the fiber infrastructure of fixed-line incumbents, including the mobile backhaul services needed by Mobile Network Operators ("MNOs"). The EEC Code contains provisions that would allow NRAs to impose national roaming or infrastructure sharing to improve coverage of telecoms networks.

The EEC Code requires the NRAs to conduct periodic market reviews on Commission recommended markets identified as requiring ex ante regulation. The NRAs may only impose remedies (such as price controls and non-discrimination obligations) on operators in identified markets if they have been designated as having SMP, which concept accords with the concept of "dominance" under EU competition laws. In December 2020 the Commission adopted a new Recommendation reducing the number of markets susceptible to ex ante regulation to the following: the market for wholesale local access and the market for wholesale access to dedicated connectivity. The previous version of the Recommendation included the markets for mobile and fixed voice call termination, but with the introduction of the single maximum EU-wide mobile voice termination rate and the single maximum EU-wide fixed voice termination

rate (see further below), these markets have been removed from the latest Recommendation. The list of markets in the Recommendation requiring ex ante regulation is non-exhaustive, and the NRAs have the discretion to examine other markets not identified by the Commission.

In line with the EEC Code, the Commission adopted a regulation in December 2018 to set a single maximum EU-wide mobile voice termination rate and a single maximum EU-wide fixed voice termination rate that operators are allowed to charge each other for delivering fixed and mobile calls between their networks: the maximum EU-wide mobile voice termination rate is 0.2 eurocents per minute and the maximum EU-wide fixed voice termination rate is 0.07 eurocents per minute.

The Body of European Regulators of Electronic Communications ("BEREC") plays a key role in the development and better functioning of the internal market for electronic communications. Currently under the 2018 BEREC Regulation, retail prices of international calls and SMS made by persons in their home Member State to persons in other Member States are capped at 19 eurocents per minute and 6 eurocents per SMS respectively. The European Parliament and Council have provisionally agreed to extend this price cap until June 30, 2032 (originally due to expire May 2024). The European Parliament is expected to formally approve this during April 2024.

The Commission published a White Paper entitled "How to master Europe's digital infrastructure needs?" which is under public consultation until June 2024. The White Paper analyses the challenges Europe currently faces in the rollout of future connectivity networks, and presents possible scenarios to attract investment, foster innovation, increase infrastructure security and achieve a true digital single market. In light of the European Parliament elections in June 2024, following which Member States will appoint a new College of Commissioners, any proposal would need to be taken up by the new European Commission.

Telecoms Single Market Regulation

International roaming

The EEC Code is complemented by the Telecoms Single Market Regulation which sets price controls on the wholesale international roaming charges for voice, SMS and data roaming that MNOs based in the EU can charge other operators based in the EU, and on the retail international roaming charges that EU operators can charge their customers while roaming on mobile networks in other Member States within the EU. It was revised in 2022 by the EU Roaming Regulation to include additional transparency obligations and a requirement to offer the equivalent quality of service when roaming as is available domestically, subject to certain limitations. The wholesale price caps were also reduced. The main provisions of these Regulations are:

Retail price caps

- Since June 15, 2017, customers have been charged their domestic prices when roaming, subject to a fair use policy, which will allow operators to limit international roaming in the EU at the domestic prices to periodic travel.
- In 2023, the Commission reviewed the fair use policy and sustainability mechanism and concluded that they remain appropriate. The Commission's fair use policy is the minimum amount of EU roaming services that operators must offer their customers at domestic prices. For roaming traffic that exceeds the fair use limit, retail international roaming prices will be capped at the domestic price plus a surcharge equal to the wholesale cap. The Telecoms Single Market Regulation requires that operators must be able to recover their costs and the sustainability mechanism defines the test that NRAs must apply if an operator claims that it cannot sustainably offer roaming at domestic prices.

Wholesale price caps

- The latest wholesale price caps which came into effect from January 1, 2024 are: 2.20 eurocents per minute for wholesale voice roaming, 0.4 eurocent per SMS and, for data, 1.55 euros per gigabyte. The voice and SMS caps will remain unchanged until January 1, 2025 whereas the wholesale data price cap will decrease to 1.30 euros per gigabyte from January 1, 2025, and progressively down to 1 euro per gigabyte from January 1, 2027.

Net neutrality

The Telecoms Single Market Regulation imposes obligations on operators not to discriminate in their treatment of data traffic (commonly referred to as "net neutrality"). The Regulation requires providers of publicly available "internet access services" to treat all data traffic equally. It also gives end-users the right to access and distribute information and content, via their internet access service, and use and provide applications and services and terminal equipment of their choice, regardless of location, origin or destination of the information, content, application or service. The Regulation allows "reasonable" traffic management, which must be transparent, non-discriminatory and reasonable and not based on commercial considerations. BEREC guidelines address commercial practices, traffic management, specialized services and transparency requirements. In particular, they prohibit offers that limit the websites that can be accessed ("sub-internet offers"), and impose restrictions on tethering, certain zero rating offers (where data use does not count against the consumer's allowance) and network based blocking of content, including blocking of advertising. NRAs are responsible for enforcing the Regulation and are to take utmost account of BEREC's guidelines.

The Regulation requires the Commission to review the net neutrality provisions of the Telecoms Single Market Regulation and report to the European Parliament and European Council every four years. In May 2023 the Commission published a study that found that no aspect of the Regulation needed immediate revision but that certain of BEREC's guidelines could be improved, notably those concerning the transparency of NRAs' enforcement of the Regulation.

Spectrum

The Radio Spectrum Policy Program, established in 2012, defines the strategic objectives for spectrum policy in the EU, including to identify sufficient spectrum for wireless broadband.

The EEC Code grants the Radio Spectrum Committee the powers to harmonize the use of spectrum bands for the provision of electronic communications services. Most recently, the EEC Code required Member States to assign for mobile use the 3.4-3.8 GHz band and at least 1 GHz in the 24.25-27.5 GHz band by December 31, 2020. Most Member States have released at least some of the 3.4-3.8 GHz spectrum but release of the 24.25-27.5 GHz is less advanced. The 2023 World Radio Conference identified the 6.425-7.125 GHz spectrum band for mobile use in Europe. Further studies will be needed to define the technical parameters before the spectrum can be released for use.

Data protection, e-privacy

Data protection

The General Data Protection Regulation ("GDPR") is directly applicable in all EU Member States. It applies to all data controllers and data processors in the EU that are processing personal data, and those outside the EU that target data subjects in the EU. Under the GDPR data subjects have certain rights, including the right to be forgotten and the right to data portability. When processing personal data, data controllers and processors must have a "lawful basis" and must ensure their systems and procedures are compliant (privacy by design and by default). Data controllers are required to maintain a data processing register. Fines for failing to comply with the GDPR can be up to 4% of worldwide annual revenue.

Under the GDPR, contractual clauses ensuring appropriate data protection safeguards can be used as a lawful basis for data transfers from the EU to third countries. This includes model standard contractual clauses ("SCCs") that have been preapproved by the Commission,

provided that when using SCCs, organizations verify on a case-by-case basis that the personal data being transferred will be adequately protected in the destination country in line with the requirements of EU law. E.g. that the level of protection is "essentially equivalent" to that guaranteed within the European Union by the GDPR, read in light of the European Union Charter of Fundamental Rights. The latest version of the SCCs was published by the Commission in June 2021.

Where the Commission adopts an adequacy decision that a country outside the EU offers an adequate level of data protection, then personal data can flow from the EU to that third country without any further safeguards being necessary. In July 2023 the Commission adopted an adequacy decision confirming that the EU-US Data Privacy Framework establishes an adequate level of protection for personal data transferred from the EU to US companies who participate in the Data Privacy Framework. This follows a ruling of the Court of Justice of the European Union in July 2020 which found that previous EU-US privacy shields were invalid. The Commission is to conduct a review in July 2024 to consider whether the safeguards put in place by the US Government are functioning effectively.

E-privacy

On 10 January 2017, the Commission published its legislative proposals to revise the e-Privacy Directive. The Directive would be replaced by an e-Privacy Regulation that would regulate not only electronic communications services, as is currently the case, but also internet based (OTT) communication services. There is a stricter requirement to obtain consent for the use of personal or meta data, revisions to the requirement to obtain consent for cookies, rules on data breach notification and higher fines for breaches of the Regulation (up to 4% of worldwide annual turnover, in line with the fines in the GDPR). Negotiations between the Parliament, Commission and Council are currently on hold. It is unlikely that the Regulation will be adopted before the European Parliament elections in June 2024.

EU Regulations on digital services and digital markets

As part of the Digital Strategy, two new regulations came into force in November 2022 which are directly applicable in all EU Member States: the Digital Services Act ("DSA") and the Digital Markets Act ("DMA") which aim to create a safer digital space where the fundamental rights of users are protected and to establish a level playing field for businesses.

Digital Services Act

The DSA regulates the content and services provided by online intermediaries such as Internet service providers, cloud services, messaging services, marketplaces, app stores and social networks. It requires all providers of intermediary services, including telecoms operators when providing Internet access, to comply with transparency obligations and to cooperate with national authorities. The providers of hosting services also have obligations to tackle illegal content and online platforms (hosting services that disseminate information to the public at the request of the user) have further obligations, including to provide a complaints mechanism, ensure traceability of their business users and provide transparency of online advertising. Platforms that have more than 45 million users are deemed to be "very large online platforms" and are subject to additional reporting obligations and the external audit of their activities. The DSA provisions apply from February 2024 and the Commission has identified seventeen "very large online platforms" and two "very large online search engines" per the DSA.

Digital Markets Act

The DMA regulates the economic behavior of online platforms that act as digital "gatekeepers". These are defined as businesses that control at least one "core platform service" (that is, online intermediary services, search engines, social networking, video sharing, messaging, operating systems, cloud services and advertising services) and which meet certain criteria. Electronic communications networks and services are excluded from the scope of the DMA. The regulation of the behavior of gatekeepers may affect its commercial relationships with electronic communications network operators. The DMA provisions applied from May 2023 and the Commission has identified six "gatekeepers" (Alphabet, Amazon, Apple, ByteDance, Meta, and Microsoft) for a total of twenty-two core platform services.

Artificial Intelligence Act

The Artificial Intelligence (AI) Act ("AI Act") has passed through the legislative process and is expected to be published in the coming months. The AI Act will be subject to a transitional period before it becomes directly applicable. The Commission is expected to issue guidelines to help regulated entities interpret and apply the AI Act.

The AI Act imposes obligations on providers and users of AI based on the level of risk associated with the AI system. AI systems that pose an "unacceptable level of risk" will be prohibited; whereas AI systems that are "high-risk" will be subject to significant regulatory obligations, including enhanced thresholds of diligence and quality and risk assessments. Included in the category of high risk systems are AI systems used as safety components in critical digital infrastructure, road traffic and the supply of water, gas, heating and electricity. Should any AI systems used by CKHH fall within this definition, the relevant company(ies) will need to comply with the regulatory obligations. The AI Act also regulates general purpose AI models, such as ChatGPT.

Cyber Resilience Act

The Cyber Resilience Act, which has been agreed but not yet published, requires all hardware and software made available on the EU market to meet standards for cybersecurity. While all economic actors involved in the supply chain will have obligations to meet those standards, the onus will be on manufacturers. **3** Group companies (and all CKHH businesses that make such products available in the EU) will have such obligations but, in practice, this should be fulfilled by ensuring manufacturers have conducted a cybersecurity risk assessment and met the minimum cybersecurity standards.

UK Regulation

Brexit and application of EU Law within the UK

Under the European Union (Withdrawal) Act 2018, the UK adopted an approach of "retained EU law" whereby existing EU law that formed part of domestic law, and EU legislation that was directly applicable in the UK, was incorporated into UK law at the end of the transition period on December 31, 2020, subject to a range of legislative and regulatory steps taken at the time to reflect UK's status outside of the EU. In June 2023, the government enacted the Retained EU Law (Revocation and Reform) Act 2023 ("REULA") under which certain retained EU laws were repealed automatically at the end of 2023. The REULA further enables the revocation, restatement, replacement or updating of certain retained EU laws until June 23, 2026, and inter alia removes the special features that EU laws have in the UK legal system and repeals the principle of supremacy of EU law from UK law. The impact of the REULA on UK legislation (including the Communications Act 2003 and the Wireless Telegraphy Act 2006) impacting our UK business is currently unclear.

UK electronic communications regulatory framework – the Communications Act 2003 ("Comms Act") and the Wireless Telegraphy Act 2006 ("WTA") – Ofcom

The UK electronic communications regulatory framework is primarily contained within the Comms Act and the WTA. The Comms Act is based on the EU telecoms regulatory framework (including the EEC Code), with amendments to reflect the UK's status outside the EU.

Ofcom, the Office of Communications, is the national regulatory authority responsible for the regulation of electronic communications networks and services, and for issuing spectrum licences under the WTA. All providers of electronic communications networks and services must comply with the General Conditions of Entitlement ("General Conditions") if they wish to provide services in the UK. Under the Comms Act, Ofcom has the power to set, modify and revoke the General Conditions. Ofcom has implemented certain end-user rights contained in the EEC Code package of measures including for: provision of information in contracts; transparency, comparison tools and publication of information; quality of service; contract duration and termination; protections for end-users with disabilities; switching and porting; and bundled offers. The implementation was largely completed in April 2023; with the exception of the new 'One Touch' switching process for fixed line broadband and fixed wireless access, which is expected to be delivered in September 2024.

Telecommunications (Security) Act and High Risk Vendors

The Telecommunications (Security) Act 2021 ("TSA") amends the Comms Act and requires telecoms providers (like 3 UK) to have measures in place to identify and reduce the risks of security compromises, such as those resulting from hardware or software failure, human error, or malicious attacks. Fines for failing to comply with security duties can be up to a maximum of 10% of relevant turnover.

The TSA also introduces new powers for the government to manage risks posed by 'high risk vendors' ("HRV"). This enables the government to control the extent to which equipment provided by HRVs are used in telecoms networks, if such equipment is considered to be a risk to safety and security. An HRV designation was made against Huawei in 2022. Network providers are required to remove Huawei equipment by the end of 2027.

Mobile termination rates

Mobile termination rates are regulated by Ofcom. From April 1, 2024, the mobile termination rate will be 0.468ppm (previously 0.440ppm). For calls originating outside the UK, UK operators will be required to charge no more than the equivalent rates charged by their international counterparties (where those are higher than the UK mobile termination rate).

International roaming

Ofcom published a consultation on new safeguards for mobile roaming in July 2023, with proposals intended to strengthen customer protections when roaming, including personalised roaming alerts and redress mechanisms for inadvertent roaming. There is no requirement to introduce a mandatory data roaming limit. Consultation on Ofcom's proposed new roaming rules closed at the end of September 2023. Ofcom plans to publish its final decision in 2024.

Net neutrality

Ofcom is responsible for monitoring and ensuring compliance with the net neutrality rules. Ofcom published a statement on net neutrality in October 2023 and revised certain of its existing compliance guidance, following an extensive consultation. The revised guidance provides for a more permissive approach to traffic management, zero rating and specialized services.

Data Protection

Data protection legislation in the UK is governed by the Data Protection Act 2018 and the UK GDPR. The UK GDPR is largely the same as the EU GDPR (see heading "Data protection" above), with some amendments to reflect the UK's status outside of the EU.

Entities caught by the Data Protection Act 2018 and the UK GDPR must comply with the rules governing the transfer of personal data to entities located outside the UK. The government has confirmed that transfers of personal data from the UK to EU will continue without the need for any additional transfer tools. The Commission adopted an "adequacy" decision on June 28, 2021 enabling the free flow of personal data from the EU to the UK where it benefits from an essentially equivalent level of protection to that under EU law. The adequacy decision is expected to last until June 27, 2025. Later this year, the Commission is expected to consider whether to extend the adequacy decision for a further four years. The Information Commissioner's Office ("ICO") introduced international data transfer agreements ("IDTAs") to replace the EU SCCs for transferring personal data to non-EU countries. The IDTAs came into force on March 21, 2022.

The Data Protection and Digital Information Bill was reintroduced into UK Parliament in March 2023. If enacted, the Bill will make changes to the UK GDPR, the Data Protection Act 2018 and other regulations. The reforms are intended to make data protection legislation simpler for businesses to understand and implement. The Bill is going through the legislative process and is currently in the House of Lords.

Online Content

The Online Safety Act 2023 ("OSA") received Royal Assent on October 26, 2023. The Act imposes a duty of care on online platforms to prevent the proliferation of illegal content and activity online. Ofcom is the enforcing regulator. The OSA introduces stringent duties on platforms defined as high-risk user-to-user services (e.g. large social media firms) and high-risk search firms in order to protect online users. Less onerous duties apply to small and low risk internet search firms and low risk user-to-user services. Following its 2023 consultation, Ofcom is expected to publish codes of practice and guidance for the OSA later this year.

Artificial Intelligence

Unlike the EU, the uk government has not introduced AI-specific legislation and instead, has adopted five cross-sectoral principles for existing regulators to interpret and apply within their remits in order to drive safe, responsible AI innovation. The five principles, which were originally proposed in its 2023 AI Regulation White Paper, are safety, security and robustness; appropriate transparency and explainability; fairness; accountability and governance; and contestability and redress. This is currently a non-statutory framework, but the government will continue to review whether a statutory duty should be imposed on regulators. The government has written to a number of regulators, including the ICO and Ofcom, to ask them to publish updates outlining their strategic approach to AI, with the intention of increasing the transparency around how they are implementing the White Paper proposals.

Hutchison Asia Telecommunications

Overview

HAT currently operates mobile telecommunications services in three markets in Asia: Indonesia, Vietnam and Sri Lanka. The services are marketed under the Indosat Ooredoo Hutchison brand in Indonesia, Vietnamobile brand in Vietnam and the Hutch brand in Sri Lanka.

Indonesia

CKHH provides mobile telecommunications services in Indonesia through Indosat Ooredoo Hutchison ("IOH") (formerly PT Hutchison **3** Indonesia ("H3I") before the merger with PT Indosat Tbk ("Indosat") in January 2022). As of December 31, 2023, IOH had a network of over 179,000 4G base transceiver stations and approximately 98.8 million active customers.

In January 2022, the merger transaction between H3I and Indosat was completed. The newly merged company, IOH, remains listed on the Indonesian Stock Exchange and became, as of the time of the merger, the second largest telecommunication operator in Indonesia. Following the completion of the merger on January 4, 2022, CKHH holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in IOH. IOH had a market capitalization of approximately HK$38,610 million (approximately US$4,950 million) as of December 31, 2023.

Vietnam

CKHH provides mobile telecommunications services in Vietnam through Vietnamobile Telecommunications Joint Stock Company ("Vietnamobile") in which CKHH holds 49% of the business. Vietnamobile's network has nationwide coverage. Vietnamobile has further upgraded its network to provide 4G services in regions with high growth potential, focusing in southern Vietnam. Vietnamobile had approximately 14.7 million active customers as of December 31, 2023.

Sri Lanka

CKHH provides mobile telecommunications services in Sri Lanka through Hutchison Telecommunications Lanka (Private) Limited ("Hutch Lanka"). In November 2018, Hutch Lanka completed the acquisition of Etisalat Lanka (Private) Limited ("ESL"), the Sri Lanka telecommunication business of Emirates Telecommunications Group Company PJSC ("Etisalat Group"), and CKHH holds 85% interest in the enlarged Sri Lanka telecommunications business. In July 2019, Hutch Lanka and ESL were amalgamated with Hutch Lanka as the surviving

entity. Hutch Lanka's network has nationwide coverage. In 2020, Hutch Lanka re-launched the merged network to provide nationwide 4G services. The operation had approximately 3.6 million active customers as of December 31, 2023.

HTAL, share of TPG Telecom Limited (included in Finance & Investments and Others segment)

HTAL, an 87.87% owned subsidiary listed on the ASX, holds 25.05% of TPG which is also listed on the ASX.

On February 26, 2024, HTAL announced its Post-IFRS 16 results for the year ended December 31, 2023 and reported a statutory net loss of A$124.0 million for the year ended December 31, 2023, representing a A$274.3 million increase compared to the A$398.4 million net loss for the year ended December 31, 2022. This was mainly due to a one-off non-cash impairment loss of A$444.6 million recognized in 2022 for HTAL's 25.05% interest in TPG which was partially offset by a A$170.8 million decrease in share of net profit of HTAL's equity accounted investments, net of tax.

Finance & Investments and Others

CKHH receives income from its finance & investments and others segment, which is responsible for the management of CKHH's cash deposits, liquid assets held in managed funds and other investments. Managed funds are portfolios of short-term and liquid debt securities, primarily denominated in U.S. dollars, managed by independent professional fund managers in various financial centers around the world. CKHH also has certain investments in shares and convertible securities of listed companies. Income from this division includes interest income, dividends from equity investments, profits and losses from sale of securities and foreign exchange gains and losses of non-Hong Kong dollar denominated liquid assets. CKHH has adopted a strategy of minimizing credit, interest rate, market price and currency risks in its fixed income investments, and has divested its medium-term, long-term and foreign currency investments in favor of U.S. dollar denominated short-term liquid debt securities.

CKHH has operations in over 50 countries and conducts businesses in around 50 currencies. CKHH's functional currency for reporting purposes is Hong Kong Dollars and CKHH's reported results in Hong Kong Dollars are exposed to exchange translation gains or losses on its foreign currency earnings. CKHH generally does not enter into foreign currency hedges in respect of its foreign currency earnings. It is CKHH's policy not to enter into derivative transactions for speculative purposes. It is also CKHH's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

As of December 31, 2023, CKHH's liquid assets totaled HK$143,109 million (US$18,347 million) of which 17% were denominated in Hong Kong dollars, 45% in U.S. dollars, 3% in Renminbi, 23% in Euro, 5% in Pound Sterling and 7% in other currencies. Cash and cash equivalents represented 89% of such total, U.S. Treasury notes and listed debt securities 5% and listed equity securities 6%. The U.S. Treasury notes and listed debt securities, including those held under managed funds, consisted of U.S. Treasury notes of 72%, government and government guaranteed notes of 25% and others of 3%. All of the U.S. Treasury notes and listed debt securities were rated at Aaa/AAA or Aa1/AA+, with an average maturity of approximately 1.8 years on the overall portfolio. CKHH has no exposure in mortgage-backed securities, collateralized debt obligations or similar asset classes.

The interest expense and finance costs related to CKHH's various operating businesses are not attributed to this division but are disclosed separately in the consolidated income statement and related notes thereto set forth in the audited consolidated financial statements of CKHH included elsewhere in this offering memorandum.

Hutchison Whampoa (China) Limited

In addition to subsidiaries and joint ventures in several of its core businesses, CKHH is also engaged in other activities in the Mainland, Hong Kong and the UK through its wholly-owned subsidiary HWCL, and its 38.17% associate, HUTCHMED. These activities include the provision of aircraft management, maintenance and engineering services,

biopharmaceutical research and global development and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases, the manufacturing and commercialization of pharmaceutical products, the manufacturing and trading of detergent products, the distribution of consumer products, and the provision of logistics services.

CKHH is the major shareholder of HUTCHMED, which is listed on the Main Board of the SEHK, the AIM and Nasdaq. HUTCHMED had a market capitalization of approximately US$3,155 million (approximately HK$24,608 million) as of December 31, 2023.

HWCL has the following major investments, which operate in the Mainland, Hong Kong and the UK:

- Guangzhou Aircraft Maintenance Engineering Company ("GAMECO") (50% interest), a joint venture with China Southern Airlines. GAMECO serves both Chinese and international airlines from its maintenance facilities at Guangzhou's airport and other locations in the Mainland, Australia and New Zealand conducting both routine maintenance services and overhauls;

- China Aircraft Services Limited (48% interest), a joint venture with China Airlines and China National Aviation Corporation, providing aircraft maintenance and support services;

- Gama Aviation Plc (29.63% interest), a global business aviation services provider listed on the AIM;

- Shanghai Hutchison Whitecat Company Limited ("Whitecat") (100% interest), which develops and manufactures consumer and industrial detergent products; and

- HUTCHMED (38.17% interest), a company listed on the Main Board of the SEHK, the AIM and Nasdaq. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialization of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. During 2019, CKHH partially disposed of its interest in HUTCHMED reducing CKHH's shareholding from 60.15% to 49.86%. HUTCHMED has therefore been derecognized as a subsidiary to an associated company. Subsequent to the follow-on offering of HUTCHMED's ADS in January 2020 and private placements in July and November 2020, CKHH's shareholding was further diluted to 45.69%. The private placement in April 2021, initial public offering in Hong Kong and subsequent exercise of share options resulted in further dilution of shareholding to 38.17% as of December 31, 2023.

E-Commerce Operations

CKHH has invested in e-commerce and related opportunities. These operations include:

- bigboXX.com (100% interest) – an office supplies procurement portal for business corporations in Hong Kong;

- Hutchison Travel (100% interest) – an online travel agent that offer air tickets, hotel rooms, rental car, air plus hotel combo and travel insurance; and

- ESD*life* (85% interest) – provision of a one-stop-shop platform for public and commercial electronic services, as well as professional digital solutions through the establishment of a vast digital information infrastructure.

CKHH also has a 50% economic interest in Metro Broadcast, a licensed radio broadcasting operator in Hong Kong currently operating three analog radio channels, namely Metro Finance (FM 104), Metro Info (FM 997) and Metro Plus (AM 1044).

TOM GROUP

CKHH also has a 36.1% interest in TOM Group, a technology and media company listed on the SEHK. TOM Group has technology operations in social network and mobile internet, and investments in e-commerce, fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments. Based on the closing price of its shares on the SEHK on December 31, 2023, TOM Group had a market capitalization of approximately HK$2,573 million (approximately US$330 million).

Marionnaud Group

CKHH has a 100% interest in the Marionnaud Group, a luxury perfumery and cosmetic retail chain in Europe. As of December 31, 2023, Marionnaud operated over 720 stores in 9 European markets, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

CKHH has an approximate 45.32% interest in CKLS, a company listed on the SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialization, marketing and sale of, and investment in nutraceuticals, pharmaceuticals and agriculture-related products and assets as well as investment in various financial and investment products. It has business interests in three key divisions: agriculture, nutraceutical and pharmaceutical research and development. Based on the closing price of its shares on the SEHK on December 31, 2023, CKLS had a market capitalization of approximately HK$5,959 million (approximately US$764 million).

Cenovus Energy

In January 2021, Cenovus Energy, a Canadian integrated oil and nature natural gas company listed on the Toronto Stock Exchange and New York Stock Exchange, announced the completion of the combination of Cenovus Energy and Husky Energy. Following the completion of the merger of Cenovus Energy and Husky Energy in January 2021, Cenovus Energy becomes an associate of CKHH. As of December 31, 2023, CKHH held 16.9% interest in Cenovus Energy.

Cenovus Energy operates in Canada, the United States and the Asia Pacific region. Its operations include oil sands projects in northern Alberta, thermal and conventional crude oil and natural gas projects across Western Canada, crude oil production offshore Newfoundland and Labrador and natural gas and liquids production offshore China and Indonesia. Cenovus Energy's downstream operations include upgrading, refining and marketing operations in Canada and the United States.

Environmental, Social and Governance Matters

Many of CKHH's businesses operate in highly regulated environments. Regulatory frameworks are closely analyzed and monitored and internal policies are prepared and updated accordingly. Tailor-made workshops are conducted to strengthen awareness and understanding of CKHH's internal controls and compliance procedures. In addition, refresher courses on ethical business practices are provided on a regular basis. Where appropriate, best practices are shared among CKHH to increase cross-fertilization of ideas and know-how. Further, the Group Management Services Department is responsible for the assessment of CKHH's sustainability practices and relevant regulatory compliance.

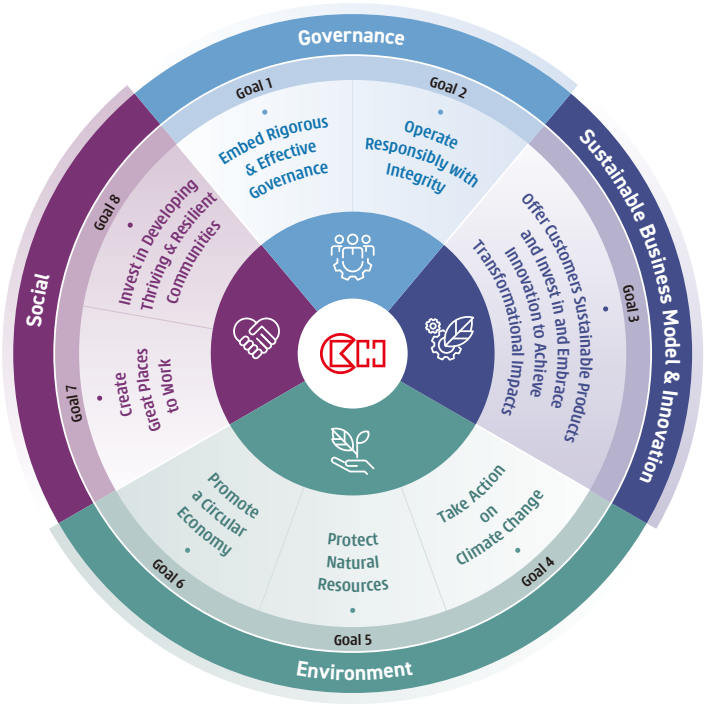
CKHH is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on CKHH concerning employment, occupational health and safety or labor standards, product responsibility, anti-corruption, air and water discharges, and generation of waste as of December 31, 2023.

Sustainability at CKHH

CKHH is committed to enhancing long-term value for all its stakeholders. The following Sustainability Framework has been developed at CKHH-level and consists of four pillars and eight goals that form the foundational approach of CKHH's sustainability strategy. How the

goals are achieved across CKHH will differ depending on the nature of the business sectors and geographies in which each core business operates. Neither the following Sustainability Framework nor the sustainability reports of CKHH shall form part of this offering memorandum.

Sustainability Framework



CKHH is committed to playing its part in achieving the United Nations Sustainable Development Goals ("SDGs"). Through collaborating and focusing efforts across its businesses, CKHH believes it can contribute to increasing the speed and scale of delivery across a wide number of the SDGs and to meeting the ambitions set out in the 2015 Paris Agreement.

Leadership on the SDGs also requires embracing the values set out in the Ten Principles of the United Nations Global Compact (the "Global Compact") in the areas of human rights, labor, environment, and anti-corruption.

As a signatory and active participant to the Global Compact, CKHH is committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of CKHH and to engaging in projects which advance the SDGs.

Sustainability Governance

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

The Board level Sustainability Committee is chaired by Mr Frank Sixt with Ms Edith Shih and Dr Rosanna Wong as members. With the retirement of Dr Rosanna Wong from the Board at the conclusion of the annual general meeting of CKHH (the "2024 AGM") to be held on May 23, 2024 (or such other date to be detailed in the notice of the meeting to be issued), the composition of the Board Committees of CKHH will change with effect from the conclusion of the 2024 AGM, as Ms Tsim Sin Ling, Ruth will be appointed as a member of the Sustainability Committee. Since Ms Tsim Sin Ling, Ruth will be subject to re-election to the Board at the 2024 AGM, the appointments of her to the Board Committee mentioned above is subject to her having been re-elected as Director of CKHH at the 2024 AGM.

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

The Sustainability Committee held two meetings in 2023 with 100% attendance as shown in the table below.

Members	Attended/Eligible to Attend
Frank John Sixt *(Chairman)*	2/2
Edith Shih	2/2
Wong Yick-ming, Rosanna	2/2

During 2023, the Sustainability Committee focused on reviewing progress against the actions CKHH committed to in the 2021 Sustainability Report. It also reviewed and approved the 2022 Sustainability Report published in May 2023. The Sustainability Committee received an update on the HKEx additional climate-related reporting requirement and readiness assessment, and other ESG-related reporting standards on the horizon. Dedicated resources for an early preparation was advised as a result. The adequacy of resources, staff qualifications and experience, training programs and budget of CKHH's sustainability performance and reporting function was also examined and considered satisfactory by the Sustainability Committee.

At its meeting in March 2024, the Sustainability Committee reviewed the progress of previously approved sustainability goals and future goals. It also reviewed and recommended to the Board for approval the 2023 Sustainability Report, which was published in April 2024.

Supporting the Sustainability Committee is the Sustainability Working Group, comprising two Executive Directors as Co-Chairs, as well as other senior executives from key departments that impact the material sustainability issues of CKHH.

Sustainability is embedded in the risk management approach of CKHH, through the bi-annual formal examination of all business divisions 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 Group Finance Director and Deputy Managing Director biannually as well as the Audit and Sustainability Committees for review and approval.

Progress

During 2023, CKHH continued its effort in managing its climate related risks and opportunity, while accelerating its climate strategy focusing on developing science-based targets, net-zero pathways and scope 3 footprints.

CKHH has committed to halving scope 1 and 2 emissions by 2035 versus the 2020 baseline as well as the pursuit of net-zero carbon emissions across its value chain by 2050. These targets are based on the robust strategies being put in place at each of CKHH's core businesses. Overall, CKHH has been on track in achieving targets, reducing approximately 10% in scope 1 and scope 2 emission compared against our 2020 emission. Each business division has also set its own target based on its business model and operational strategy. During 2023, the Ports division has submitted its near-term and net-zero targets to the Science Based

Targets initiative for validation and has successfully received their approval. During the year, the infrastructure division's business units continued to make progress towards their net-zero ambitions.

CKHH has identified 10 net-zero transition opportunities, such as:

- Renewable and other clean energy: solar panel installation projects are installed across various locations;
- Clean transportation: scaling up electric, hybrid-electric and hydrogen vehicles, where applicable; and
- Energy efficiency: using big data and AI to transform distribution networks and becoming a leader in innovation in 5G, IoT applications and smart city solutions.

As part of the ongoing efforts to align the Group's climate action strategy development and reporting to leading practice frameworks, the Company has leveraged the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to provide more detailed insight to the Group's climate-related governance, strategy, risk management, and metrics and targets. During 2022, the Group published its first standalone TCFD report which it plans to supplement its next iteration with further scenario analyses during 2023. Following the Group's guidance, the CK Hutchison Group Telecom also published its first TCFD report in 2023.

Sustainability is prioritized by CKHH not only because of the risks it poses but also as it acts as a growth opportunity for CKHH. Since 2021, CKHH has fully phased out coal-fired power generation in OECD countries. In the near term, CKHH is committed to continuing this process in non-OECD countries and to fully phasing out all coal-fired generation by 2035. CKHH is committed to a Group-wide renewable electricity strategy. In the long term, CKHH is committed to achieving 100% renewable and other clean energy in electricity distribution networks and completing hydrogen transition in gas networks. In addition, CKHH continues engaging with suppliers in achieving net-zero targets. Throughout 2023, CKHH's core businesses continued to invest in innovation and technology to create competitive advantage and future-ready its business:

- The ports division finalized its net-zero transition strategy in line with its long-term ambition of achieving net-zero before 2050. To support this, it has mandated that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy.
- The retail division continues its commitment to achieving its emission reduction targets which have been validated by the Science Based Targets initiative. In addition and with over 90% of its footprint being attributable to scope 3 emissions, this division continues to implement a major supplier engagement programme including trainings and tools to report more accurate data through a dedicated scope 3 emissions platform. The retail division is pursuing 100% renewable electricity in EU and Asia by 2030.
- The infrastructure division's electricity distribution networks are leading the way in adopting low carbon technologies through smart grid schemes, expanding use of electric vehicles and integrate renewable energy into its charging facilities. EDL continued to be a leading global sustainable energy provider. As for the gas distribution network, Northern Gas Networks, Wales & West Gas Networks, and Australian Gas Infrastructure Group are at the forefront of the hydrogen transition, while Dutch Enviro Energy and Enviro NZ continue to be major operators of waste management and recycling in their own countries. Other operations including UK Rails' battery trains, ista's new heating, energy and water consumption tracking devices, as well as Canadian Power's Okanagan wind farms and HK Electric's Offshore Terminal are all major sustainability projects facilitating decarbonisation of this division.
- The telecommunication division continues to invest in the transition to 5G including network equipment upgrades, implementation of energy efficient network features, and virtualization of networks, all of which are leading to more efficient processing of

data traffic. Business units are also continuing to evaluate options for maintaining and increasing the proportion of renewable energy use. The telecommunication division is pursuing 100% renewable electricity in a number of EU markets.

Legal Proceedings

CKHH is not engaged in any material litigation or arbitration proceeding, and no material litigation or claim is known by CKHH to be pending or threatened against it, which would have a material adverse effect on CKHH's financial condition and results of operations.

Insurance

CKHH believes that its properties are covered by adequate property insurance by reputable companies and with commercially reasonable deductibles and limits, covering fire, earthquake, loss of rent and third party liabilities.

Employees

The following table shows the divisional allocation of employees.

Number of Employees

	As of December 31,		
	2021	2022	2023
Ports and related services	33,309	34,089	33,428
Retail[1]	180,920	177,321	181,590
Infrastructure	30,877	32,015	33,830
3 Group Europe	15,791	15,936	16,126
Hutchison Telecommunications Hong Kong Holdings	1,045	1,155	1,240
Hutchison Asia Telecommunications[2]	1,870	4,745	4,868
HTAL[3]	5,883	6,102	6,133
Finance & Investments	487	488	496
Others[1][4]	32,275	31,220	31,482
Total number of employees	302,457	303,071	309,193

(1) Employees of Marionnaud Group have been reclassified from Retail to Others.

(2) Subsequent to the merger completion between Hutchison **3** Indonesia and PT Indosat Tbk in January 2022, all employees in Indosat Ooredoo Hutchison are included in the number of employees of Hutchison Asia Telecommunications as of December 31, 2023.

(3) Includes all employees in TPG Telecom Limited.

(4) Subsequent to merger completion between Cenovus Energy and Husky in January 2021, CKHH owned 15.8% in Cenovus Energy. As of December 31, 2023, CKHH owns 16.9% in Cenovus Energy. Employees of Cenovus Energy are included within Others.

HONG KONG

Until July 1, 1997, Hong Kong was a colony of the UK. On July 1, 1997, sovereignty over Hong Kong reverted from the UK to the Mainland, and Hong Kong became a Special Administrative Region of the PRC. The agreement between the British and Chinese governments regarding this transfer is embodied in the Joint Declaration, which was signed on December 19, 1984 and subsequently ratified by both governments. Acting pursuant to the Joint Declaration, in April 1990 PRC's National People's Congress (the "NPC") adopted the Basic Law, which is the basic constitutional document of Hong Kong. Under the Basic Law, Hong Kong is to have its own legislature, legal and judicial system and full economic autonomy for 50 years. Defense and foreign affairs are the responsibility of the central government in Beijing, although Hong Kong will still be able to participate in international organizations and agreements, where deemed appropriate. The Basic Law provides that the Hong Kong dollar will remain the legal tender currency in Hong Kong and is to remain freely convertible, and that no exchange controls will be applied. Existing freedoms, including the rights of free speech and assembly, a free press, freedom of religion, and to strike and to travel, are ensured by law, and business ownership, private property, the right of inheritance and foreign investment are to be legally protected.

Under the Basic Law, the laws in force in Hong Kong prior to June 30, 1997 remain in force, except for any that contravene the Basic Law, and are subject to amendment by Hong Kong's legislature. The power of interpretation of the Basic Law is vested in the Standing Committee of the NPC, although the courts of Hong Kong may interpret the Basic Law in adjudicating cases before them, subject to certain limitations. The power of amendment of the Basic Law is vested in the NPC. The Basic Law provides that the Chief Executive of Hong Kong shall be recommended by a committee composed of Hong Kong residents representing a broad spectrum of distinct constituencies, such as industry, labor, and various professions, and appointed by the central government of the PRC.

MANAGEMENT OF CKHH

The Directors of CKHH are set forth below.

Name	Age	Position
LI Tzar Kuoi, Victor	59	Chairman and Executive Director
FOK Kin Ning, Canning	72	Deputy Chairman and Executive Director
Frank John SIXT	72	Group Co-Managing Director, Group Finance Director and Executive Director
LAI Kai Ming, Dominic	70	Group Co-Managing Director and Executive Director
IP Tak Chuen, Edmond	71	Deputy Managing Director and Executive Director
KAM Hing Lam	77	Deputy Managing Director and Executive Director
Edith SHIH	72	Executive Director and Company Secretary
Andrew John HUNTER	65	Executive Director
CHOW Kun Chee, Roland	86	Non-executive Director
LEE Yeh Kwong, Charles	87	Non-executive Director
George Colin MAGNUS	88	Non-executive Director
WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan)	70	Non-executive Director
CHOW Ching Yee, Cynthia	60	Independent Non-executive Director
Philip Lawrence KADOORIE	32	Independent Non-executive Director
LAU Yau Fun, Sophie (alias LEUNG LAU Yau Fun, Sophie)	78	Independent Non-executive Director
Paul TIGHE	67	Independent Non-executive Director
TSIM Sin Ling, Ruth	67	Independent Non-executive Director
WONG Kwai Lam	74	Independent Non-executive Director
WONG Yick-ming, Rosanna	71	Independent Non-executive Director

The principal place of business of CKHH is 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

The Board of Directors of CKHH consists of nineteen members of which 8 are Executive Directors, 7 are Independent Non-executive Directors and 4 are Non-executive Directors. Set forth below is selected biographical information for each of the Directors:

LI Tzar Kuoi, Victor, aged 59, has been a Director of CKHH since December 2014. He was designated as Executive Director, Managing Director and Deputy Chairman of CKHH in January 2015, re-designated as Executive Director, Group Co-Managing Director and Deputy Chairman of CKHH in June 2015, appointed as the Chairman of CKHH in May 2018 and further re-designated as the Chairman and Executive Director of CKHH on April 1, 2024. Mr Li has been a member of the Remuneration Committee and Nomination Committee of CKHH since May 2018 and January 2019 respectively. In 1985, he joined Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)")[1] and acted as Deputy Managing Director from 1993 to 1998. He was Deputy Chairman of Cheung Kong (Holdings) since 1994, Managing Director since 1999 and Chairman of the Executive Committee since 2013 until June 2015. From 1995 to 2015, he was an Executive Director of Hutchison Whampoa Limited ("HWL")[2] and Deputy Chairman from 1999 to 2015. Mr Li is Chairman, Managing Director and Executive Director of CK Asset Holdings Limited ("CKA"), Chairman of CK Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), a Non-executive Director of Power Assets Holdings Limited ("Power Assets") and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI") and a Non-executive Director and Deputy Chairman of HK Electric Investments Limited ("HKEIL"). Except CKA, the aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Li

1 Cheung Kong (Holdings) was previously listed on the SEHK until its listing status was replaced by the Company in March 2015

2 HWL was previously listed on the SEHK until it was privatised in June 2015 and became a wholly-owned subsidiary of the Company

has oversight as Director of CKHH. Mr Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. Mr Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. Mr Li is the elder son of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) of CKHH, and a nephew of Mr Kam Hing Lam, Deputy Managing Director of CKHH. Mr Li is a director of certain substantial shareholders of CKHH and certain companies controlled by certain substantial shareholders of CKHH. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.).

FOK Kin Ning, Canning, aged 72, was appointed a Non-executive Director of CKHH in January 2015, re-designated as an Executive Director and Group Co-Managing Director of CKHH in June 2015, and was appointed as Deputy Chairman on April 1, 2024 and remains as an Executive Director of CKHH. Mr Fok has been a Director of Cheung Kong (Holdings) since 1985 and became a Non-executive Director in 1993 until June 2015. He was an Executive Director of HWL from 1984 to 2015 and Group Managing Director from 1993 to 2015. He is also Chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), TPG Telecom Limited ("TPG"), HKEIML as the trustee-manager of HKEI, and HKEIL, Executive Chairman of CK Hutchison Group Telecom Holdings Limited, Deputy Chairman of CKI and Deputy President Commissioner of PT Indosat Tbk ("Indosat"). 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") and Power Assets, and a Director of Cenovus Energy Inc. ("Cenovus Energy"). The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Fok has oversight as Director of CKHH. Mr Fok is a director of certain companies controlled by certain substantial shareholders (within the meaning of Part XV of the SFO) of CKHH. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT, aged 72, was appointed a Non-executive Director of CKHH in January 2015, re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of CKHH in June 2015 and was further re-designated as Executive Director, Group Co-Managing Director and Group Finance Director of CKHH on April 1, 2024. He has been Chairman of the Sustainability Committee of CKHH since June 2020. Mr Sixt was an Executive Director of Cheung Kong (Holdings) since 1991 and became a Non-executive Director in 1998 until June 2015. He was an Executive Director of HWL from 1991 to 2015 and Group Finance Director from 1998 to 2015. Mr Sixt is also Chairman of HTAL, Non-executive Chairman of TOM Group Limited ("TOM"), an Executive Director of CKI, a Director of Cenovus Energy, a Non-executive Director of TPG and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. He was previously a Commissioner of Indosat. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Sixt has oversight as Director of CKHH. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr Sixt is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of CKHH and certain companies controlled by certain substantial shareholders of CKHH. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

LAI Kai Ming, Dominic, aged 70, was appointed an Executive Director and Deputy Managing Director of CKHH in June 2015 and was re-designated as Executive Director and Group Co-Managing Director of CKHH on April 1, 2024. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of the CKHH Group, from 1994 to 1997, Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000, and an Executive Director of HWL from 2000 to

2015. Mr Lai is also Chairman of HPHM as the trustee-manager of HPH Trust, a Non-executive Director of HTHKH, a Director of HTAL, a Commissioner of PT Duta Intidaya Tbk ("PTDI") and an Alternate Director to Directors of HTHKH, HTAL and TOM. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Lai has oversight as Director of CKHH. Mr Lai has over 40 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

IP Tak Chuen, Edmond, aged 71, has been a Director of CKHH since December 2014 and was designated as an Executive Director and Deputy Managing Director of CKHH in January 2015. He was an Executive Director of Cheung Kong (Holdings) since 1993 and Deputy Managing Director since 2005, both until June 2015. Mr Ip is also an Executive Director and Deputy Chairman of CKA and CKI, Senior Vice President and Chief Investment Officer of CKLS, and a Non-executive Director of Hui Xian Asset Management Limited ("HXAML") as the manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT"). Except CKA and HXAML, the aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Ip has oversight as Director of CKHH. Mr Ip is a director of certain companies controlled by certain substantial shareholders (within the meaning of Part XV of the SFO) of CKHH. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

KAM Hing Lam, aged 77, has been an Executive Director and Deputy Managing Director of CKHH since January 2015. He was Deputy Managing Director of Cheung Kong (Holdings) and an Executive Director of HWL from 1993 to June 2015. He is also an Executive Director and Deputy Managing Director of CKA, Group Managing Director of CKI, President of CKLS and Chairman of HXAML as the manager of Hui Xian REIT. Except CKA and HXAML, the aforementioned companies are either subsidiaries or associated companies of the CKHH Group of which Mr Kam has oversight as Director of CKHH. Prior to joining the CKHH Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. He is the brother-in-law of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder (within the meaning of Part XV of the SFO) of CKHH, and an uncle of Mr Li Tzar Kuoi, Victor, Chairman of CKHH. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

Edith SHIH, aged 72, has been an Executive Director of CKHH since January 2017 and a member of the Sustainability Committee of CKHH since June 2020. Ms Shih has been the Company Secretary of CKHH since June 2015 and was the Head Group General Counsel of CKHH from June 2015 to March 2017. Prior to that, Ms Shih was the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. Ms Shih is in addition a Non-executive Director of HTHKH, HUTCHMED (China) Limited and HPHM as the trustee-manager of HPH Trust as well as a Commissioner of PTDI. The aforementioned companies are either subsidiaries or associated companies of the CKHH Group 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"), a past President and current Honorary Adviser of The Hong Kong Chartered Governance Institute ("HKCGI") as well as a past Chairperson and current member 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 the 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.

Andrew John HUNTER, aged 65, has been an Executive Director of CKHH since April 1, 2024. He is an Executive Director and Deputy Managing Director of CKI. He acted as the Chief Operating Officer of CKI from December 2006 to May 2010. Mr Hunter is also the Chairman of Power Assets. Prior to the appointment to the board of Power Assets in 1999, he was the Finance Director of the Hutchison Property Group. Mr Hunter holds a Master of Arts degree and

a Master's degree in Business Administration. He is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants. Mr Hunter has over 40 years of experience in accounting and financial management.

CHOW Kun Chee, Roland, aged 86, has been a Non-executive Director of CKHH since January 2015. He was a Director of Cheung Kong (Holdings) from 1993 to June 2015, during which time he served as an Independent Non-executive Director prior to his re-designation as a Non-executive Director in September 2004. Mr Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and a consultant of Messrs Herbert Tsoi & Partners, Solicitors and Notaries. He is a director of certain substantial shareholders (within the meaning of Part XV of the SFO) of CKHH and certain companies controlled by certain substantial shareholders of CKHH. Mr Chow holds a Master of Laws degree from the University of London.

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP, aged 87, has been a Non-executive Director of CKHH since January 2015. Mr Lee was a Director of Cheung Kong (Holdings) from August 1972 to March 1997 and a Non-executive Director of Cheung Kong (Holdings) and of HWL from January 2013 to June 2015. He is a Vice Patron of The Community Chest of Hong Kong, a member of the Board of Governors of Our Hong Kong Foundation and one of the founders and consultants of Woo Kwan Lee & Lo, a major law firm in Hong Kong. He was previously the President and Chairman of the Board of The Community Chest of Hong Kong. Mr Lee holds a Master's degree in law and is a qualified solicitor in both Hong Kong and the United Kingdom. He was awarded the degree of Doctor of Laws honoris causa by The Hong Kong University of Science and Technology, the degree of Doctor of Business Administration honoris causa by The Hong Kong Polytechnic University and the degree of Doctor of Social Sciences honoris causa by the University of Hong Kong and The Hong Kong Metropolitan University respectively. Mr Lee is also a Chartered Secretary and Chartered Governance Professional.

George Colin MAGNUS, OBE, BBS, aged 88, has been a Non-executive Director of CKHH since January 2015. He acted as an Executive Director of Cheung Kong (Holdings) since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He was a Non-executive Director of Cheung Kong (Holdings) from November 2005 to June 2015. Mr Magnus was an Executive Director of HWL from 1980 to 2005, Deputy Chairman from 1984 to 1993 and a Non-executive Director from 2005 to 2015. He is also a Non-executive Director of CKI and an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL. Mr Magnus was previously Chairman of Power Assets from 1993 to 2005 and Deputy Chairman of CKI from 1996 to 2005. He holds a Master's degree in Economics from King's College, Cambridge.

WOO Mo Fong, Susan (alias CHOW WOO Mo Fong, Susan), aged 70, has been a Non-executive Director of CKHH since January 2017. She was an Executive Director and Group Deputy Managing Director of CKHH from June 2015 to July 2016, Senior Advisor of CKHH from August 2016 to December 2016, Executive Director of HWL from 1993 to 2015 and Deputy Group Managing Director of HWL from 1998 to 2015. Prior to joining HWL, Mrs Chow was a partner of Woo Kwan Lee & Lo, a major law firm in Hong Kong. Mrs Chow is also a Director of HTAL and an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited. She was previously an Alternate Director to Directors of CKI, HKEIML as the trustee-manager of HKEI, and HKEIL. She previously served as a member of the Listing Committee of The Stock Exchange of Hong Kong Limited ("SEHK"), the Joint Liaison Committee on Taxation of the Law Society of Hong Kong, the Committee on Real Estate Investment Trusts (the "REIT Committee") of the Securities and Futures Commission, the Trade and Industry Advisory Board, the Court of The Hong Kong University of Science and Technology and the Appeal Boards Panel (Education). Mrs Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

CHOW Ching Yee, Cynthia, aged 60, has been an Independent Non-executive Director and a member of the Audit Committee of CKHH since December 14, 2023. She is also an Independent Non-executive Director of HTHKH. Ms Chow is the founder and director of Discovery Mind Educational Organisation and Discovery Mind China responsible for their brand expansion and future development, with over 25 years of experience in the operation of schools in Hong Kong. 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..

Philip Lawrence KADOORIE, aged 32, has been an Independent Non-executive Director of CKHH since December 2022. He is also a Non-executive Director of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, and a Director of Sir Elly Kadoorie & Sons Limited, Heliservices (Hong Kong) Limited and Metrojet Limited. Mr Kadoorie has substantial experience in the power generation, transmission and distribution industry in Hong Kong, the Mainland China, Australia, India and Southeast Asia as well as global market experience in the power industry, providing general perspectives on global economic trends and opportunities. He also possesses property industry experience. Mr Kadoorie holds a Bachelor of Science Degree in Communication from Boston University and a FAA Commercial Pilot's Licence.

LAU Yau Fun, Sophie (alias LEUNG LAU Yau Fun, Sophie), GBS, SBS, OBE, JP, aged 78, has been an Independent Non-executive Director of CKHH since December 2021 and a member of the Nomination Committee of CKHH since August 2022. She was a member of the Legislative Council of the Hong Kong Special Administrative Region from 1996 to 2012, representing the textile and garment industry, and was a Deputy of the National People's Congress of the People's Republic of China from 2003 to 2017. Mrs Leung is a director since the 1970s of a number of large textile conglomerates in Hong Kong with businesses extending globally. She is also a member of several key government and non-government organisations and institutes that support and enhance the development of the textile and garment industry in Hong Kong and Southern China. Mrs Leung is widely recognised for her public service contributions to the development and implementation of the health care system in Hong Kong. She was a founding member of the Hospital Authority. Her commitment is further reflected in her chairmanship in the governing committees and management boards of major hospitals such as Queen Mary Hospital, Castle Peak Hospital, Tsan Yuk Hospital, Yan Chai Hospital, Our Lady of Maryknoll Hospital and the privately funded Hong Kong Sanatorium & Hospital. Mrs Leung was a member of the Financial Reporting Council of Hong Kong from its establishment in 2006 to 2012. She is the founder and Chairperson of The Young Entrepreneurs Development Council and the Honorary President and founding member of the Hong Kong Federation of Women. Mrs Leung has always been focused on corporate governance and co-founded the Hong Kong Institute of Directors in 1997 to nurture directors of companies listed on the SEHK. She was also the founding Chairperson of the Women's Commission in early 2001 and Vice-Chairperson of the United Nations Children's Fund (UNICEF) in Hong Kong. Mrs Leung holds a Bachelor of Mathematics and Computer Science degree from the University of Illinois. She was conferred Honorary University Fellowships by The Hong Kong Metropolitan University and Lingnan University, Hong Kong.

Paul Joseph TIGHE, aged 67, has been an Independent Non-executive Director of CKHH since December 2020 and a member of the Audit Committee of CKHH since May 2021. He is also an Independent Non-executive Director of CKI and CKLS. He has over 35 years of experience in government and public policy, and has held various positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, Australia, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Mr Tighe previously worked in, among others, the Secretariat of, and served as Counsellor to, the Organisation for Economic Co-operation and Development in Paris. He holds a Bachelor of Science degree from the University of New South Wales.

TSIM Sin Ling, Ruth, aged 67, has been an Independent Non-executive Director and a member of the Audit Committee of CKHH since January 2, 2024. Ms Tsim has over three decades of business and professional experience in public accounting firm and across different industries in the commercial sector with roles in financial controllership. She has extensive experience in risk management, internal audit and controls as well as financial management, analysis and reporting. Ms Tsim was a Non-executive Director of HPHM as the trustee-manager of HPH Trust from 2017 to 2021, and a Non-independent Non-executive Director of Westports Holdings Berhad from 2015 to 2021. She held various roles in finance and accounting in Hutchison Ports group since 2001 and became Group Chief Financial Officer of Hutchison Port Holdings Limited, a subsidiary of CKHH, in 2014 prior to her retirement on January 1, 2022.

She is a Fellow of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Chartered Professional Accountants of British Columbia in Canada. Ms Tsim holds a Master of Business Administration degree from The Chinese University of Hong Kong.

WONG Kwai Lam, aged 74, has been an Independent Non-executive Director of CKHH since May 2020, a member and the Chairman of the Audit Committee of CKHH since May 2020 and August 2022 respectively, and a member of the Remuneration Committee of CKHH since May 2020. Mr Wong is also an Independent Non-executive Director and Lead Independent Director of HPHM as the trustee-manager of HPH Trust, and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited as manager of Prosperity Real Estate Investment Trust, K. Wah International Holdings Limited, LHIL Manager Limited as trustee-manager of Langham Hospitality Investments, and Langham Hospitality Investments Limited. He has over 30 years of experience in the commercial and investment banking industry. Mr Wong worked with Merrill Lynch (Asia Pacific) Limited ("Merrill Lynch") from May 1993 to August 2009 where he served as a Managing Director in the Asia Investment Banking Division since January 1995. He was appointed as a Senior Client Advisor to Merrill Lynch in September 2009 and served in that position for one year. Prior to joining Merrill Lynch, Mr Wong had been a Director in the Investment Banking Division of CS First Boston (Hong Kong) Limited and a Director and the Head of Primary Market in Standard Chartered Asia Limited. Mr Wong is currently Chairman of IncitAdv Consultants Limited, Chairman of Hong Kong Grand Opera Company Limited, Vice Chairman of the Board of Trustees and a member of the Investment Sub-committee of the Board of Trustees of New Asia College of The Chinese University of Hong Kong, Director of CUHK Medical Centre Limited and Advisor of The Chamber of Hong Kong Listed Companies. He is a former member of the Advisory Committee and the REIT Committee of the Securities and Futures Commission in Hong Kong. Mr Wong holds a Bachelor of Arts degree and a PhD degree.

WONG Yick-ming, Rosanna, DBE, JP, aged 71, has been an Independent Non-executive Director of CKHH since January 2015, Chairperson of the Remuneration Committee of CKHH since March 2015, a member and Chairperson of the Nomination Committee of CKHH since January 2019 and November 2020 respectively, and a member of the Sustainability Committee of CKHH since June 2020. She was an Independent Non-executive Director of Cheung Kong (Holdings) since January 2001 and an Alternate Director to Directors of Cheung Kong (Holdings) since July 2003 and of CKHH since January 2015, all until June 2015. Dr Wong is also an Independent Non-executive Director of HTHKH, The Hongkong and Shanghai Hotels, Limited and Institute of Philanthropy Limited, the Senior Advisor of The Hong Kong Federation of Youth Groups ("HKFYG"), an Honorary Steward of The Hong Kong Jockey Club, a member of the Board of Governors of Our Hong Kong Foundation and Chairperson of Asia International School Limited. She was previously the Executive Director of HKFYG, a Non-executive Chairperson of the Advisory Committee of The Hongkong Bank Foundation, an Independent Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited, Chairperson and a member of the Consultation Panel of the West Kowloon Cultural District Authority, a member of the 13th National Committee of the CPPCC of the People's Republic of China and a member of The Hong Kong University of Science and Technology Business School Advisory Council. She 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 Education University of Hong Kong and the University of Toronto, Canada. Dr Wong is also an Honorary Fellow of the London School of Economics and Political Science.

CKHH'S CONNECTED TRANSACTIONS

CKHH enters into transactions from time to time with CK Asset Holdings Limited ("CKA") and other connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK") (the "Listing Rules")). CKHH's practice is to ensure that all such transactions are in compliance with the Listing Rules. The following is a brief description of CKHH's connected transactions disclosed and published on the websites of Hong Kong Exchanges and Clearing Limited and CKHH, respectively, in 2023 and from January 1, 2024 to the date of this offering memorandum.

Master Leasing Agreement and Master Purchase Agreement with CKA

As announced by CKHH on December 18, 2020 (the "Announcement"), CKHH entered into with CKA on the same date (i) a master leasing agreement (the "Master Leasing Agreement") setting out the framework terms governing the leasing and licensing of premises owned by the CKA group (including office space, car parks and building areas) to members of the CKHH Group (the "Leasing Transactions"); and (ii) a master purchase agreement (the "Master Purchase Agreement") setting out the framework terms governing the purchases of goods (such as air-conditioners and other electrical appliances and gift/cash coupons) and services (such as printing of sales brochures and advertising materials) (the "Project Related Supplies") by members of the CKA group from the CKHH Group for use in connection with the CKA group's property development projects (the "Project Related Supplies Transactions"), each for the period from January 1, 2021 to December 31, 2023.

Pursuant to the Master Leasing Agreement, relevant members of the CKHH Group and of the CKA group would enter into separate lease, tenancy or licence agreements with respect to the Leasing Transactions. The terms of, and the consideration (including short term lease payments, fixed lease payments, variable lease payments and management/service fees) payable under, such agreements would be negotiated on a case-by-case and an arm's length basis, and on normal commercial terms which would be no less favourable than those which the relevant members of the CKHH Group could obtain from independent landlords or lessors of comparable premises. In this connection, the rental or licence fee payable would be at market rates, and the Group would seek competitive quotes (including conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for management review with a view to ensuring that the rental or licence fees payable by the CKHH Group to the relevant members of the CKA group are reasonable, having regard to the size, location, facilities and conditions of the premises required. The basis of management/service fees chargeable by the CKA group to relevant members of the CKHH Group would be the same as those the CKA group would charge other tenants or licensees of the same building or property.

Pursuant to the Master Purchase Agreement, relevant members of the CKHH Group and of the CKA group would enter into separate contracts with respect to the Project Related Supplies Transactions. The terms of, and the consideration payable under, such contracts would be negotiated on a case-by-case and an arm's length basis, and on normal commercial terms which would be no more favourable than those which the relevant members of the CKHH Group made available to independent customers of the relevant Project Related Supplies. In this connection, the fee chargeable by the relevant members of the CKHH Group would be at market rates and be based by reference to the then prevailing market rates for the Project Related Supplies of similar or comparable quality, reliability and service levels charged by the CKHH Group or, if not available, the then prevailing market rates no more favourable than that the relevant members of the CKHH Group may make available to independent customers for the Project Related Supplies of similar or comparable scope, scale, quality, reliability and service level.

The CKHH Group believes that the entering into of the Leasing Transactions and the Project Related Supplies Transactions (together the "2023 CCTs") will help to achieve business continuity and efficiency.

CKA has been deemed by the SEHK as a connected person of CKHH under the Listing Rules. Accordingly, the 2023 CCTs constituted continuing connected transactions of CKHH under Chapter 14A of the Listing Rules.

As disclosed in the Announcement, (i) the expected annual recognised amount of right-of-use assets in respect of the Leasing Transactions for the years ended December 31, 2021, December 31, 2022 and December 31, 2023 would not exceed HK$750 million, HK$780 million and HK$910 million respectively; and (ii) the maximum aggregate annual amount in respect of the Project Related Supplies Transactions for the years ended December 31, 2021, December 31, 2022 and December 31, 2023 would not exceed HK$228 million, HK$313 million and HK$313 million respectively.

For the year ended December 31, 2023, the recognised amount of right-of-use assets in respect of the Leasing Transactions was approximately HK$483 million (representing approximately 53% of the annual cap for 2023); and the aggregate amount in respect of the Project Related Supplies Transactions was approximately HK$127 million (representing approximately 41% of the annual cap for 2023).

In anticipation of the expiration of the Master Leasing Agreement and the Master Purchase Agreement on December 31, 2023, CKHH and CKA had on December 13, 2023 entered into (i) a new master leasing agreement (the "New Master Leasing Agreement") setting out the framework terms governing the Leasing Transactions; and (ii) a new master purchase agreement (the "New Master Purchase Agreement") setting out the framework terms governing the Project Related Supplies Transactions, each for the period from January 1, 2024 to December 31, 2026. The terms of the New Master Leasing Agreement and the New Master Purchase Agreement are substantially the same as those of the Master Leasing Agreement and the Master Purchase Agreement.

An announcement in respect of the New Master Leasing Agreement and New Master Purchase Agreement was made by CKHH on December 13, 2023 (the "2023 Announcement"). As disclosed in the 2023 Announcement,

(i) the maximum annual recognised amount of right-of-use assets in respect of the Leasing Transactions for the CKHH Group under the New Master Leasing Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are HK$655 million, HK$680 million and HK$780 million respectively; and

(ii) the maximum aggregate annual amount payable by the CKA group to the CKHH Group in respect of the Project Related Supplies Transactions under the New Master Purchase Agreement for each of the three years ending December 31, 2024, 2025 and 2026 are HK$198 million, HK$215 million and HK$590 million respectively.

DESCRIPTION OF THE NOTES AND THE GUARANTEE

The notes are to be issued under a fiscal agency agreement (the "Fiscal Agency Agreement"), to be executed among the Issuer, the Guarantor and The Bank of New York Mellon, as fiscal and paying agent, transfer agent and registrar (the "Fiscal Agent"). Copies of the Fiscal Agency Agreement and the notes are available for inspection free of charge during normal business hours at the offices of the Fiscal Agent. The following summaries of certain provisions of the notes and the Fiscal Agency Agreement do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions thereof, including the definitions therein of certain terms. Whenever particular defined terms from the notes or the Fiscal Agency Agreement are referred to, the definitions of such terms are incorporated herein by reference.

General

The notes will be issued in an aggregate principal amount of US$1,000,000,000 for the 5.375% green notes due 2029 (the "Notes Due 2029") and US$1,000,000,000 for the 5.500% notes due 2034 (the "Notes Due 2034" and, together with the Notes Due 2029, the "notes"). The notes will bear interest at the applicable rates per annum shown on the front cover of this offering memorandum from and including April 26, 2024 or from and including the most recent interest payment date to which interest has been paid or provided for, to and excluding the next interest payment date or the maturity date payable semi-annually in arrears on April 26 and October 26 of each year, commencing October 26, 2024, and at maturity, being April 26, 2029 for the Notes Due 2029 and April 26, 2034 for the Notes Due 2034, to the person in whose name the relevant note (or any predecessor note) is registered at the close of business on the preceding April 11 and October 11, as the case may be. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the global notes representing the relevant series of notes will be made to the registered holder thereof in immediately available funds. Payments of principal of, and interest on, any individual notes that are subsequently issued in certificated form, as set forth below, will be made by check drawn on a bank in The City of New York or, in the case of any holder of more than US$1,000,000 in principal amount of individual certificated notes, upon timely application, by electronic transfer of immediately available funds to an account of such holder at a bank in The City of New York.

Payments of the principal amount of such note at maturity or the principal amount to be prepaid upon redemption in full, together with accrued interest due at maturity or redemption, as the case may be, will be made to the registered holder thereof against presentation and surrender of such note at the specified office of the paying agent. Provided that in the event that a paying agent in Singapore is required by the Listing Manual of the SGX-ST, and for so long as the relevant notes are listed on the SGX-ST, a paying agent in Singapore will be appointed and maintained and the relevant notes may be presented or surrendered to such paying agent in Singapore for payment or redemption, and such payments of principal and payments of interest may be made by such paying agent in Singapore. Any payments of principal of and interest on the notes to be made on a date that is not a Business Day may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment. "Business Day" means any day, other than a Saturday or Sunday, that is not a day on which banking institutions are authorized or required by law or executive order to be closed in The City of New York, London, Hong Kong or Singapore.

The transfer of the notes will be registrable, and the notes will be exchangeable at the Corporate Trust Office (as defined in the Fiscal Agency Agreement) in The City of New York, which initially will be the office of the Fiscal Agent. In the case of the transfer of less than all of the principal amount of any individual notes, a new individual note will be delivered by the transfer agent to the transferor in respect of the untransferred portion.

Ranking

The notes will constitute direct, unconditional, unsecured (subject to the lien covenant in the notes) and unsubordinated obligations of the Issuer, ranking (subject as aforesaid) *pari passu*, without any preference or priority of payment among themselves and among each series thereof and with all other present and future unsecured and unsubordinated indebtedness of the Issuer, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights.

Guarantee

The Guarantor will fully and unconditionally guarantee to each holder of a note authenticated and delivered by the Fiscal Agent the due and punctual payment of the principal of and interest on such note (and any Additional Amounts (as hereinafter defined) payable in respect thereof), when and as the same shall become due and payable, whether at the stated maturity of the note, by declaration of acceleration, call for redemption, or otherwise, in accordance with the terms of such note and of the Fiscal Agency Agreement. The Guarantee will constitute a direct, unconditional, unsecured (subject to the lien covenant in the notes) and unsubordinated obligation of the Guarantor and will (subject as aforesaid) rank *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Guarantor, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights.

Notes; Delivery and Form

The statements set forth herein include summaries of certain rules and operating procedures of DTC, Euroclear and Clearstream which will affect transfers of interests in the global notes.

The notes sold in offshore transactions in reliance on Regulation S will be initially in the form of one or more Regulation S global notes, fully registered without interest coupons, which will be deposited with The Bank of New York Mellon (in such capacity, the "Custodian") for DTC and registered in the name of Cede & Co., as nominee of DTC for credit to the respective accounts of the purchasers, or to other accounts as they may direct, at Euroclear or Clearstream, each of which is a participant in DTC.

The notes sold to qualified institutional buyers in reliance on Rule 144A will be issued initially in the form of one or more Rule 144A global notes, fully registered without interest coupons, which will be deposited with the Custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

The notes will be issued in minimum denominations of US$200,000 and integral multiples of US$1,000 above that amount. The original issue date will be on or about April 26, 2024.

The notes (including beneficial interests in the global notes) will be subject to certain restrictions on transfer set forth therein and in the Fiscal Agency Agreement and will bear a legend regarding such restrictions as set forth under "Transfer Restrictions". Under certain circumstances, transfers may be made only upon receipt by the Fiscal Agent of a written certification (in the form(s) provided in the Fiscal Agency Agreement).

Prior to the 40th day after the later of the commencement of the offering and 9:00 p.m., Hong Kong time, on or about April 26, 2024 (the "Time of Delivery"), a beneficial interest in a Regulation S global note may be transferred within the United States to a person who takes delivery in the form of an interest in the related Rule 144A global note only if the transferor, and any person acting on its behalf, reasonably believes that the transferee is a qualified institutional buyer, and upon receipt by the transfer agent of a written certification (in the form(s) provided in the Fiscal Agency Agreement) (a) from the transferee to the effect that such transferee (i) is a qualified institutional buyer purchasing for its own account (or for the account of one or more qualified institutional buyers over which account it exercises sole investment discretion) and (ii) agrees to comply with the restrictions on transfer set forth under "Transfer Restrictions", and (b) from the transferor to the effect that the transfer was made in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. After the 40th day

after the later of the commencement of the offering and the Time of Delivery, the certifications contemplated by clause (a) (i) and clause (b) of the preceding sentence shall no longer be required, but the transferee will still be required to certify as provided by clause (a) (ii) of such sentence.

Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A global note without any written certification from the transferor or the transferee. Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Regulation S global note only upon receipt by the Fiscal Agent of written certifications (in the form(s) provided in the Fiscal Agency Agreement) from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 under the Securities Act (if available).

Any individual notes issued in exchange for an interest in a Rule 144A global note under the circumstances described under "Individual Notes" below may be transferred only upon receipt by the Fiscal Agent of a written certification from the transferor (in the form(s) provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with the restrictions on transfer set forth under "Transfer Restrictions", and in the case of any resale other than a "Safe Harbor Resale" as defined under "Transfer Restrictions", the execution and delivery by the transferee of a written certification (also in the form attached to the Fiscal Agency Agreement) and any additional documents or other evidence (including, but not limited to, an opinion of counsel) that the Issuer or the Fiscal Agent may, in its sole discretion, deem necessary or appropriate to evidence compliance with such transfer restrictions.

Any beneficial interest in one of the global notes that is transferred to an entity who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

Investors may hold their interests in the global notes directly through DTC, Clearstream or Euroclear, as the case may be, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests in the notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are participants in DTC.

Transfers between participants in DTC (the "Participants") will be effected in the ordinary way in accordance with DTC rules. Transfers between participants in Clearstream and Euroclear ("Clearstream Participants" and "Euroclear Participants", respectively) will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Initial settlement for the notes will be made in same-day funds. So long as DTC continues to act as depositary for the notes, the notes will trade in DTC's Same-Day Funds Settlement System.

Subject to compliance with the transfer restrictions applicable to the notes, cross-market transfers between DTC, on the one hand, and Clearstream or Euroclear Participants, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be.

Persons who are not Participants may beneficially own interests in the global notes held by DTC only through Participants or Indirect Participants (as defined below) (including Euroclear and Clearstream). So long as Cede & Co., as the nominee of DTC, is the registered owner of the global notes, Cede & Co. for all purposes will be considered the sole holder of such notes.

Payment of interest and principal on the global notes will be made to Cede & Co., the nominee for DTC, or such other nominee as may be requested by an authorized representative of DTC, as the registered owner of the global notes in immediately available funds. None of the Issuer, the Guarantor nor the Fiscal Agent will have any responsibility or liability for any aspect

of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

Payments of interest on and principal of the notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants, as the case may be, in accordance with the relevant system's rules and procedures. Payments by Participants to owners of beneficial interests in the global notes held through such Participants will be the responsibility of such Participants, as is the case with securities held, for the accounts of customers in bearer form or registered in "street name".

So long as the notes of a particular series are represented by global notes and such global notes are held on behalf of DTC or any other clearing system, such clearing system or its nominee will be considered the sole holder of these notes represented by the applicable global notes for all purposes under the Fiscal Agency Agreement, including, without limitation, obtaining consents and waivers thereunder, and none of the Fiscal Agent, the Issuer nor the Guarantor shall be affected by any notice to the contrary. None of the Fiscal Agent, the Issuer nor the Guarantor shall have any responsibility or obligation with respect to the accuracy of any records maintained by any clearing system or any Participant of such clearing system. The clearing systems will take actions on behalf of their Participants (and any such Participants will take actions on behalf of any Indirect Participants) in accordance with their standard procedures. To the extent that any clearing system acts upon the direction of the holders of the beneficial interests in the applicable global note and such beneficial holders give conflicting instructions, the applicable clearing system may take conflicting actions in accordance with such instructions.

All interests in the global notes, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of their respective systems.

None of the Issuer, the Guarantor nor the Fiscal Agent will have any responsibility for the performance by DTC, Clearstream and Euroclear, or their respective Participants or Indirect Participants, of their respective obligations under the rules and procedures governing their operations.

Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Participant, either directly or indirectly ("Indirect Participants").

Individual Notes

If DTC is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by the Issuer within 90 days or if there shall have occurred and be continuing an Event of Default (as described below) with respect to the notes of a particular series and the Fiscal Agent has received a request from the holders of more than 25% in aggregate principal amount of the Outstanding Notes of such series to issue notes in certificated form, the Issuer will issue individual notes of such series in certificated, fully registered form in exchange for the relevant global notes.

Subject to the transfer restrictions set forth on the individual notes in certificated form, the holder of such individual notes in certificated form may transfer or exchange such notes by surrendering them at the Corporate Trust Office. Prior to any proposed transfer of individual notes in certificated form (other than pursuant to an effective registration statement), the holder may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation to the transfer agent as described under "Notes; Delivery and Form" above. Upon the transfer, exchange or replacement of individual notes in certificated form not bearing the legend referred to under "Transfer Restrictions", the transfer agent will deliver individual notes in certificated form that do not bear the legend. Upon the transfer, exchange or replacement of individual notes in certificated form bearing the legend, or upon specific request for removal of the legend on an individual note in

certificated form, the transfer agent will deliver only individual notes in certificated form that bear such legend or shall refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Redemption

Unless earlier redeemed in the limited circumstances set forth below, the Notes Due 2029 will mature on April 26, 2029 and the Notes Due 2034 will mature on April 26, 2034 at a price equal to 100% of the principal amount thereof.

Notes of a particular series may be redeemed at the option of the Issuer or the Guarantor, at any time in whole but not in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption if, as a result of any change in or amendment to the laws of the Cayman Islands (or any political subdivision or any taxing authority thereof or therein) or any regulations or rulings promulgated thereunder or any change in the official interpretation or official application of such laws, regulations or rulings, or any change in the official application or interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Cayman Islands or such political subdivision or taxing authority is a party, which change, amendment or treaty becomes effective on or after April 23, 2024, the Issuer or the Guarantor is or would be required on the next succeeding due date for a payment with respect to the Notes Due 2029 or the Notes Due 2034, as the case may be, to pay Additional Amounts with respect to the relevant notes as described below under "– Additional Amounts", and such obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be. Prior to any such redemption of the relevant notes, the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent a certificate stating that the Issuer or the Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of redemption have occurred.

At any time before (in relation to the Notes Due 2029) March 26, 2029 and (in relation to the Notes Due 2034) January 26, 2034, the Notes Due 2029 and the Notes Due 2034 may be redeemed at the option of the Issuer or the Guarantor, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of the applicable Notes to be redeemed and (2) the sum of the present values of each remaining scheduled payments of principal and interest due on the applicable Notes to be redeemed on March 26, 2029 in respect of the Notes Due 2029 and January 26, 2034 in respect of the Notes Due 2034 (in each case exclusive of interest accrued to the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points in the case of the Notes Due 2029 or 15 basis points in the case of the Notes Due 2034, plus, in each case, accrued and unpaid interest on the applicable Notes to be redeemed, if any, to the date of redemption.

At any time on or after March 26, 2029, Notes Due 2029 may be redeemed and at any time on or after January 26, 2034, Notes Due 2034 may be redeemed, in each case, at the option of the Issuer or the Guarantor, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to the principal amount thereof plus accrued interest to, but excluding, the date fixed for redemption.

In the case of any redemption, a notice will be published (as provided under the subheading "– Notices"). Notice of redemption may, in the discretion of the Issuer or the Guarantor, be subject to the satisfaction of one or more conditions precedent. If such notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the discretion of the Issuer or the Guarantor, the redemption date may be delayed until such time as any or all of such conditions are satisfied (or waived by the Issuer or the Guarantor in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all of such conditions are not satisfied (or waived by the Issuer or the Guarantor in its sole discretion) by the redemption date, or by the redemption date so delayed. Except as set forth above, the notes are not subject to redemption at the option of the Issuer or

the Guarantor. If the notes are listed on a securities exchange, any redemption of less than all the notes will be subject to compliance with applicable requirements, if any, of the securities exchange on which the notes are listed. If the notes are held through DTC, any redemption of less than all the notes will be processed by DTC in accordance with its procedures. If the notes are not listed on a securities exchange or are not held through the clearing systems (or are listed on a securities exchange or held through the clearing systems but no requirement of that securities exchange or clearing system applies to the manner in which a partial redemption is to be effected), any redemption of less than all the notes will be on a pro rata basis.

Additional Amounts

All payments by or on behalf of the Issuer of principal and interest in respect of the notes of each series, and all payments by or on behalf of the Guarantor pursuant to the Guarantee, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed, unless such withholding or deduction is required by law. In the event that withholding or deduction for any taxes, duties, assessments or governmental charges are imposed by or within the Cayman Islands or any authority therein or thereof having power to tax, the Issuer or the Guarantor, as applicable, shall pay such additional amounts ("Additional Amounts") as will result in the receipt by the holders of the applicable series of notes of such amounts as would have been payable to those holders had no such withholding or deduction been required, except that no such Additional Amounts shall be payable:

(a) in respect of any taxes, duties, assessments or other governmental charges that would not have been imposed but for a connection between the holder or beneficial owner of a note and the Cayman Islands or any political subdivision or any authority thereof or therein, as the case may be, otherwise than merely holding such note or Guarantee or receiving principal or interest in respect thereof;

(b) in respect of any note or Guarantee presented for payment more than 30 days after the relevant date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such 30-day period. For this purpose, the "relevant date" in relation to any note or Guarantee means (i) the due date for payment thereof and (ii) if the full amount payable on such due date has not been received in The City of New York by the Fiscal Agent on or prior to such due date, the first date on which such full amount has been so received and notice to that effect has been given to the holders of such notes;

(c) to a holder or to a third party on behalf of a person who would have been able to avoid such withholding or deduction by duly presenting the note to another paying agent;

(d) in respect of any taxes, duties, assessments or other governmental charges that would not have been imposed but for the failure of the holder or beneficial owner to comply with a timely request of the Issuer or Guarantor addressed to the holder to provide certification or information concerning the nationality, residence or identity of the holder or beneficial owner of the note, if due and timely compliance is required as a precondition to relief or exemption from the taxes, duties, assessments or other governmental charges under applicable law;

(e) in respect of any estate, inheritance, gift, sale, transfer, personal property or similar taxes, duties, assessments or other governmental charges;

(f) in respect of any taxes, duties, assessments or other governmental charges not payable by way of deduction or withholding from payments under or with respect to any note; or

(g) in respect of any combination of taxes, duties, assessments or other governmental charges referred to in the preceding items (a) through (f) above.

Additional Amounts will not be paid with respect to any payment of the principal or interest on the notes to any holder of a note who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that payment would be required by the laws of the Cayman Islands to be included in the income of a beneficiary or settlor with respect to the fiduciary, a member of that partnership or a beneficial owner who would not have been entitled to the Additional Amounts had that beneficiary, settlor, member or beneficial owner been the holder.

In addition, any amounts to be paid by the Issuer or the Guarantor on the notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("FATCA Withholding").

Neither the Guarantor nor the Issuer will be required to pay Additional Amounts on account of any FATCA Withholding.

Unless the context otherwise requires, any reference in the notes to principal and/or interest shall be deemed to include any Additional Amounts which may be payable as described above.

Certain Covenants

Lien Covenants

The Issuer will not create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Issuer (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the notes will be secured at least equally and ratably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the holders of the relevant series of notes as provided in the Fiscal Agency Agreement and such notes.

The Guarantor will not, and will not permit any of its Principal Subsidiaries (other than Listed Principal Subsidiaries) to create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness for Borrowed Money of the Guarantor or such Principal Subsidiary (or any secured guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Guarantee will be secured either at least equally and ratably with such Indebtedness for Borrowed Money or by such other Lien as shall have been approved by the holders of the relevant series of notes as provided in the Fiscal Agency Agreement, for so long as such Indebtedness for Borrowed Money will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness for Borrowed Money (excluding that of Listed Principal Subsidiaries and their respective Subsidiaries) entered into after the Time of Delivery (as defined in "Notes; Delivery and Form") would not exceed 50% of the Guarantor's Adjusted Consolidated Net Worth.

If there occurs a breach of the foregoing restriction and that breach would not have occurred but for a change in the accounting standards applicable to the audited consolidated accounts of Guarantor as of December 31, 2023 and for the financial year ended December 31, 2023 that affects the calculation of the Guarantor's Adjusted Consolidated Net Worth, such breach shall be deemed not to have occurred *provided* that a written opinion from the auditors of the Guarantor is delivered to the Fiscal Agent opining on a calculation of the Guarantor's Adjusted Consolidated Net Worth as if there had been no change in accounting standards showing that a breach of the foregoing restriction would not have occurred but for the relevant change in accounting standards. Such opinion shall be conclusive and binding on all holders of the relevant series of notes.

The foregoing restriction will not apply to:

(a) Liens existing on or prior to the Time of Delivery;

(b) Liens for taxes or assessments or other applicable governmental charges or levies;

(c) Liens created or arising by operation of law or created in the ordinary course of business, including, but not limited to, landlords' liens and statutory liens of carriers, warehousemen, mechanics, materialmen, vendors and other liens securing amounts which are not more than 60 days overdue or which are being contested in good faith;

(d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations;

(e) easements, rights-of-way, zoning and similar restrictions and other similar charges or encumbrances not interfering with the ordinary conduct of the business of the Guarantor and such Principal Subsidiaries;

(f) Liens created on any property or assets acquired, leased or developed after the Time of Delivery; provided, however, that (i) any such Lien shall be confined to the property or assets acquired, leased or developed; (ii) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or assets or any improvements thereto or thereon and (iii) any such Lien shall be created concurrently with or within three years following the acquisition, lease or development of such property or assets;

(g) rights of setoff of a financial institution with respect to deposits or other accounts of the Guarantor or such Principal Subsidiary held by such financial institution in an amount not to exceed the aggregate amount owed to such financial institution by the Guarantor or such Principal Subsidiary, as the case may be;

(h) Liens on documents and the goods they represent in connection with letters of credit and similar transactions entered into in the ordinary course of business;

(i) Liens arising in connection with industrial revenue, development or similar bonds or other means of project financing (not to exceed the value of the project financed and limited to the project financed);

(j) Liens in favor of the Guarantor or any Principal Subsidiary;

(k) leases, subleases, licenses and sublicenses granted to third parties in the ordinary course of business;

(l) attachment, judgment and other similar Liens arising in connection with court proceedings which are effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings;

(m) any Lien against any property or assets of a Person existing at the time such Person becomes such a Principal Subsidiary or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

(n) any Lien existing on any property or assets prior to the acquisition thereof, which Lien was not created in connection with the acquisition thereof, except for Liens permitted pursuant to clause (f) above;

(o) Liens on any property or assets of the Guarantor or any such Principal Subsidiary in favor of any government or any subdivision thereof, securing the obligations of the Guarantor or such Principal Subsidiary under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;

(p) Liens created in connection with any sale/leaseback transaction;

(q) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby; and

(r) Liens in respect of Indebtedness for Borrowed Money with respect to which the Guarantor or any Principal Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiaries in respect thereof (other than the obligations that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full).

Consolidation, Merger and Sale of Assets

The Guarantor may not, without the consent of the holders of the relevant series of Outstanding Notes, consolidate with or merge into any other Person in a transaction in which the Guarantor is not the surviving entity, or convey, transfer or lease its properties and assets substantially as an entirety to, any Person unless, among other things, (i) any Person formed by such consolidation or into which the Guarantor is merged or to whom the Guarantor has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the jurisdiction of its organization and such Person assumes the Guarantor's obligations under the Fiscal Agency Agreement (including the Guarantee and any obligation to pay Additional Amounts), (ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) any such Person not organized and validly existing under the laws of the United States, any state thereof or the District of Columbia or the Cayman Islands shall expressly agree in a supplemental fiscal agency agreement to the Fiscal Agency Agreement that all payments pursuant to the Guarantee in respect of principal of and interest on the notes shall be made free and clear of, and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the jurisdiction of organization of such Person or any authority therein or thereof having the power to tax, unless such withholding or deduction is (a) required by law, in which case such Person will pay such additional amounts ("Successor Additional Amounts") as will result in the receipt by the holders of the applicable series of notes of such amounts as would have been payable to the holders of the applicable series of notes had no such withholding or deduction been required, subject to the same exceptions (other than the right to redeem the notes as a result of such consolidation, merger, conveyance, lease or transfer) as apply with respect to the payment by the Guarantor of Additional Amounts in respect of the Guarantee (inserting references to the taxing jurisdiction where appropriate) or (b) the result of FATCA Withholding, (iv) if, as a result of the transaction, property of the Guarantor would become subject to a Lien that would not be permitted under the subheading "– Lien Covenants", the Guarantor or such successor Person takes such steps as shall be necessary to secure the notes and the Guarantee equally and ratably with (or prior to) the indebtedness secured by such Lien and (v) the Guarantor has delivered to the Fiscal Agent an officers' certificate and an opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease comply with this paragraph and that all conditions precedent herein provided for relating to such transaction have been complied with. References to the Cayman Islands in "– Redemption" above shall be deemed to include any jurisdiction that imposes the withholding or deduction with respect to which Successor Additional Amounts are payable.

Listing of the Notes

By the Time of Delivery, the Issuer would have made an application for the notes to be listed and quoted on the SGX-ST but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organization for Economic Co-operation and Development. In connection with such application, the Issuer will use endeavors considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Time of Delivery (if not already obtained). The Issuer may elect to apply for a de-listing of the notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting

principles or standards other than HKFRS in which event the Issuer will use endeavors considered in its sole opinion to be reasonable to it to seek a replacement listing of such notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organization for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or stock exchange would not be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than HKFRS. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavors considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

Events of Default

With respect to any series of notes, the occurrence of each of the following events will constitute an event of default ("Events of Default") with respect to such series of notes:

(a) failure to pay principal of any note of such series within five days after the due date for such payment; or

(b) failure to pay interest on any note of such series within 30 days after the due date for such payment; or

(c) failure to perform any other covenant of the Issuer or the Guarantor in the Fiscal Agency Agreement or the notes of such series (excluding the covenant under "– Certain Covenants – Listing of the Notes") which has continued for 90 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the Fiscal Agent or by the holders of at least 25% in aggregate principal amount of the Outstanding Notes of such series, a written notice specifying such failure and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Fiscal Agency Agreement or the notes, as the case may be; or

(d) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), (ii) acceleration of the maturity of any Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) following a default by the Issuer, the Guarantor or such Principal Subsidiary, if such Indebtedness for Borrowed Money is not discharged, or such acceleration is not annulled, within 10 days after receipt of the written notice as provided in the Fiscal Agency Agreement, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) under any guarantee or indemnity in respect of any Indebtedness for Borrowed Money of any other Person; *provided, however*, that:

    (1) no such event set forth in clause (i), (ii) or (iii) of this paragraph (d) shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money to which all such events relate exceeds HK$380,000,000 (or its equivalent in any other currency or currencies converted at the date of the relevant event); and

    (2) Indebtedness for Borrowed Money which is:

        (x) in the form of secured project financing or secured limited recourse financing and such Indebtedness for Borrowed Money is not guaranteed by the Guarantor or a Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries);

(y) incurred or guaranteed by a Subsidiary of the Guarantor:

(A) which has an issuer credit rating of either BB+ or higher by S&P or Fitch or Ba1 or higher by Moody's; and

(B) which is not guaranteed by the Guarantor or a Principal Subsidiary (other than such Subsidiary of the Guarantor incurring or guaranteeing such Indebtedness and its Subsidiaries);

("Non-Recourse Debt"); or

(z) incurred by any Subsidiary or the Guarantor before June 3, 2015 unless the relevant Indebtedness for Borrowed Money remains outstanding after 15 Specified Business Days after the event referred to in clauses (i), (ii) or (iii) of this paragraph (d);

shall be deemed not to be Indebtedness for Borrowed Money for the purpose of this paragraph (d);

For purposes of this paragraph (d):

"Fitch" means Fitch Ratings, Inc., Fitch Ratings Ltd., their respective affiliates and subsidiaries or any successor to their respective rating businesses;

"Moody's" means Moody's Investors Service, Inc., its affiliates and subsidiaries or any successor to their respective rating businesses;

"S&P" means S&P Global Ratings, its affiliates and subsidiaries or any successor to their respective rating businesses; and

"Specified Business Day" means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in London and Hong Kong and (x) (in relation to any date for payment or purchase of a currency other than Euro) the principal financial center of the country of that currency; or (y) (in relation to any date for payment or purchase of Euro) any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto is open for settlement of payments in Euro; or

(e) the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes insolvent and is unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, begins negotiations or takes any proceeding or other step with a view to readjustment, rescheduling or deferral of all of its Indebtedness for Borrowed Money (or any part of its Indebtedness for Borrowed Money which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness for Borrowed Money of the Issuer, the Guarantor or any Principal Subsidiaries (other than a Listed Principal Subsidiary or any of its Subsidiaries) or of the Issuer or the Guarantor and their respective Subsidiaries taken as a whole; or

(f) a distress, attachment, execution or other legal process (other than one initiated in relation to a Non-Recourse Debt) is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) and is not discharged or stayed within 30 days (or such longer period as the holders of a majority in aggregate principal amount of the Outstanding Notes of such series may permit); or

(g) any present or future encumbrance (other than any encumbrance securing a Non-Recourse Debt) on or over all or any material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries) becomes enforceable and any step (including the taking of possession or the appointment of a receiver, manager or similar officer) is taken to enforce that encumbrance; or

(h) any bona fide step is taken by any person for the dissolution of the Issuer, the Guarantor or any Principal Subsidiary (other than a Listed Principal Subsidiary or any of its Subsidiaries), except (in each such case) for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (1) on terms approved by the holders of at least a majority in aggregate principal amount of the Outstanding Notes of such series, or (2) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Guarantor or another of its Subsidiaries pursuant to a merger of such Principal Subsidiary with the Guarantor or such other Subsidiary or by way of a voluntary winding up or dissolution where there are surplus assets in such Principal Subsidiary and such surplus assets attributable to the Guarantor and/or such other Subsidiary are distributed to the Guarantor and/or such other Subsidiary; or

(i) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in sub-paragraphs (e) through (h) above.

If an Event of Default (other than an Event of Default described in paragraphs (e) to (i) above) with respect to any series of the notes shall occur and be continuing, the holders of at least 25% in aggregate principal amount of the Outstanding Notes of such series, by notice as provided in the Fiscal Agency Agreement, may declare the principal amount of the notes of such series, and any accrued and unpaid interest thereon to be due and payable immediately. If an Event of Default referred to in paragraphs (e) to (i) above with respect to the notes shall occur, the principal amount of all notes of each series and any accrued and unpaid interest thereon will automatically, and without any action by any holder of the notes of any series, become immediately due and payable. After any such acceleration but before a judgment or decree based on acceleration has been obtained, the holders of a majority in aggregate principal amount of the Outstanding Notes of any series may, under certain circumstances, rescind and annul such acceleration with respect to such series if all then existing Events of Default have been cured or waived as provided in the Fiscal Agency Agreement.

Modification and Amendment

The Issuer or the Guarantor may, at any time, and the Fiscal Agent shall at any time after the notes of any series shall have become immediately due and payable due to an Event of Default, upon a written request of holders of at least 10% of the Outstanding Notes of such series, call a meeting of holders of the notes of such series at such time and at such place in The City of New York as the Issuer, the Guarantor or those holders of at least 10% in principal amount of Outstanding Notes may determine. At a meeting of the holders of the notes of any such series, persons entitled to vote a majority in aggregate principal amount of the Outstanding Notes of such series shall constitute a quorum. In the absence of a quorum, within 30 minutes of the time appointed for any such meeting, at any such meeting, the meeting may be adjourned; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote 25% in aggregate principal amount of the Outstanding Notes of such series shall constitute a quorum for the taking of any action set forth in the notice of the original meeting.

Modifications and amendments to the Fiscal Agency Agreement or the notes requiring consent of holders may be made, and future compliance therewith or past defaults by the Issuer and the Guarantor may be waived with respect to any series of notes, with the consent of the holders of at least a majority in aggregate principal amount of the Outstanding Notes of such series or by a resolution adopted at a meeting of holders of notes of such series at which a quorum is present; *provided* that no such modification, amendment or waiver of the Fiscal Agency Agreement or any note may, without the consent of each holder of the series affected

thereby, (a) change the stated maturity of the principal of, or date for payment of interest on, any such note; (b) reduce the principal of or interest on any such note; (c) change the currency of payment of the principal of or interest on any such note; (d) change the provisions or procedures relating to the redemption of such notes; or (e) reduce the above-stated percentage of aggregate principal amount of Outstanding Notes in respect of such notes or reduce the quorum requirements or the percentage of votes required for the taking of any action. Any resolution at a meeting of holders of Outstanding Notes of any series to modify or amend the Fiscal Agency Agreement with respect to such series or the notes of such series, or to waive compliance with, or past defaults of the Issuer and the Guarantor of, any of the covenants or conditions referred to above (other than those set forth above as requiring the consent of each holder of a note affected thereby) shall be adopted if passed by the lesser of (a) a majority in aggregate principal amount of the Outstanding Notes of such series and (b) 75% in aggregate principal amount of the Outstanding Notes of such series represented and voting at the meeting.

Discharge and Defeasance

Discharge

The Issuer and the Guarantor, at the Issuer's or the Guarantor's option, may discharge any and all of their obligations in respect of the notes of any series (except for certain obligations to pay any Additional Amounts in respect of any withholding or deduction for taxes assessed by or within the Cayman Islands (as described above under "– Additional Amounts") then unknown, to register the transfer of or exchange notes, to replace stolen, lost, destroyed or mutilated notes upon satisfaction of certain requirements (including, without limitation, providing such security or indemnity as the Fiscal Agent, the Issuer or the Guarantor may require), to maintain paying agents and to hold certain monies in trust for payment), if such notes (i) have become due and payable, (ii) will become due and payable within one year or (iii) have been scheduled for redemption within one year, in each case if, among other things, the Issuer or the Guarantor deposits, in trust with the Fiscal Agent, money in an amount, or U.S. Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or a combination thereof, in each case sufficient to pay all the principal of, interest on, and any Additional Amounts in respect to any withholding or deduction for taxes assessed by or within the Cayman Islands known at the time of such deposit and required to be paid with regard to, such series of notes, as the case may be, on the date of such deposit (if such notes have become due and payable) or on the dates such payments are due in accordance with the terms of the Fiscal Agency Agreement and such notes. The Issuer or the Guarantor, as the case may be, is required to deliver to the Fiscal Agent an officers' certificate stating that all conditions precedent to discharge under the notes of the applicable series have been complied with.

Defeasance

The Issuer and the Guarantor, at the Issuer's or the Guarantor's option, (a) will be deemed to have been discharged from any and all obligations in respect of the notes of any series (except for certain obligations to pay any Additional Amounts in respect of any withholding or deduction for taxes assessed by or within the Cayman Islands (as described above under "– Additional Amounts") then unknown, to register the transfer of or exchange notes, to replace stolen, lost, destroyed or mutilated notes upon satisfaction of certain requirements (including, without limitation, providing such security or indemnity as the Fiscal Agent, the Issuer or the Guarantor may require), to maintain paying agents and to hold certain monies in trust for payment) or (b) need not comply with certain restrictive covenants with respect to the notes of any series (including those described under "– Certain Covenants"), in each case if, among other things, the Issuer or the Guarantor deposits, in trust with the Fiscal Agent, money in an amount, or U.S. Government Obligations that through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or a combination thereof, in each case sufficient to pay all the principal of, interest on, and any Additional Amounts in respect to any withholding or deduction for taxes assessed by or within the Cayman Islands known at the time of such deposit and required to be paid with regard to, such series of notes, on the dates such payments are due in accordance with the terms of the Fiscal Agency Agreement and such

notes. In the case of discharge pursuant to clause (a) above, the Issuer or the Guarantor, as the case may be, is required to deliver to the Fiscal Agent an opinion of counsel stating that (i) the Issuer or the Guarantor, as the case may be, has received from, or there has been published by, the U.S. Internal Revenue Service, a ruling, or (ii) since the date of the Fiscal Agency Agreement, there has been a change in the applicable U.S. federal income tax laws, in either case to the effect that the beneficial owners of the notes of the applicable series will not recognize gain or loss for U.S. federal income tax purposes as a result of the exercise of the option under clause (a) above and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised.

Fiscal Agent

The Bank of New York Mellon is the Fiscal Agent under the Fiscal Agency Agreement. The Corporate Trust division of the Fiscal Agent is located at 240 Greenwich Street, New York, NY 10286, United States of America. The Fiscal Agent is an agent of the Issuer and does not have the duties of a trustee with respect to the holders of the notes.

The Fiscal Agent may resign at any time or may be removed by the Issuer or the Guarantor. If the Fiscal Agent resigns, is removed or becomes incapable of acting as Fiscal Agent or if a vacancy occurs in the office of the Fiscal Agent for any cause, a successor Fiscal Agent will be appointed in accordance with the provisions of the Fiscal Agency Agreement. In such event, the Issuer will notify the SGX-ST where such change in Fiscal Agent may have a material effect on the price or value of the notes or on an investor's decision whether to trade in the notes.

Obligation Currency

To the fullest extent permitted by applicable law, the Issuer's obligation under the notes to make all payments in U.S. dollars (the "Obligation Currency") will not be satisfied by any payment, recovery or any other realization or proceeds in any currency other than the Obligation Currency. The Issuer has agreed to indemnify the holders of the notes in U.S. dollars for any shortfall in the aggregate amount of Obligation Currency actually received by such holders and the aggregate amount of payments due and payable.

Governing Law

The Fiscal Agency Agreement, the notes and the Guarantee will be governed by, and construed in accordance with, the laws of the State of New York.

Return of Unclaimed Funds

Any funds deposited with the Fiscal Agent to pay principal or interest on any note, that remain unclaimed and unescheated for one year after the date upon which the last payment of principal of or interest on any note to which such deposit relates shall have become due and payable, shall be repaid to the Issuer upon its written request by the Fiscal Agent, and the holder of any note to which such deposit related that is entitled to receive payment shall thereafter look only to the Issuer for the payment thereof and all liability of the Fiscal Agent with respect to such funds and the Fiscal Agency Agreement shall thereupon cease.

Further Issues

Subject to applicable law and the Fiscal Agency Agreement, the Issuer may, from time to time, without the consent of the holders of any series of notes, create and issue additional notes pursuant to the Fiscal Agency Agreement either having the same terms and conditions as any series of notes in all respects (or in all respects except for the first payment of interest on them) and so that such additional notes may be consolidated and form a single series with such existing series of notes or having such other terms as the Issuer may determine at the time of issue; *provided*, *however*, that such additional notes may have the same CUSIP, ISIN or other identifying number as an outstanding series of notes only if such additional notes are fungible with such outstanding series of notes for U.S. federal income tax purposes.

Notices

Notices to the holders of the notes will be mailed to them at their respective addresses in the register of notes. Any such notice will be deemed to have been given on the fourth day after being so mailed. So long as and to the extent that the notes are represented by global notes and such global notes are held by DTC, notices to owners of beneficial interests in the global notes may be given by delivery of the relevant notice to DTC for communication by it to entitled account holders.

Definitions

Set forth below are definitions of certain of the terms used herein. Additional terms are defined elsewhere above or in the Fiscal Agency Agreement.

"Adjusted Consolidated Net Worth" means the aggregate of (a) the amount paid up or credited as paid up on the issued share capital (including ordinary shares and preference shares) of the Guarantor; and (b) the amounts standing to the credit of the Guarantor's consolidated reserves (including but not limited to any such balance on the share premium account, exchange reserves, revaluation reserves and retained profits or losses); and (c) the amount of non-controlling interests and perpetual capital securities, all as shown by the then latest audited consolidated statement of financial position of the Guarantor and its Subsidiaries; provided, however, that the aggregate of the amounts described in clauses (a) through (c) above shall be adjusted (to the extent that the same has not been taken into account in such latest audited consolidated statement of financial position) by (i) deducting therefrom any amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is less than its book value in such latest audited consolidated statement of financial position, and/or (ii) adding thereto the amount directly or indirectly attributable to the Guarantor by which the Market Value of any asset is greater than its book value in such latest audited consolidated statement of financial position.

"Comparable Treasury Issue" means the United States Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes from the redemption date to March 26, 2029 in the case of the Notes Due 2029 or January 26, 2034 in the case of the Notes Due 2034.

"Comparable Treasury Price" means, with respect to any optional redemption date if clause (2) of the Treasury Rate is applicable: (i) the average of the Reference Treasury Dealer Quotations for such optional redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or (ii) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"Indebtedness for Borrowed Money" means any indebtedness for or in respect of money borrowed that has a final maturity of one year or more from its date of incurrence or issuance and that is evidenced by any agreement or other instrument, excluding trade payables; *provided, however*, that for the purposes of determining the amount of Indebtedness for Borrowed Money outstanding at any relevant time, the amount included as Indebtedness for Borrowed Money in respect of leases (to the extent they qualify as "Indebtedness for Borrowed Money" pursuant to the foregoing) shall be the net amount from time to time characterized as "obligations under finance leases" in accordance with Hong Kong Accounting Standard 17 Leases as revised and published by the Hong Kong Institute of Certified Public Accountants in January 2017 (and, in this regard, an opinion from the auditors of the Guarantor opining on such amount shall be conclusive and binding on all holders of the relevant series of notes).

"Lien" means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind, provided that the term "Lien" shall not include an unsecured guarantee or Liens arising by operation of law.

"Listed Principal Subsidiary" means any Principal Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited or any other recognized stock exchange.

"Market Value" means (a) the best price at which the relevant asset (other than shares falling within clause (b)) is expected to be sold on the relevant date assuming (i) a willing seller; (ii) a reasonable period in which to negotiate the sale; (iii) values will remain constant during the negotiation period; (iv) the asset will be freely exposed to the market; and (v) there is no special purchaser; and (b) in the case of shares in associated companies of the Guarantor and its Subsidiaries which are quoted on any stock exchange, the value of such shares, having regard to the underlying net assets of such associated companies and the percentage holding of the Guarantor and its Subsidiaries in such associated companies, in each such case as reasonably determined by the Guarantor after deducting (or, where such Market Value is to result in an adjustment to the then latest audited consolidated statement of financial position, adjusting for) an estimate of the direct tax liabilities (if any) which would arise on the sale of such asset at such price computed solely by reference to such sale price and the cost price for tax purposes.

"Outstanding Notes" means all notes of a particular series authenticated and delivered under the Fiscal Agency Agreement except (1) notes theretofore canceled by, or delivered for cancellation to, the Fiscal Agent; (2) notes for whose payment or redemption money in the necessary amount has been theretofore deposited with the Fiscal Agent for the holders of such notes, *provided* that if such notes are to be redeemed, notice of such redemption has been duly given pursuant to the Fiscal Agency Agreement and the notes; (3) notes which have been paid or purchased by or on behalf of the Issuer or by any person directly or indirectly controlling, or controlled by, or under direct or indirect common control with the Issuer (in determining whether the Fiscal Agent shall be protected in making any calculation as to the aggregate principal amount of Outstanding Notes or in relying upon any request, demand, authorization, direction, notice, consent or waiver, only notes which a Responsible Officer of the Fiscal Agent has received written notice to have been so paid or purchased shall be so disregarded); (4) notes in exchange for or in lieu of which other notes have been authenticated and delivered pursuant to the Fiscal Agency Agreement; and (5) notes which have been defeased.

"Person" means any person or entity.

"Principal Subsidiary" means at any time a Subsidiary of the Guarantor: (a) as to which one or more of the following conditions is satisfied: (i) its net profits (before taxation and extraordinary items) or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net profits (before taxation and extraordinary items) attributable to the Guarantor are at least 10% of the consolidated net profits of the Guarantor and its Subsidiaries (before taxation and extraordinary items but after deducting non-controlling interests' share of the net profits (before taxation and extraordinary items) of the Subsidiaries); or (ii) its net assets or (in the case of a Subsidiary of the Guarantor which has Subsidiaries) consolidated net assets attributable to the Guarantor represent 10% or more of the consolidated net assets (after deducting non-controlling interests in Subsidiaries) of the Guarantor and its Subsidiaries; all as calculated by reference to the then latest audited accounts or annual accounts reviewed by the auditor (consolidated or, as the case may be, unconsolidated) of such Subsidiary, and as adjusted to conform with the group accounting policies and measurement basis of the Guarantor, and the then latest consolidated audited accounts of the Guarantor and its Subsidiaries, provided that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited accounts of the Guarantor and its Subsidiaries relate, the reference to the then latest audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until audited accounts of the Guarantor and its Subsidiaries for the financial period in which the acquisition is made are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts or annual accounts reviewed by the auditor of such Subsidiary in such accounts; and (2) if, in the case of any Subsidiary of the Guarantor which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of the combined accounts of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by the Guarantor's auditors; or (b) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer was a Principal Subsidiary, provided that: (i) the Subsidiary which so transfers its assets and undertaking shall forthwith upon the transfer (notwithstanding the provisions of paragraph (a) above as applicable to such

Subsidiary) cease to be a Principal Subsidiary until the date on which the first audited consolidated financial statements of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published, whereupon whether such Subsidiary shall constitute a Principal Subsidiary again by virtue of paragraph (a) above shall be determined on the basis of such financial statements; and (ii) the Subsidiary of the Guarantor to which the assets and undertaking are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated accounts of the Guarantor and its Subsidiaries prepared as of a date later than such transfer are published, unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (a) above. An opinion by the auditors of the Guarantor on a calculation to show whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error.

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. government securities dealer in The City of New York, selected by the Issuer or the Guarantor in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer or the Guarantor, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m. on the fourth Business Day preceding such redemption date.

"Responsible Officer" when used with respect to the Fiscal Agent, means any officer within the corporate trust and agency group (or any successor department) of the Fiscal Agent, including, without limitation, any vice president, any assistant vice president, any assistant secretary or any assistant treasurer, or any trust officer or any other officer of the Fiscal Agent customarily performing functions similar to those performed by any of the above-designated officers, and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Subsidiary" means in relation to an entity, any other entity which would be accounted for and consolidated in the latest audited consolidated financial statements of that entity as a subsidiary pursuant to the accounting standards applicable to such financial statements.

"Treasury Rate" means, with respect to any optional redemption date, the rate per annum equal to: (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the applicable Comparable Treasury Issue; provided that, if no maturity is within three months before or after March 26, 2029 (with respect to the Notes Due 2029) or January 26, 2034 (with respect to the Notes Due 2034), yields for the two published maturities most closely corresponding to the applicable Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the applicable Comparable Treasury Issue, calculated using a price for the applicable Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the related Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by the Issuer or the Guarantor on the third business day preceding the redemption date.

TAXATION

Cayman Islands Taxation

The Cayman Islands currently has no exchange control restrictions and no income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax applicable to the Issuer or any holder of the notes. Accordingly, payment of principal of (including any premium) and interest on, and any transfer of, the notes will not be subject to taxation in the Cayman Islands, no Cayman Islands withholding tax will be required on such payments to any holder of notes and gains derived from the sale of the notes will not be subject to Cayman Islands capital gains tax. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Issuer.

The Issuer has applied for and received an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with Section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, for a period of 30 years from January 30, 2024, no law that is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Issuer or (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Act (As Revised).

No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of the notes unless they are executed in or brought into the Cayman Islands.

U.S. Federal Income Taxation

The following summary describes certain U.S. federal income tax considerations relevant to U.S. Holders (as defined below) regarding the ownership and disposition of notes. This summary applies only to U.S. Holders that hold their notes as capital assets for U.S. federal income tax purposes (generally, notes held for investment) and that purchase the notes in this offering at their "issue price," which for each series of notes is the first price at which a substantial amount of the notes of that series is sold to the public (not including bond houses, brokers or similar persons acting in the capacity of underwriters, placement agents or wholesalers). This discussion is for general information only and does not address all U.S. federal income tax matters that may be relevant to a particular U.S. Holder in light of its particular circumstances, including any special tax accounting rules set forth in Section 451 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), alternative minimum tax consequences and Medicare contribution tax consequences, as well as differing tax consequences applicable to U.S. Holders that are subject to special rules under U.S. federal income tax law, including, but not limited to:.

- dealers or traders in securities that use a mark-to-market method of accounting;
- tax-exempt organizations, "individual retirement accounts" or "Roth IRAs";
- banks, financial institutions, insurance companies or mutual funds;
- regulated investment companies or real estate investment trusts;
- partnerships or other entities treated as a partnership for U.S. federal income tax purposes or partners therein;
- persons whose "functional currency" is not the U.S. dollar; or
- persons holding their notes as part of a straddle, conversion transaction or other integrated transaction.

For purposes of this summary, a U.S. Holder is, for U.S. federal income tax purposes, a beneficial owner of notes and:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (a) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) that has validly elected to be treated as a U.S. person under applicable U.S. Treasury regulations.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding notes and partners therein should consult with their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

This summary is based on the Code, administrative pronouncements, judicial decisions and existing and proposed U.S. Treasury regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein, possibly on a retroactive basis. The following summary is not binding on the U.S. Internal Revenue Service (the "IRS") or the courts and does not address any state, local or non-U.S. tax consequences, U.S. federal estate of gift tax consequences or any consequences other than U.S. federal income taxes. Furthermore, this discussion assumes that payments on the notes or under the guarantee, or a disposition of the notes, will not be subject to any non-U.S. tax. U.S. Holders should consult their tax advisers regarding the consequences if any non-U.S. tax is imposed with respect to the notes.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. Each U.S. Holder should consult its tax advisor with respect to the U.S. federal income tax considerations relevant to such holder in its particular circumstances.

Payments of Interest

It is expected, and this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes. Interest payable on the notes will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Interest income on the notes generally will constitute income from sources outside the United States for purposes of the foreign tax credit rules.

Sale, Exchange, Redemption or Other Disposition of Notes

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, redemption or other disposition (not including any amount attributable to accrued but unpaid interest, which will be taxable as ordinary interest income as described above under "– *Payments of Interest*") and the U.S. Holder's adjusted tax basis in such note. A U.S. Holder's tax basis in a note generally will be the amount such U.S. Holder paid for such note. Gain or loss recognized by a U.S. Holder on the sale, exchange, redemption or other disposition of a note generally will be treated as U.S. source gain or loss for purposes of the foreign tax credit rules. Such gain or loss will be capital gain or loss and generally will be long-term capital gain or loss if the note has been held for more than one year at the time of sale, exchange,

redemption or other disposition. Net long-term capital gains of non-corporate taxpayers, including individuals, are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Payments of interest and proceeds from the sale of a note that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is an exempt recipient (and demonstrates that status if required to do so) or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that such U.S. Holder is not subject to backup withholding. The amount of any backup withholding from a payment will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

Hong Kong Taxation

Withholding Tax

No withholding tax is levied in respect of payments of principal or interest on the Notes or in respect of any gains or profits arising from the sale, disposal, redemption or on maturity of the Notes.

Profits Tax

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "IRO"), in general Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Specifically,

A. Interest on the Notes will be subject to Hong Kong profits tax where such interest is:

   (a) received by or accrued to:

      (i) a financial institution (as defined in the IRO) which arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

      (ii) a corporation (other than a financial institution) which arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in Section 16(3) of the IRO), even if the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

   (b) received by or accrued to a corporation carrying on a trade, profession or business in Hong Kong which is derived from Hong Kong; or

   (c) received by or accrued to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong which is derived from Hong Kong and is in respect of the funds of the trade, profession or business; or

   (d) received in Hong Kong by an MNE entity (as defined in the IRO) carrying on a trade, profession or business in Hong Kong if (i) such interest is not taxable under (a), (b) or (c) above and (ii) that MNE entity fails to meet the economic substance requirement as specified in the IRO.

B. Gains or profits from the sale, disposal, redemption or on maturity of the Notes will be subject to Hong Kong profits tax where such gains or profits are received by or accrued to:

(a) a financial institution (as defined in the IRO) which arises through or from the carrying on by the financial institution of its business in Hong Kong, even if the moneys laid out for the acquisition of the Notes were made available outside Hong Kong or the sale, disposal or redemption is effected outside Hong Kong; or

(b) a corporation (other than a financial institution) which arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in Section 16(3) of the IRO), even if the moneys laid out for the acquisition of the Notes were made available outside Hong Kong or the sale, disposal or redemption is effected outside Hong Kong; or

(c) a corporation carrying on a trade, profession or business in Hong Kong which arises in or are derived from Hong Kong; or

(d) a person, other than a corporation carrying on a trade, profession or business in Hong Kong which arises in or are derived from Hong Kong and are in respect of funds of the trade, profession or business.

In certain circumstances, Hong Kong profits tax exemptions or other concessions may be available.

Stamp Duty

Stamp duty will not be payable on the issue of the Notes provided that either:

(a) the Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) the Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "SDO")). No stamp duty will be payable on the issue or any subsequent transfer of the Notes.

The foregoing summary is of a general nature only and is based on Hong Kong law as of the date of this offering memorandum and is subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The foregoing summary does not purport to be a comprehensive description of all of the Hong Kong tax considerations that may be relevant to a decision to purchase, own or dispose of the notes and does not purport to deal with the Hong Kong tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers of the notes should consult with their own professional tax advisors as to the particular consequences of holding the notes which may affect them.

PLAN OF DISTRIBUTION

The Issuer intends to offer the notes through the initial purchasers named below (the "Initial Purchasers"). Subject to the terms and conditions contained in a purchase agreement dated April 23, 2024 (the "Purchase Agreement") among the Issuer, the Guarantor and the Initial Purchasers, the Issuer has agreed to sell to the Initial Purchasers, and each of the Initial Purchasers, severally and not jointly, has agreed to purchase from the Issuer, the principal amount of the notes listed opposite its name below.

Initial Purchaser	Principal Amounts of Note Due 2029	Principal Amounts of Note Due 2034
Merrill Lynch (Asia Pacific) Limited	US$125,000,000	US$125,000,000
BNP Paribas	US$125,000,000	US$125,000,000
Citigroup Global Markets Inc.	US$125,000,000	US$125,000,000
DBS Bank Ltd.	US$125,000,000	US$125,000,000
Deutsche Bank AG, Hong Kong Branch	US$125,000,000	US$125,000,000
Goldman Sachs (Asia) L.L.C.	US$125,000,000	US$125,000,000
The Hongkong and Shanghai Banking Corporation Limited	US$125,000,000	US$125,000,000
J.P. Morgan Securities (Asia Pacific) Limited	US$125,000,000	US$125,000,000

The Purchase Agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the notes is subject to conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers have advised the Issuer and the Guarantor that they propose initially to offer the notes at the respective prices listed on the cover page of this offering memorandum. After the initial offering, the price to investors, concessions and discounts may be changed.

Each of the Issuer and the Guarantor has agreed with the Initial Purchasers in the Purchase Agreement that during the period from the date thereof to the date 10 days after the Time of Delivery, it will not offer, sell, contract to sell or otherwise dispose of, except for notes to be sold under the Purchase Agreement, any securities of the Issuer (other than the notes) that are denominated in a currency in which the notes are denominated and are substantially similar to the notes issued by it or the Guarantee of the Guarantor, without the prior written consent of the Initial Purchasers.

The Issuer and the Guarantor have agreed in the Purchase Agreement to indemnify the Initial Purchasers against certain losses that the Initial Purchasers incur in respect of certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

Delivery of the notes is expected to be against payment for the notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the third business day following the date of the pricing of the notes ("T+3"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days, purchasers who wish to trade notes on the date of pricing will be required, by virtue of the fact that the notes initially will settle in T+3, to specify alternative settlement arrangements to prevent a failed settlement.

The Notes Are Not Being Registered

Each of the Initial Purchasers proposes to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. Each of the Initial Purchasers has represented and warranted, and agrees, that it has not offered or sold and will not offer or sell the notes except:

- through its respective U.S. selling agents to persons in the United States it reasonably believes to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act in transactions meeting the requirements of Rule 144A under the Securities Act; or
- pursuant to offers and sales to non-U.S. persons that occur outside the United States in offshore transactions in reliance on Regulation S.

Each of the Initial Purchasers has represented and warranted, and agrees, that, except as permitted by the preceding paragraph, it will not offer or sell the notes (i) as part of its distribution at any time, and (ii) otherwise until 40 days after the later of the date upon which the offering of the notes commences and the Time of Delivery, within the United States or to, or for the account or benefit of, U.S. persons, and, at or prior to confirmation of a sale of notes (other than a sale of the notes pursuant to Rule 144A under the Securities Act), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases notes from it or through it prior to the expiration of such 40-day period a confirmation or notice setting forth the restrictions on offers and sales of notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, each Initial Purchaser has represented and warranted, and agrees, that:

- it has not offered or sold and will not offer or sell the notes by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Securities Act; and

- neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the notes, and it and they have complied and will comply with the offering restriction requirements of Regulation S.

Cayman Islands Selling Restrictions

Each of the Initial Purchasers has represented and warranted, and agreed, that it has not made and will not make (on behalf of the Issuer) any invitation directly or indirectly to the public in the Cayman Islands to subscribe for any of the notes.

Hong Kong Selling Restrictions

Each of the Initial Purchasers has represented and warranted, and agreed, that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and

- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, (whether in Hong Kong or elsewhere) any advertisement, invitation or document relating to the notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning ascribed to it in the SFO and any rules made under the SFO.

European Economic Area Selling Restrictions

This offering memorandum has been prepared on the basis that any offer of notes in any member state of the European Economic Area ("EEA") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the EEA. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (b) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any notes under, the offers to the public contemplated in this offering memorandum, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires notes is not a "retail investor" (as defined above).

United Kingdom Selling Restrictions

This offering memorandum has been prepared on the basis that any offer of notes in the United Kingdom will be made pursuant to an exemption under the FSMA and the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. The expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any notes under, the offers to the public contemplated in this offering memorandum, or to whom the notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Initial Purchaser and the Issuer that it and any person on whose behalf it acquires notes is not a "retail investor" (as defined above).

Each of the Initial Purchasers has represented and warranted, and agreed, that:

- it has complied with and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom; and

- it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

Switzerland Selling Restrictions

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes.

The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Japan Selling Restrictions

The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Initial Purchaser has represented and warranted, and agreed, that it will not offer or sell any notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No.

228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore Selling Restrictions

Each of the Initial Purchasers has acknowledged that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each of the Initial Purchasers has represented and warranted, and agreed, that it has not offered or sold any notes or caused the notes to be made the subject of an invitation for subscription or purchase, nor will it offer or sell the notes or cause the notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Canada Selling Restrictions

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution, and that are "accredited investors", as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients", as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable Canadian securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), this offering memorandum is exempt from the requirement that the Issuer and the Initial Purchasers in the offering provide Canadian investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would be otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Each Canadian purchaser confirms its express wish that all documents evidencing or relating to the sale of the notes and all other contracts and related documents be drafted in the English language. *Chaque acheteur confirme sa volonté expresse que tous les documents attestant de la vente des titres ou s'y rapportant ainsi que tous les autres contrats et documents s'y rattachant soient rédigés en langue anglaise.*

Taiwan Selling Restriction

The notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China ("Taiwan"), pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in any manner which would constitute an offer within the meaning of the Securities and Exchange Act

of Taiwan or would otherwise require registration with or the approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the notes in Taiwan.

General

No action has been taken by the Issuer, the Guarantor or any of the Initial Purchasers that would, or is intended to, permit a public offer of the notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Initial Purchasers has undertaken that it will not, directly or indirectly, offer or sell any notes or distribute or publish any offering circular, memorandum, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of notes by it will be made on the same terms.

Price Stabilization and Short Positions

In connection with this offering, any of the Initial Purchasers, as Stabilizing Manager, or anyone acting on its behalf may, to the extent permitted by the relevant laws, rules and regulations of the appropriate jurisdiction, engage in transactions that stabilize the market prices of the notes. Such transactions consist of bids or purchases to peg, fix or maintain the prices of the notes. If the Stabilizing Manager or anyone acting on its behalf creates a short position in the notes in connection with the offering, (i.e., if it sells more notes than are listed on the cover page of this offering memorandum), it may reduce that short position by purchasing notes in the open market. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases.

Neither of the Issuer, the Guarantor nor any of the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the notes. In addition, neither of the Issuer, the Guarantor nor any of the Initial Purchasers makes any representation that any Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Listing

Application will be made to the SGX-ST for the listing and quotation of the notes on the SGX-ST. No assurance can be given as to the liquidity of, or trading market for, the notes. No assurance is made that the application to the SGX-ST will be approved. The offering and the settlement of the notes is not conditional on obtaining listing on such exchange.

Other Relationships

Certain of the Initial Purchasers or its affiliates have engaged and may engage in investment banking and other commercial dealings in the ordinary course of business with the Guarantor and certain of its affiliates. They have received and may receive fees and commissions for these services.

TRANSFER RESTRICTIONS

Due to the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the notes.

Each purchaser of the notes will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

1. it (A)(i) is a qualified institutional buyer, (ii) is aware that the sale of the notes to it is being made in reliance on Rule 144A, and (iii) is acquiring such notes for its own account or the account of a qualified institutional buyer or (B) is outside the United States and is not a U.S. person (as defined in Regulation S);

2. it acknowledges that the notes and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States except as set forth below;

3. it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any notes or any beneficial interests in any notes other than notes represented by a Regulation S global certificate, such notes may be resold, pledged or transferred only (A) by an initial investor (i) to the Issuer or to the Guarantor or any subsidiary thereof, (ii) to a person whom the seller reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) (resales described in subclauses (i) through (iv) of this clause (A), "Safe Harbor Resales"), or (B) by a subsequent investor, in a Safe Harbor Resale or pursuant to any other available exemption from the registration requirements under the Securities Act (provided that, as a condition to the registration of transfer of any notes otherwise than in a Safe Harbor Resale, the Issuer, the Guarantor or the Fiscal Agent may require delivery of any documents or other evidence (including but not limited to an opinion of counsel) that it, in its sole discretion, may deem necessary or appropriate to evidence compliance with such exemption), or (C) pursuant to an effective registration statement under the Securities Act, and in each of such cases, in accordance with any applicable securities laws of any state of the United States and any other jurisdiction;

4. it agrees to, and each subsequent holder is required to, notify any purchaser of the notes from it of the resale restrictions referred to in clause 3 above, if then applicable;

5. it understands and agrees that (A) notes initially offered in the United States to qualified institutional buyers will be represented by Rule 144A global certificates and (B) that notes offered outside the United States in reliance on Regulation S will be represented by Regulation S global certificates;

6. it understands that the notes, other than notes represented by the Regulation S certificates, will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

   "THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES FOR THE BENEFIT OF CK HUTCHISON INTERNATIONAL (24) LIMITED (THE "ISSUER") AND CK HUTCHISON HOLDINGS LIMITED (THE "GUARANTOR") THAT THIS SECURITY MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) BY AN INITIAL INVESTOR (AS DEFINED BELOW) (1) TO THE ISSUER OR THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (2) SO LONG AS THIS SECURITY IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES

ACT ("RULE 144A"), TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A) IN ACCORDANCE WITH RULE 144A, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION IN ACCORDANCE WITH RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) (RESALES DESCRIBED IN SUBCLAUSES (1) THROUGH (4) OF THIS CLAUSE (A), "SAFE HARBOR RESALES"), OR (B) BY A SUBSEQUENT INVESTOR, IN A SAFE HARBOR RESALE OR PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT (PROVIDED THAT, AS A CONDITION TO THE REGISTRATION OF TRANSFER OF ANY SECURITIES OTHERWISE THAN IN A SAFE HARBOR RESALE, THE ISSUER, THE GUARANTOR OR THE TRANSFER AGENT MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE (INCLUDING BUT NOT LIMITED TO AN OPINION OF COUNSEL) THAT IT, IN ITS SOLE DISCRETION, MAY DEEM NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION), OR (C) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, REPRESENTS AND AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

FOR ALL PURPOSES OF THIS SECURITY, THE TERM "INITIAL INVESTOR" MEANS ANY PERSON WHO, IN CONNECTION WITH THE INITIAL DISTRIBUTION OF THIS SECURITY, ACQUIRES SUCH SECURITY FROM THE ISSUER OR THE INITIAL PURCHASERS (AS SUCH TERM IS DEFINED IN THE FISCAL AGENCY AGREEMENT) PARTICIPATING IN SUCH DISTRIBUTION OR ANY AFFILIATE OF ANY OF THE FOREGOING.";

7. it understands and agrees that if in the future it decides to resell, pledge or otherwise transfer any notes represented by Regulation S certificates or any beneficial interest in any notes represented by Regulation S certificates, such notes may be resold, pledged or transferred only in accordance with the requirements of the legends set forth in paragraph 8 below;

8. it understands that the notes represented by Regulation S certificates will bear a legend to the following effect unless otherwise agreed to by the Issuer and the Guarantor:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION AND, ACCORDINGLY, MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED PRIOR TO THE EXPIRATION OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES AND THE TIME OF DELIVERY, AS DEFINED IN THE PURCHASE AGREEMENT DATED APRIL 23, 2024 (THE "DISTRIBUTION COMPLIANCE PERIOD"), EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (B) WITHIN THE UNITED STATES TO A PERSON THAT THE TRANSFEROR, AND ANY PERSON ACTING ON ITS BEHALF, REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, PROVIDED, HOWEVER, THAT IN CONNECTION WITH ANY TRANSFER UNDER (B) ABOVE, THE TRANSFER AGENT SHALL HAVE RECEIVED A WRITTEN CERTIFICATION (IN THE FORM(S) PROVIDED IN THE FISCAL AGENCY AGREEMENT) (1) FROM THE TRANSFEREE TO THE EFFECT THAT SUCH TRANSFEREE (X) IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING

FOR ITS OWN ACCOUNT (OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OVER WHICH ACCOUNT IT EXERCISES SOLE INVESTMENT DISCRETION) AND (Y) AGREES TO COMPLY WITH THE RESTRICTIONS ON TRANSFER SET FORTH UNDER "TRANSFER RESTRICTIONS" IN THE OFFERING MEMORANDUM DATED APRIL 23, 2024 AND (2) FROM THE TRANSFEROR TO THE EFFECT THAT THE TRANSFER WAS MADE IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.

UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE CERTIFICATIONS CONTEMPLATED BY CLAUSE (1) (X) AND CLAUSE (2) OF THE PRECEDING PARAGRAPH SHALL NO LONGER BE REQUIRED, BUT THE TRANSFEREE WILL STILL BE REQUIRED TO CERTIFY AS PROVIDED BY CLAUSE (1) (Y) OF SUCH PARAGRAPH. UPON THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, THE SECURITIES REPRESENTED BY THE REGULATION S CERTIFICATES SHALL NO LONGER BE SUBJECT TO THE RESTRICTIONS ON TRANSFER PROVIDED IN THIS LEGEND, PROVIDED THAT AT THE TIME OF SUCH EXPIRATION, THE OFFER OR SALE OF THE SECURITIES REPRESENTED BY THE REGULATION S CERTIFICATES BY THE HOLDER HEREOF IN THE UNITED STATES WOULD NOT BE RESTRICTED UNDER THE SECURITIES LAWS OF THE UNITED STATES OR ANY STATE OF THE UNITED STATES.";

9. it acknowledges that, prior to any proposed transfer of notes in certificated form or of beneficial interests in notes represented by a global certificate (in each case other than pursuant to an effective registration statement), the holder of notes or the holder of beneficial interests in notes represented by a global certificate, as the case may be, may be required to provide certifications and other documentation relating to the manner of such transfer and submit such certifications and other documentation as provided in the Fiscal Agency Agreement; and

10. it acknowledges that the Issuer, the Guarantor and the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representation and agreements and agrees that, if any of such acknowledgements, representations or warranties deemed to have been made by virtue of its purchase of notes is no longer accurate, it shall promptly notify the Issuer and the Guarantor, and if it is acquiring any notes as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledges, representations and agreements on behalf of each such account.

For further discussion of the requirements (including the presentation of transfer certificates) under the relevant Fiscal Agency Agreement to effect exchanges of transfer of interests in notes represented by a global certificate and of notes in certificated form, see "Description of the Notes and the Guarantee – Notes; Delivery and Form".

AVAILABLE INFORMATION

For so long as the notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Guarantor will, during any period in which the Guarantor is neither subject to the reporting requirements under Section 13 or 15(d) of the U.S. Securities Exchange Act, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any holder of the notes purchased pursuant to Rule 144A under the Securities Act or any prospective purchaser designated by such holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

RATINGS

The notes are expected to be rated "A–" by Fitch Ratings Ltd., "A2" by Moody's Investor Service Limited and "A" by S&P Global Ratings, a division of the McGraw-Hill Companies, Inc. The credit ratings accorded to the notes are not a recommendation to purchase, hold or sell the notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant or that other credit agencies will issue credit ratings. Ratings are subject to revision or withdrawal at any time by the rating agencies.

LEGAL MATTERS

The Issuer and the Guarantor are being represented as to U.S. federal and New York State law matters by Davis Polk & Wardwell. Certain legal matters under Cayman Islands law will be passed upon for the Issuer and the Guarantor by Maples and Calder (Hong Kong) LLP. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Clifford Chance with respect to matters of U.S. federal and New York State law.

INDEPENDENT AUDITOR

The consolidated financial statements of CKHH as of December 31, 2023 and for the year then ended (with comparative financial information as of December 31, 2022) included in this offering memorandum have been audited by PwC, Certified Public Accountants, Hong Kong, as stated in their audit report dated March 21, 2024.

The consolidated financial statements of CKHH as of December 31, 2022 and for the year then ended (with comparative financial information as of December 31, 2021) included in this offering memorandum have been audited by PwC, Certified Public Accountants, Hong Kong, as stated in their audit report dated March 16, 2023.

The consolidated financial statements of CKHH as of December 31, 2021 and for the year then ended (with comparative financial information as of December 31, 2020) included in this offering memorandum have been audited by PwC, Certified Public Accountants, Hong Kong, as stated in their audit report dated March 17, 2022.

GENERAL INFORMATION

1. The CUSIP Numbers and the Common Codes for the notes represented by Rule 144A global certificates and the notes represented by Regulation S global certificates and the International Security Identification Numbers ("ISIN") for the notes represented by Rule 144A global certificates and the notes represented by Regulation S global certificates are as follow:

	Note Due 2029	Note Due 2034
Common Code for Rule 144A Global Certificates.....	280465402	280465682
Common Code for Regulation S Global Certificates...	280465623	280465704
CUSIP Number for Rule 144A Global Certificates	17887U AA3	17887U AB1
CUSIP Number for Regulation S Global Certificates ..	G2176U AA8	G2176U AB6
ISIN for Rule 144A Global Certificates	US17887UAA34	US17887UAB17
ISIN for Regulation S Global Certificates	USG2176UAA81	USG2176UAB64

2. Application will be made to the SGX-ST for the listing and quotation of the notes on the SGX-ST but an application may instead be made to another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organization for Economic Co-operation and Development, for permission to deal in and the listing of the notes. However, no assurance is made that the application to the SGX-ST or such other stock exchange will be approved. The settlement of the notes is not conditional on obtaining listing. In connection with such application, the Issuer will use endeavors considered in its sole opinion to be reasonable to it to obtain the listing as promptly as practicable after the Time of Delivery (if not already obtained). The Issuer may elect to apply for a de-listing of the notes from any stock exchange or markets of such stock exchange on which they are traded because the maintenance of such listing is or would be, in the opinion of the Issuer, unduly burdensome, including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than HKFRS in which event the Issuer will use endeavors considered in its sole opinion to be reasonable to it to seek a replacement listing of such notes on another section of any stock exchange on which they are traded or another stock exchange which is: (a) a member of the World Federation of Exchanges; or (b) located in a state that is a member of the Organization for Economic Co-operation and Development, provided that obtaining or maintaining a listing on such section or such stock exchange would not be, in the opinion of the Issuer, unduly burdensome including, without limitation, any requirement on the Issuer or the Guarantor to provide financial statements prepared in accordance with, or reconcile financial statements to, accounting principles or standards other than HKFRS. In the event that no listing is obtained or maintained which satisfies the foregoing requirements, the Issuer will use endeavors considered in its sole opinion to be reasonable to it to obtain a replacement listing elsewhere.

   The notes will be traded in a minimum board lot size of US$200,000 so long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require.

   For so long as any of the notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the notes may be presented or surrendered for payment or redemption, in the event that a global note representing notes of a particular series is exchanged for notes in their definitive form. In addition, in the event that a global note representing notes of a particular series is exchanged for notes in their definitive form, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the notes in their definitive form, including details of the paying agent in Singapore.

3. The Issuer and the Guarantor have obtained all necessary consents, approvals and authorizations as may be required in connection with the issue and performance of the notes, except as disclosed in this offering memorandum. The issue of the notes was approved by resolutions of the Issuer passed on April 23, 2024, and the giving of the Guarantee of the notes by the Guarantor was authorized by resolutions of the Guarantor passed on April 23, 2024.

4. Except as disclosed in this offering memorandum, there has been no material adverse change in the financial position or prospects of CKHH since December 31, 2023 and there has been no material adverse change in the financial position or prospects of the Issuer since its date of incorporation.

5. Other than as referred to elsewhere in this offering memorandum, neither the Issuer nor the Guarantor nor any of the Guarantor's subsidiaries is involved in any litigation or arbitration proceedings that if determined adversely to the Guarantor or any of its subsidiaries would, in the aggregate, have a material adverse effect on the consolidated financial position of the Guarantor and the Guarantor's subsidiaries (including the Issuer) taken as a whole, nor is the Issuer, the Guarantor or any of the Guarantor's subsidiaries aware that any such proceedings are pending or threatened.

6. A copy of the Memorandum and Articles of Association of the Issuer and the Guarantor and copies of the Fiscal Agency Agreement will be available for inspection during usual business hours on any weekday (except public holidays) at the offices of the Fiscal Agent.

7. The Guarantor does not publish full non-consolidated annual financial statements. The Guarantor does publish a non-consolidated annual statement of financial position and certain notes thereto which are included in the financial statements in this offering memorandum.

8. The Issuer has not audited or published, and does not propose to audit or publish, any of its accounts since it is not required to do so under Cayman Islands law. The Issuer is, however, required to keep such accounts and records as are necessary to give a true and fair view of the Issuer's affairs and to explain its transactions.

9. Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Guarantor is required to publish an annual report containing the audited consolidated financial statements of the Guarantor not later than four months after the date upon which the financial period ended. The Guarantor is also required to publish a semi-annual interim report, which should be reviewed by the Guarantor's audit committee and, if applicable, the independent auditor, containing the unaudited consolidated financial statements of the Guarantor for the first six months of each financial year not later than three months after the end of that six-month period. The Guarantor does not publish audited interim consolidated nor non-consolidated financial statements.

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Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 132 to 270, 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 profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Goodwill and brand names with an indefinite useful life *Refer to notes 15, 16 and 46 to the consolidated financial statements* The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2023, the carrying amounts of goodwill and brand names with an indefinite useful life amounted to approximately HK$271 billion and HK$68 billion respectively. Goodwill and brand names with an indefinite useful life are 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 recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates to extrapolate the cash flows beyond the budget period and the discount rates to bring the future cash flows back to their present values. We considered this is a key audit matter as significant judgements are involved in the impairment assessments.	Our procedures to address this key audit matter included: • Understanding management's assessment process of impairment of goodwill and brand names with an indefinite useful life; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions used in management's estimation of recoverable amounts based on our knowledge of the relevant businesses and industries, other appropriate supporting evidence, and with the involvement of our valuations experts; • Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of the estimated future cash flows, the growth rates and discount rates applied; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts including the growth rates and discount rates as these are the key assumptions to which the measurement of recoverable amounts is the most sensitive. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (continued)

Key Audit Matter

Investments in associated companies and joint ventures

Refer to notes 17, 18 and 46 to the consolidated financial statements

The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2023, the carrying amounts of investments in associated companies and joint ventures amounted to approximately HK$144 billion and HK$156 billion respectively.

Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. For those associated companies and joint ventures in which such indication exists, the Group performed impairment assessments. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures.

We considered this is a key audit matter as significant judgements are involved in the impairment assessments.

How our audit addressed the Key Audit Matter

Our procedures to address this key audit matter included:

- Understanding management's process for identifying the existence of impairment indicators and performing impairment assessments of investments in associated companies and joint ventures when indicators of impairment exist;
- Assessing the appropriateness of the valuation methodologies used in the impairment assessments; and
- Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the projections of cash flows, the growth rates and discount rates applied; and comparing cash flow projections to supporting evidence, such as approved budgets.

We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

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

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 HKSAs 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 HKSAs, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Luk Lai Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2024

Consolidated Income Statement

for the year ended 31 December 2023

2023 # US$ million		Note	2023 HK$ million	2022 HK$ million
35,330	Revenue	4, 5	**275,575**	262,497
(13,556)	Cost of inventories sold	7	**(105,739)**	(101,724)
(5,029)	Staff costs		**(39,226)**	(37,170)
(1,947)	Expensed customer acquisition and retention costs		**(15,188)**	(14,527)
(5,139)	Depreciation and amortisation	7	**(40,083)**	(39,788)
(6,166)	Other expenses and losses	7	**(48,095)**	(55,727)
265	Other income and gains	7	**2,067**	28,180
	Share of profits less losses of:			
1,044	Associated companies		**8,138**	11,822
1,024	Joint ventures		**7,990**	7,422
5,826			**45,439**	60,985
(1,568)	Interest expenses and other finance costs	8	**(12,227)**	(9,052)
4,258	**Profit before tax**		**33,212**	51,933
(528)	Current tax	9	**(4,119)**	(5,435)
143	Deferred tax credit (charge)	9	**1,116**	(2,839)
3,873	**Profit after tax**		**30,209**	43,659
(860)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(6,709)**	(6,979)
3,013	**Profit attributable to ordinary shareholders**		**23,500**	36,680
US$ 0.79	**Earnings per share for profit attributable to ordinary shareholders**	10	**HK$ 6.14**	HK$ 9.57

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid and proposed final dividend payable to the ordinary shareholders are set out in note 11.

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023

2023 # US$ million		Note	2023 HK$ million	2022 HK$ million
3,873	**Profit after tax**		30,209	43,659
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss			
92	Changes in fair value of equity instruments at fair value through other comprehensive income		718	(1,493)
(188)	Remeasurement of defined benefit obligations		(1,470)	701
(72)	Share of other comprehensive income (losses) of associated companies		(560)	(83)
34	Share of other comprehensive income (losses) of joint ventures		269	(520)
48	Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	33 (c)	376	(255)
(86)			(667)	(1,650)
	Items that may be reclassified to profit or loss			
15	Changes in fair value of debt instruments at fair value through other comprehensive income		120	(367)
996	Exchange gains (losses) on translation of foreign operations		7,771	(16,078)
44	Exchange losses reclassified to profit or loss		342	2,220
(136)	Gains (losses) on cash flow hedges		(1,059)	2,201
(210)	Gains (losses) on net investment hedges		(1,641)	4,433
(222)	Reclassification adjustments for hedging gains included in profit or loss		(1,735)	–
242	Share of other comprehensive income (losses) of associated companies		1,889	(2,495)
478	Share of other comprehensive income (losses) of joint ventures		3,728	(4,061)
1	Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	33 (c)	4	(12)
1,208			9,419	(14,159)
1,122	Other comprehensive income (losses), net of tax		8,752	(15,809)
4,995	**Total comprehensive income**		38,961	27,850
(959)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		(7,476)	(5,774)
4,036	**Total comprehensive income attributable to ordinary shareholders**		31,485	22,076

See note 44.

Consolidated Statement of Financial Position

at 31 December 2023

2023# US$ million		Note	2023 HK$ million	2022 HK$ million
	Non-current assets			
15,362	Fixed assets	12	**119,826**	112,650
7,846	Right-of-use assets	13	**61,198**	59,337
8,239	Telecommunications licences	14	**64,264**	60,689
10,692	Brand names and other rights	15	**83,396**	83,694
34,761	Goodwill	16	**271,136**	268,008
18,415	Associated companies	17	**143,638**	140,711
20,043	Interests in joint ventures	18	**156,337**	148,561
2,702	Deferred tax assets	19	**21,074**	18,509
2,024	Liquid funds and other listed investments	20	**15,786**	16,103
2,547	Other non-current assets	21	**19,862**	15,900
122,631			**956,517**	924,162
	Current assets			
16,323	Cash and cash equivalents	23	**127,323**	138,085
3,138	Inventories		**24,473**	23,283
6,486	Trade receivables and other current assets	24	**50,590**	56,811
25,947			**202,386**	218,179
–	Assets classified as held for sale	25	**–**	6,096
25,947			**202,386**	224,275
	Current liabilities			
7,477	Bank and other debts	26	**58,324**	70,130
534	Current tax liabilities		**4,166**	4,001
1,746	Lease liabilities	13	**13,616**	12,128
11,080	Trade payables and other current liabilities	27	**86,419**	89,129
20,837			**162,525**	175,388
–	Liabilities directly associated with assets classified as held for sale	25	**–**	1,127
20,837			**162,525**	176,515
5,110	Net current assets		**39,861**	47,760
127,741	Total assets less current liabilities		**996,378**	971,922
	Non-current liabilities			
27,384	Bank and other debts	26	**213,598**	214,196
416	Interest bearing loans from non-controlling shareholders	29	**3,245**	2,567
6,963	Lease liabilities	13	**54,307**	53,931
2,509	Deferred tax liabilities	19	**19,572**	19,290
453	Pension obligations	30	**3,536**	2,730
4,048	Other non-current liabilities	31	**31,571**	31,899
41,773			**325,829**	324,613
85,968	**Net assets**		**670,549**	647,309

2023 # US$ million		Note	2023 HK$ million	2022 HK$ million
	Capital and reserves			
491	Share capital	32 (a)	**3,830**	3,830
31,150	Share premium	32 (a)	**242,972**	242,972
38,107	Reserves	33	**297,233**	276,711
69,748	Total ordinary shareholders' funds		**544,035**	523,513
585	Perpetual capital securities	32 (b)	**4,566**	4,561
15,635	Non-controlling interests		**121,948**	119,235
85,968	**Total equity**		**670,549**	647,309

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Holders of perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
82,988	At 1 January 2023	246,802	276,711	523,513	4,561	119,235	647,309
3,873	Profit for the year	–	23,500	23,500	172	6,537	30,209
	Other comprehensive income (losses)						
92	Changes in fair value of equity instruments at fair value through other comprehensive income	–	718	718	–	–	718
15	Changes in fair value of debt instruments at fair value through other comprehensive income	–	120	120	–	–	120
(188)	Remeasurement of defined benefit obligations	–	(1,108)	(1,108)	–	(362)	(1,470)
996	Exchange gains on translation of foreign operations	–	7,457	7,457	–	314	7,771
44	Exchange losses reclassified to profit or loss	–	339	339	–	3	342
(136)	Losses on cash flow hedges	–	(1,033)	(1,033)	–	(26)	(1,059)
(210)	Losses on net investment hedges	–	(1,308)	(1,308)	–	(333)	(1,641)
(222)	Reclassification adjustments for hedging gains included in profit or loss	–	(1,735)	(1,735)	–	–	(1,735)
170	Share of other comprehensive income of associated companies	–	1,183	1,183	–	146	1,329
512	Share of other comprehensive income of joint ventures	–	3,065	3,065	–	932	3,997
49	Tax relating to components of other comprehensive income (losses)	–	287	287	–	93	380
1,122	Other comprehensive income, net of tax	–	7,985	7,985	–	767	8,752
4,995	Total comprehensive income	–	31,485	31,485	172	7,304	38,961
13	Impact of hyperinflation	–	82	82	–	21	103
	Transactions with owners in their capacity as owners:						
(1,024)	Dividends paid relating to 2022	–	(7,989)	(7,989)	–	–	(7,989)
(371)	Dividends paid relating to 2023	–	(2,896)	(2,896)	–	–	(2,896)
(608)	Dividends paid to non-controlling interests	–	–	–	–	(4,744)	(4,744)
(21)	Distribution paid on perpetual capital securities	–	–	–	(167)	–	(167)
(19)	Recognition of put option liabilities arising from business combinations	–	(148)	(148)	–	–	(148)
2	Unclaimed dividends write back	–	15	15	–	–	15
1	Relating to purchase of a subsidiary company	–	–	–	–	8	8
4	Relating to purchase of non-controlling interests	–	(34)	(34)	–	70	36
8	Relating to partial disposal of subsidiary companies	–	7	7	–	54	61
(2,015)		–	(10,963)	(10,963)	(167)	(4,591)	(15,721)
85,968	**At 31 December 2023**	246,802	297,233	544,035	4,566	121,948	670,549

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Holders of perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
82,596	At 1 January 2022	247,003	266,149	513,152	12,414	118,689	644,255
5,597	Profit for the year	–	36,680	36,680	263	6,716	43,659
	Other comprehensive income (losses)						
(192)	Changes in fair value of equity instruments at fair value through other comprehensive income	–	(1,493)	(1,493)	–	–	(1,493)
(47)	Changes in fair value of debt instruments at fair value through other comprehensive income	–	(367)	(367)	–	–	(367)
90	Remeasurement of defined benefit obligations	–	569	569	–	132	701
(2,061)	Exchange losses on translation of foreign operations	–	(14,538)	(14,538)	–	(1,540)	(16,078)
285	Exchange losses reclassified to profit or loss	–	2,090	2,090	–	130	2,220
282	Gains on cash flow hedges	–	2,127	2,127	–	74	2,201
568	Gains on net investment hedges	–	3,380	3,380	–	1,053	4,433
(331)	Share of other comprehensive income (losses) of associated companies	–	(2,576)	(2,576)	–	(2)	(2,578)
(587)	Share of other comprehensive income (losses) of joint ventures	–	(3,578)	(3,578)	–	(1,003)	(4,581)
(34)	Tax relating to components of other comprehensive income (losses)	–	(218)	(218)	–	(49)	(267)
(2,027)	Other comprehensive income (losses), net of tax	–	(14,604)	(14,604)	–	(1,205)	(15,809)
3,570	Total comprehensive income	–	22,076	22,076	263	5,511	27,850
(4)	Impact of hyperinflation	–	(23)	(23)	–	(6)	(29)
	Transactions with owners in their capacity as owners:						
(914)	Dividends paid relating to 2021	–	(7,132)	(7,132)	–	–	(7,132)
(412)	Dividends paid relating to 2022	–	(3,221)	(3,221)	–	–	(3,221)
(619)	Dividends paid to non-controlling interests	–	–	–	–	(4,826)	(4,826)
(41)	Distribution paid on perpetual capital securities	–	–	–	(316)	–	(316)
24	Equity contribution from non-controlling interests	–	–	–	–	191	191
(1,000)	Redemption of perpetual capital securities	–	–	–	(7,800)	–	(7,800)
(25)	Buy-back and cancellation of issued shares (see note 32(a)(ii))	(201)	4	(197)	–	–	(197)
(187)	Relating to purchase of non-controlling interests [c]	–	(1,133)	(1,133)	–	(333)	(1,466)
–	Relating to partial disposal of subsidiary companies	–	(9)	(9)	–	9	–
(3,178)		(201)	(11,514)	(11,715)	(8,116)	(4,965)	(24,796)
82,988	At 31 December 2022	246,802	276,711	523,513	4,561	119,235	647,309

See note 44.
(a) See note 32(a) for details on share capital and share premium.
(b) See note 33 for details on reserves.
(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

2023# US$ million		Note	2023 HK$ million	2022 HK$ million
	Operating activities			
9,669	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	34 (a)	**75,416**	73,897
(1,549)	Interest expenses and other finance costs paid (net of capitalisation)		**(12,083)**	(9,051)
(504)	Tax paid		**(3,931)**	(3,552)
7,616	**Funds from operations (before principal elements of lease payments)**		**59,402**	61,294
(1,022)	Changes in working capital	34 (b)	**(7,965)**	(4,580)
6,594	**Net cash from operating activities**		**51,437**	56,714
	Investing activities			
(2,778)	Purchase of fixed assets		**(21,670)**	(23,885)
(251)	Additions to telecommunications licences		**(1,956)**	(160)
(215)	Additions to brand names and other rights		**(1,675)**	(1,807)
(7)	Purchase of subsidiary companies, net of cash acquired	34 (c)	**(55)**	–
(9)	Additions to unlisted investments		**(74)**	(564)
363	Repayments of loans from associated companies and joint ventures		**2,829**	374
(105)	Purchase of and advances to associated companies and joint ventures		**(819)**	(3,464)
21	Proceeds from disposal of fixed assets		**168**	335
329	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	**2,563**	17,096
314	Proceeds from disposal of financial instruments		**2,451**	–
94	Proceeds from partial disposal / disposal of associated companies and joint ventures		**734**	5,226
9	Proceeds from disposal of other unlisted investments		**74**	2,336
(2,235)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		**(17,430)**	(4,513)
268	Disposal of liquid funds and other listed investments		**2,088**	157
(9)	Additions to liquid funds and other listed investments		**(73)**	–
(1,976)	**Cash flows used in investing activities**		**(15,415)**	(4,356)
4,618	**Net cash inflow before financing activities**		**36,022**	52,358
	Financing activities			
7,463	New borrowings	34 (e)	**58,211**	37,147
(9,662)	Repayment of borrowings	34 (e)	**(75,361)**	(68,063)
(1,856)	Principal elements of lease payments	34 (e)	**(14,476)**	(14,307)
67	Net loans from non-controlling shareholders	34 (e)	**527**	2,118
–	Issue of equity securities by subsidiary companies to non-controlling shareholders		**–**	85
–	Payments to acquire additional interests in subsidiary companies		**–**	(904)
8	Proceeds from partial disposal of subsidiary companies		**61**	–
–	Redemption of perpetual capital securities by a subsidiary		**–**	(7,800)
–	Payments for buy-back and cancellation of issued shares		**–**	(197)
(1,395)	Dividends paid to ordinary shareholders		**(10,885)**	(10,353)
(602)	Dividends paid to non-controlling interests		**(4,694)**	(4,816)
(21)	Distribution paid on perpetual capital securities		**(167)**	(316)
(5,998)	**Cash flows used in financing activities**		**(46,784)**	(67,406)
(1,380)	Decrease in cash and cash equivalents		**(10,762)**	(15,048)
17,703	Cash and cash equivalents at 1 January		**138,085**	153,133
16,323	**Cash and cash equivalents at 31 December**		**127,323**	138,085

2023 # US$ million		Note	2023 HK$ million	2022 HK$ million
	Analysis of cash, liquid funds and other listed investments			
16,323	Cash and cash equivalents, as above	23	**127,323**	138,085
2,024	Liquid funds and other listed investments	20	**15,786**	16,103
18,347	**Total cash, liquid funds and other listed investments**		**143,109**	154,188
35,089	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	**273,694**	286,230
416	Interest bearing loans from non-controlling shareholders	29	**3,245**	2,567
17,158	**Net debt**		**133,830**	134,609
(416)	Interest bearing loans from non-controlling shareholders		**(3,245)**	(2,567)
16,742	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**130,585**	132,042

See note 44.

1 General information

CK Hutchison Holdings Limited (the "Company" or "CKHH") is a company incorporated in the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2023 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 21 March 2024.

The Chairman's Statement, the Operations Review, the Group Capital Resources and Liquidity, and the Risk Factors, issued outside the Annual Financial Statements as part of the announcement of the Group's results for the year ended 31 December 2023 and the Group's 2023 Annual Report, include discussions of the performance of the Group's businesses for the current year, the principal risk and uncertainties affecting the Group's businesses, the important corporate transactions concluded since the end of the 2022 financial year, and the Group's liquidity and financial profile.

2 Use of judgements, assumptions and estimates

The preparation of financial statements under Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performances or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Annual Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop. Note 46 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

The Annual Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, investment properties, certain financial assets and liabilities (including derivative instruments) are measured at fair values, and non-current assets and disposal group classified as held for sale are generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2023 that had a significant effect on the Group in 2023. A summary of the amendments to HKFRS adopted by the Group in the current year and the Group's material accounting policies are included in note 47.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2023 **HK$ million**	2022 HK$ million
Sale of goods	**161,147**	154,603
Revenue from services	**105,838**	102,726
Interest	**8,448**	5,049
Dividend income	**142**	119
	275,575	262,497

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15:

(i) By segments *

	Revenue from contracts with customers				
	recognised at a point in time	recognised over time	Subtotal	Revenue from other sources	2023 Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	30,794	30,794	160	30,954
Retail	133,624	48	133,672	–	133,672
Infrastructure	3,728	–	3,728	2,877	6,605
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*12,652*	*67,558*	*80,210*	*12*	*80,222*
Hutchison Telecommunications Hong Kong Holdings	*1,364*	*3,532*	*4,896*	*–*	*4,896*
Corporate and Others	*26*	*444*	*470*	*1,095*	*1,565*
	14,042	71,534	85,576	1,107	86,683
Hutchison Asia Telecommunications	–	945	945	–	945
Finance & Investments and Others	12,022	151	12,173	4,543	16,716
	163,416	103,472	266,888	8,687	275,575

	Revenue from contracts with customers				
	recognised at a point in time	recognised over time	Subtotal	Revenue from other sources	2022 Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	30,376	30,376	134	30,510
Retail	127,310	72	127,382	–	127,382
Infrastructure	3,964	4	3,968	2,853	6,821
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*12,402*	*65,502*	*77,904*	*10*	*77,914*
Hutchison Telecommunications Hong Kong Holdings	*1,604*	*3,278*	*4,882*	*–*	*4,882*
Corporate and Others	*10*	*107*	*117*	*253*	*370*
	14,016	68,887	82,903	263	83,166
Hutchison Asia Telecommunications	–	1,011	1,011	–	1,011
Finance & Investments and Others	11,425	177	11,602	2,005	13,607
	156,715	100,527	257,242	5,255	262,497

* See note 5 for operating segment information.

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued):

(ii) By geographical locations *

	Revenue from contracts with customers			Revenue from other sources	2023 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	25,402	4,167	29,569	288	29,857
Mainland China	19,817	231	20,048	24	20,072
The People's Republic of China	45,219	4,398	49,617	312	49,929
Europe	72,857	80,145	153,002	1,707	154,709
Canada	–	–	–	229	229
Asia, Australia and Others	33,318	18,778	52,096	1,896	53,992
	106,175	98,923	205,098	3,832	208,930
	151,394	103,321	254,715	4,144	258,859
Finance & Investments and Others	12,022	151	12,173	4,543	16,716
	163,416	103,472	266,888	8,687	275,575

	Revenue from contracts with customers			Revenue from other sources	2022 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	28,831	3,760	32,591	89	32,680
Mainland China	21,278	366	21,644	32	21,676
The People's Republic of China	50,109	4,126	54,235	121	54,356
Europe	65,951	77,921	143,872	1,866	145,738
Canada	–	–	–	253	253
Asia, Australia and Others	29,230	18,303	47,533	1,010	48,543
	95,181	96,224	191,405	3,129	194,534
	145,290	100,350	245,640	3,250	248,890
Finance & Investments and Others	11,425	177	11,602	2,005	13,607
	156,715	100,527	257,242	5,255	262,497

* See note 5 for operating segment information.

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of HKFRS 15

Under HKFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of HKFRS 15.

	2023 **HK$ million**	2022 HK$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 24)	**16,297**	14,945
Trade receivables, which are included in "Assets classified as held for sale" (see note 25)	**–**	21
Contract assets (see notes 21 and 24)	**7,580**	6,314
Contract liabilities (see note 27)	**(5,948)**	(6,027)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. In 2023, HK$653 million (2022: HK$998 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2023, HK$927 million (2022: HK$921 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$4,614 million (2022: HK$3,757 million) was recognised as revenue in 2023 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration variable, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's future performance. The analysis is for compliance with HKFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2023 **HK$ million**	2022 HK$ million
Within one year	**15,384**	13,230
More than one year	**5,195**	8,555
	20,579	21,785

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

For management purposes, the Group is organised into four core businesses – ports and related services, retail, infrastructure and telecommunications. The Group's most senior executive management (the Chief Operating Decision Maker as defined in HKFRS 8) monitors the operating results of the core businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment information sets out in this note is organised into these four core businesses, as follows:

Ports and Related Services:

This division is the world's leading port network, and has interests in 53 ports comprising 293 operational berths in 24 countries as at 31 December 2023. This division operates container terminals in five of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the AS Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 159 million loyalty member base. ASW operated 12 retail brands with 16,491 stores in 28 markets worldwide as at 31 December 2023.

Infrastructure:

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange and interests in six co-owned infrastructure investments with CKI, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

Telecommunications:

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, as well as Hutchison Asia Telecommunications.

In addition, Finance & Investments and Others is presented in the segment information below to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position. Finance & Investments and Others covers the activities of other areas of the Group that are not presented separately and includes a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 25.05% attributable interest in a listed associated company TPG Telecom Limited ("TPG"), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated companies Hutchison China MediTech ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy Inc. ("Cenovus Energy"), corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

The Group has adopted HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics ("Pre-HKFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. Pre-HKFRS 16 basis metrics financial information is regularly reviewed by the Group's most senior executive management.

5 Operating segment information (continued)

(a) Description of segments and basis of presentation of segment information (continued)

Segment information sets out below is presented, except where indicated otherwise, on a Pre-HKFRS 16 basis together with reconciliations to the total under the Post-HKFRS 16 basis. Section (c) of this note includes reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2023 and 31 December 2022.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items.

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

	Revenue							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**30,954**	**9,897**	**40,851**	**9%**	30,510	13,631	44,141	10%
Retail	**133,672**	**49,672**	**183,344**	**40%**	127,382	42,263	169,645	37%
Infrastructure	**6,605**	**48,109**	**54,714**	**12%**	6,821	47,620	54,441	12%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***80,222***	***9***	***80,231***	***17%***	*77,914*	*11*	*77,925*	*17%*
Hutchison Telecommunications Hong Kong Holdings	***4,896***	***–***	***4,896***	***1%***	*4,882*	*–*	*4,882*	*1%*
Corporate and Others	***1,565***	***122***	***1,687***	***–***	*370*	*112*	*482*	*–*
	86,683	**131**	**86,814**	**18%**	83,166	123	83,289	18%
Hutchison Asia Telecommunications	**945**	**10,834**	**11,779**	**3%**	1,011	10,617	11,628	2%
Finance & Investments and Others	**16,716**	**67,340**	**84,056**	**18%**	13,607	80,478	94,085	21%
	275,575	**185,983**	**461,558**	**100%**	262,497	194,732	457,229	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**1,158**	**1,158**		–	1,269	1,269	
Divesture of infrastructure investments	**–**	**813**	**813**		–	884	884	
	275,575	**187,954**	**463,529**		262,497	196,885	459,382	
HKFRS 16 impact	**–**	**–**	**–**		–	–	–	
	275,575	**187,954**	**463,529**		262,497	196,885	459,382	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(xiv)) and EBIT (see note 5(b)(xv)). Analysis of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA)[xiv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**10,104**	**3,524**	**13,628**	**13%**	9,387	6,418	15,805	13%
Retail	**11,335**	**4,891**	**16,226**	**15%**	10,287	4,022	14,309	12%
Infrastructure	**3,364**	**25,837**	**29,201**	**28%**	3,996	24,819	28,815	24%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***21,059***	***289***	***21,348***	***20%***	*23,864*	–	*23,864*	*20%*
Hutchison Telecommunications Hong Kong Holdings	***1,182***	***61***	***1,243***	***1%***	*998*	*60*	*1,058*	*1%*
Corporate and Others[xvii]	***(240)***	***(10)***	***(250)***	**–**	*7,280*	*(10)*	*7,270*	*6%*
	22,001	**340**	**22,341**	**21%**	32,142	50	32,192	27%
Hutchison Asia Telecommunications[xviii]	**70**	**3,882**	**3,952**	**4%**	5,044	4,376	9,420	8%
Finance & Investments and Others[xvi][xix]	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,527	18,469	16%
EBITDA	**52,435**	**52,445**	**104,880**	**100%**	62,798	56,212	119,010	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**780**	**780**		–	856	856	
EBITDA ^	**52,435^**	**53,225^**	**105,660^**		62,798^	57,068^	119,866^	
Depreciation and amortisation	**(25,957)**	**(20,623)**	**(46,580)**		(25,736)	(20,682)	(46,418)	
Interest expenses and other finance costs	**(9,720)**	**(10,427)**	**(20,147)**		(6,818)	(8,042)	(14,860)	
Current tax	**(4,123)**	**(3,582)**	**(7,705)**		(5,438)	(3,983)	(9,421)	
Deferred tax credit (charge)	**1,083**	**(1,878)**	**(795)**		(2,721)	(3,949)	(6,670)	
Non-controlling interests	**(6,708)**	**(482)**	**(7,190)**		(7,020)	(608)	(7,628)	
	7,010	**16,233**	**23,243**		15,065	19,804	34,869	
HKFRS 16 impact								
EBITDA ^	**16,959^**	**5,470^**	**22,429^**		18,731^	4,391^	23,122^	
Depreciation and amortisation	**(14,126)**	**(4,101)**	**(18,227)**		(14,052)	(3,673)	(17,725)	
Interest expenses and other finance costs	**(2,507)**	**(1,546)**	**(4,053)**		(2,234)	(1,304)	(3,538)	
Current tax	**4**	**–**	**4**		3	–	3	
Deferred tax	**33**	**72**	**105**		(118)	26	(92)	
Non-controlling interests	**(1)**	**–**	**(1)**		41	–	41	
	7,372	**16,128**	**23,500**		17,436	19,244	36,680	
^ Reconciliation to Post-HKFRS 16 basis EBITDA:								
Pre-HKFRS 16 basis EBITDA per above	**52,435**	**53,225**	**105,660**		62,798	57,068	119,866	
HKFRS 16 impact per above	**16,959**	**5,470**	**22,429**		18,731	4,391	23,122	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**69,394**	**58,695**	**128,089**		81,529	61,459	142,988	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Ports and Related Services	**7,261**	**2,067**	**9,328**	**16%**	6,492	4,934	11,426	16%
Retail	**8,785**	**4,103**	**12,888**	**22%**	7,662	3,386	11,048	15%
Infrastructure	**3,079**	**16,483**	**19,562**	**33%**	3,692	15,141	18,833	26%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	**21,059**	**289**	**21,348**		23,864	–	23,864	
Depreciation	**(11,489)**	**(260)**	**(11,749)**		(11,289)	–	(11,289)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(7,199)**	**–**	**(7,199)**		(7,011)	–	(7,011)	
EBIT – **3** Group Europe	**2,371**	**29**	**2,400**	**4%**	5,564	–	5,564	8%
Hutchison Telecommunications Hong Kong Holdings	**100**	**16**	**116**	**–**	(44)	14	(30)	–
Corporate and Others [xvii]	**(241)**	**(10)**	**(251)**	**–**	7,279	(10)	7,269	10%
	2,230	**35**	**2,265**	**4%**	12,799	4	12,803	18%
Hutchison Asia Telecommunications [xviii]	**(256)**	**1,868**	**1,612**	**3%**	4,662	2,083	6,745	9%
Finance & Investments and Others [xvi] [xix]	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,254	12,009	16%
EBIT	**26,478**	**32,090**	**58,568**	**100%**	37,062	35,802	72,864	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**512**	**512**		–	584	584	
EBIT ^	**26,478 ^**	**32,602 ^**	**59,080 ^**		37,062 ^	36,386 ^	73,448 ^	
Interest expenses and other finance costs	**(9,720)**	**(10,427)**	**(20,147)**		(6,818)	(8,042)	(14,860)	
Current tax	**(4,123)**	**(3,582)**	**(7,705)**		(5,438)	(3,983)	(9,421)	
Deferred tax credit (charge)	**1,083**	**(1,878)**	**(795)**		(2,721)	(3,949)	(6,670)	
Non-controlling interests	**(6,708)**	**(482)**	**(7,190)**		(7,020)	(608)	(7,628)	
	7,010	**16,233**	**23,243**		15,065	19,804	34,869	
HKFRS 16 impact								
EBIT ^	**2,833 ^**	**1,369 ^**	**4,202 ^**		4,679 ^	718 ^	5,397 ^	
Interest expenses and other finance costs	**(2,507)**	**(1,546)**	**(4,053)**		(2,234)	(1,304)	(3,538)	
Current tax	**4**	**–**	**4**		3	–	3	
Deferred tax	**33**	**72**	**105**		(118)	26	(92)	
Non-controlling interests	**(1)**	**–**	**(1)**		41	–	41	
	7,372	**16,128**	**23,500**		17,436	19,244	36,680	
^ Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	**26,478**	**32,602**	**59,080**		37,062	36,386	73,448	
HKFRS 16 impact per above	**2,833**	**1,369**	**4,202**		4,679	718	5,397	
Post-HKFRS 16 basis EBIT	**29,311**	**33,971**	**63,282**		41,741	37,104	78,845	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries	**Associates and JV**	**2023 Total**	Company and Subsidiaries	Associates and JV	2022 Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Ports and Related Services	**2,843**	**1,457**	**4,300**	2,895	1,484	4,379
Retail	**2,550**	**788**	**3,338**	2,625	636	3,261
Infrastructure	**285**	**9,354**	**9,639**	304	9,678	9,982
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	***18,688***	***260***	***18,948***	*18,300*	–	*18,300*
Hutchison Telecommunications Hong Kong Holdings	***1,082***	***45***	***1,127***	*1,042*	*46*	*1,088*
Corporate and Others	***1***	**–**	***1***	*1*	–	*1*
	19,771	**305**	**20,076**	19,343	46	19,389
Hutchison Asia Telecommunications	**326**	**2,014**	**2,340**	382	2,293	2,675
Finance & Investments and Others	**182**	**6,437**	**6,619**	187	6,273	6,460
	25,957	**20,355**	**46,312**	25,736	20,410	46,146
Portion attributable to:						
Non-controlling interests of HPH Trust	**–**	**268**	**268**	–	272	272
	25,957	**20,623**	**46,580**	25,736	20,682	46,418
Divesture of infrastructure investments	**–**	**176**	**176**	–	143	143
	25,957	**20,799**	**46,756**	25,736	20,825	46,561
HKFRS 16 impact	**14,126**	**4,101**	**18,227**	14,052	3,673	17,725
	40,083	**24,900**	**64,983**	39,788	24,498	64,286

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(v) An analysis of capital expenditure by segments

	Capital expenditure [xxiii]							
	Fixed assets	**Telecom-munications licences**	**Brand names and other rights**	**2023 Total**	Fixed assets	Telecom-munications licences	Brand names and other rights	2022 Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**5,511**	**–**	**10**	**5,521**	3,801	–	–	3,801
Retail	**2,814**	**–**	**–**	**2,814**	2,387	–	–	2,387
Infrastructure	**320**	**–**	**2**	**322**	473	–	4	477
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***12,450***	***1,937***	***1,663***	***16,050***	*16,653*	–	*1,779*	*18,432*
Hutchison Telecommunications Hong Kong Holdings	***481***	**–**	**–**	***481***	*496*	*138*	–	*634*
Corporate and Others	***2***	**–**	**–**	***2***	–	–	*3*	*3*
	12,933	**1,937**	**1,663**	**16,533**	17,149	138	1,782	19,069
Hutchison Asia Telecommunications	**109**	**19**	**–**	**128**	313	22	14	349
Finance & Investments and Others	**192**	**–**	**–**	**192**	129	–	7	136
	21,879	**1,956**	**1,675**	**25,510**	24,252	160	1,807	26,219
HKFRS 16 impact	**(209)**	**–**	**–**	**(209)**	(367)	–	–	(367)
	21,670	**1,956**	**1,675**	**25,301**	23,885	160	1,807	25,852

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets (xxi)	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2023 Total assets**	Segment assets (xxi)	Deferred tax assets	Assets classified as held for sale (xxiv)	Investments in associated companies and interests in joint ventures	2022 Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**75,587**	**609**	**21,519**	**97,715**	72,263	352	–	23,200	95,815
Retail	**201,155**	**1,802**	**17,233**	**220,190**	198,358	1,471	–	15,630	215,459
Infrastructure	**59,577**	**2**	**171,277**	**230,856**	65,516	3	–	165,138	230,657
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***275,196***	***16,858***	***2,628***	***294,682***	*263,859*	*15,067*	*5,178*	*10*	*284,114*
Hutchison Telecommunications Hong Kong Holdings	***15,776***	***2***	***109***	***15,887***	*16,148*	*4*	–	*157*	*16,309*
Corporate and Others	***26,995***	**–**	***1***	***26,996***	*35,040*	–	–	*2*	*35,042*
	317,967	**16,860**	**2,738**	**337,565**	315,047	15,071	5,178	169	335,465
Hutchison Asia Telecommunications	**2,374**	**–**	**14,720**	**17,094**	2,668	–	–	15,395	18,063
Finance & Investments and Others	**129,494**	**64**	**74,404**	**203,962**	130,789	57	–	71,635	202,481
	786,154	**19,337**	**301,891**	**1,107,382**	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	**51,700**	**1,737**	**(1,916)**	**51,521**	49,919	1,555	918	(1,895)	50,497
	837,854	**21,074**	**299,975**	**1,158,903**	834,560	18,509	6,096	289,272	1,148,437

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vii) An analysis of total liabilities by segments

	Total liabilities								
	Segment liabilities (xxi)	**Current & non-current borrowings (xxii) and other non-current liabilities**	**Current & deferred tax liabilities**	**2023 Total liabilities**	Segment liabilities (xxi)	Current & non-current borrowings (xxii) and other non-current liabilities	Liabilities directly associated with assets classified as held for sale (xxiv)	Current & deferred tax liabilities	2022 Total liabilities
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**11,591**	**14,867**	**4,535**	**30,993**	10,948	14,604	–	4,696	30,248
Retail	**27,748**	**7,056**	**10,900**	**45,704**	24,598	10,531	–	10,619	45,748
Infrastructure	**7,236**	**24,551**	**615**	**32,402**	7,338	28,416	–	556	36,310
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***32,856***	***16,319***	***3,935***	***53,110***	*37,008*	*14,989*	*207*	*3,393*	*55,597*
Hutchison Telecommunications Hong Kong Holdings	***1,835***	***2,249***	***123***	***4,207***	*1,808*	*2,371*	–	*50*	*4,229*
Corporate and Others	***1,105***	***44,428***	***26***	***45,559***	*777*	*50,923*	–	*11*	*51,711*
	35,796	**62,996**	**4,084**	**102,876**	39,593	68,283	207	3,454	111,537
Hutchison Asia Telecommunications	**767**	**3,492**	**1**	**4,260**	939	533	–	1	1,473
Finance & Investments and Others	**7,875**	**195,001**	**4,461**	**207,337**	9,721	197,490	–	4,859	212,070
	91,013	**307,963**	**24,596**	**423,572**	93,137	319,857	207	24,185	437,386
HKFRS 16 impact	**66,865**	**(1,225)**	**(858)**	**64,782**	64,781	(1,065)	920	(894)	63,742
	157,878	**306,738**	**23,738**	**488,354**	157,918	318,792	1,127	23,291	501,128

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of revenue by geographical locations

	Revenue [xx]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Hong Kong	**29,857**	**4,554**	**34,411**	**8%**	32,680	4,646	37,326	8%
Mainland China	**20,072**	**7,264**	**27,336**	**6%**	21,676	11,013	32,689	7%
The People's Republic of China	**49,929**	**11,818**	**61,747**	**14%**	54,356	15,659	70,015	15%
Europe	**154,709**	**76,970**	**231,679**	**50%**	145,738	69,150	214,888	47%
Canada	**229**	**3,633**	**3,862**	**1%**	253	3,554	3,807	1%
Asia, Australia and Others	**53,992**	**26,222**	**80,214**	**17%**	48,543	25,891	74,434	16%
	208,930	**106,825**	**315,755**	**68%**	194,534	98,595	293,129	64%
	258,859	**118,643**	**377,502**	**82%**	248,890	114,254	363,144	79%
Finance & Investments and Others	**16,716**	**67,340**	**84,056**	**18%**	13,607	80,478	94,085	21%
	275,575	**185,983**	**461,558 ****	**100%**	262,497	194,732	457,229 **	100%

** see note 5(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Hong Kong	**1,146**	**1,686**	**2,832**	**3%**	1,414	1,943	3,357	3%
Mainland China	**1,484**	**2,222**	**3,706**	**4%**	1,143	4,777	5,920	5%
The People's Republic of China	**2,630**	**3,908**	**6,538**	**7%**	2,557	6,720	9,277	8%
Europe	**31,511**	**20,612**	**52,123**	**49%**	42,378	18,427	60,805	51%
Canada	**230**	**1,978**	**2,208**	**2%**	246	1,795	2,041	1%
Asia, Australia and Others	**12,503**	**11,976**	**24,479**	**23%**	15,675	12,743	28,418	24%
	44,244	**34,566**	**78,810**	**74%**	58,299	32,965	91,264	76%
	46,874	**38,474**	**85,348**	**81%**	60,856	39,685	100,541	84%
Finance & Investments and Others [xvi] [xix]	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,527	18,469	16%
	52,435	**52,445**	**104,880 ##**	**100%**	62,798	56,212	119,010 ##	100%

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT)[xv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Hong Kong	**(378)**	**741**	**363**	**1%**	(50)	982	932	1%
Mainland China	**632**	**1,460**	**2,092**	**3%**	137	3,997	4,134	6%
The People's Republic of China	**254**	**2,201**	**2,455**	**4%**	87	4,979	5,066	7%
Europe	**10,865**	**14,376**	**25,241**	**43%**	22,127	12,139	34,266	47%
Canada	**229**	**1,308**	**1,537**	**3%**	246	1,129	1,375	2%
Asia, Australia and Others	**9,751**	**6,671**	**16,422**	**28%**	12,847	7,301	20,148	28%
	20,845	**22,355**	**43,200**	**74%**	35,220	20,569	55,789	77%
	21,099	**24,556**	**45,655**	**78%**	35,307	25,548	60,855	84%
Finance & Investments and Others[xvi][xix]	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,254	12,009	16%
	26,478	**32,090**	**58,568 @@**	**100%**	37,062	35,802	72,864 @@	100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure[xxiii]							
	Fixed assets HK$ million	**Telecom-munications licences HK$ million**	**Brand names and other rights HK$ million**	**2023 Total HK$ million**	Fixed assets HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2022 Total HK$ million
Hong Kong	**1,389**	**–**	**–**	**1,389**	1,332	138	–	1,470
Mainland China	**658**	**–**	**–**	**658**	410	–	–	410
The People's Republic of China	**2,047**	**–**	**–**	**2,047**	1,742	138	–	1,880
Europe	**14,799**	**1,088**	**1,663**	**17,550**	18,358	–	1,782	20,140
Asia, Australia and Others	**4,841**	**868**	**12**	**5,721**	4,023	22	18	4,063
	19,640	**1,956**	**1,675**	**23,271**	22,381	22	1,800	24,203
	21,687	**1,956**	**1,675**	**25,318**	24,123	160	1,800	26,083
Finance & Investments and Others	**192**	**–**	**–**	**192**	129	–	7	136
	21,879	**1,956**	**1,675**	**25,510**	24,252	160	1,807	26,219
HKFRS 16 impact	**(209)**	**–**	**–**	**(209)**	(367)	–	–	(367)
	21,670	**1,956**	**1,675**	**25,301**	23,885	160	1,807	25,852

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xii) An analysis of total assets by geographical locations

	Total assets								
	Segment assets[xxi]	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2023 Total assets**	Segment assets[xxi]	Deferred tax assets	Assets classified as held for sale[xxiv]	Investments in associated companies and interests in joint ventures	2022 Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**48,060**	**161**	**10,656**	**58,877**	52,253	79	–	10,708	63,040
Mainland China	**33,223**	**688**	**15,184**	**49,095**	37,850	765	–	17,209	55,824
The People's Republic of China	**81,283**	**849**	**25,840**	**107,972**	90,103	844	–	27,917	118,864
Europe	**444,041**	**17,614**	**117,538**	**579,193**	420,785	15,512	5,178	106,525	548,000
Canada	**4,333**	**2**	**12,329**	**16,664**	4,169	3	–	12,238	16,410
Asia, Australia and Others	**127,003**	**808**	**71,780**	**199,591**	138,795	538	–	72,852	212,185
	575,377	**18,424**	**201,647**	**795,448**	563,749	16,053	5,178	191,615	776,595
	656,660	**19,273**	**227,487**	**903,420**	653,852	16,897	5,178	219,532	895,459
Finance & Investments and Others	**129,494**	**64**	**74,404**	**203,962**	130,789	57	–	71,635	202,481
	786,154	**19,337**	**301,891**	**1,107,382**	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	**51,700**	**1,737**	**(1,916)**	**51,521**	49,919	1,555	918	(1,895)	50,497
	837,854	**21,074**	**299,975**	**1,158,903**	834,560	18,509	6,096	289,272	1,148,437

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations

The Group's EBITDA and EBIT for the comparative year ended 31 December 2022 included the gains attributable to shareholders from the disposal of interests in the Group's telecommunications tower assets in the United Kingdom (the "UK") that completed in November 2022 of HK$18,957 million (see note 5(b)(xvii)) and the Group's telecommunications business in Indonesia in January 2022 of HK$6,100 million (see note 5(b)(xviii)). These gains were partly offset by impairment of Wind Tre S.p.A.'s ("Wind Tre") goodwill of HK$11,039 million (see note 5(b)(xvii)), the impairment charge against the assets of the Group's telecommunications business in Sri Lanka of HK$962 million (see note 5(b)(xviii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK$253 million (see note 5(b)(xix)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBITDA before the following one-off items								
Ports and Related Services	**10,104**	**3,524**	**13,628**	**13%**	9,387	6,418	15,805	15%
Retail	**11,335**	**4,891**	**16,226**	**15%**	10,287	4,022	14,309	13%
Infrastructure	**3,364**	**25,837**	**29,201**	**28%**	3,996	24,819	28,815	27%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***21,059***	***289***	***21,348***	***20%***	*23,864*	–	*23,864*	*23%*
Hutchison Telecommunications Hong Kong Holdings	***1,182***	***61***	***1,243***	***1%***	*998*	*60*	*1,058*	*1%*
Corporate and Others	***(240)***	***(10)***	***(250)***	**–**	*(638)*	*(10)*	*(648)*	*-1%*
	22,001	**340**	**22,341**	**21%**	24,224	50	24,274	23%
Hutchison Asia Telecommunications	**70**	**3,882**	**3,952**	**4%**	(94)	4,376	4,282	4%
Finance & Investments and Others [xvi]	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,780	18,722	18%
	52,435	**52,445**	**104,880**	**100%**	49,742	56,465	106,207	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvii]	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia [xviii]	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka [xviii]	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill [xvii]	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges [xix]	**–**	**–**	**–**		–	(253)	(253)	
	52,435	**52,445**	**104,880** [##]		62,798	56,212	119,010 [##]	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBITDA before the following one-off items								
Hong Kong	**1,146**	**1,686**	**2,832**	**3%**	1,414	1,943	3,357	3%
Mainland China	**1,484**	**2,222**	**3,706**	**4%**	1,143	4,777	5,920	6%
The People's Republic of China	**2,630**	**3,908**	**6,538**	**7%**	2,557	6,720	9,277	9%
Europe	**31,511**	**20,612**	**52,123**	**49%**	34,460	18,427	52,887	49%
Canada	**230**	**1,978**	**2,208**	**2%**	246	1,795	2,041	2%
Asia, Australia and Others	**12,503**	**11,976**	**24,479**	**23%**	10,537	12,743	23,280	22%
	44,244	**34,566**	**78,810**	**74%**	45,243	32,965	78,208	73%
	46,874	**38,474**	**85,348**	**81%**	47,800	39,685	87,485	82%
Finance & Investments and Others [xvi]	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,780	18,722	18%
	52,435	**52,445**	**104,880**	**100%**	49,742	56,465	106,207	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvii]	–	–	–		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia [xviii]	–	–	–		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka [xviii]	–	–	–		(962)	–	(962)	
Impairment of Wind Tre's goodwill [xvii]	–	–	–		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges [xix]	–	–	–		–	(253)	(253)	
	52,435	**52,445**	**104,880** ##		62,798	56,212	119,010 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by segments

	EBIT (LBIT)[xv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBIT before the following one-off items								
Ports and Related Services	**7,261**	**2,067**	**9,328**	**16%**	6,492	4,934	11,426	19%
Retail	**8,785**	**4,103**	**12,888**	**22%**	7,662	3,386	11,048	18%
Infrastructure	**3,079**	**16,483**	**19,562**	**33%**	3,692	15,141	18,833	32%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***2,371***	***29***	***2,400***	***4%***	*5,564*	–	*5,564*	*9%*
Hutchison Telecommunications Hong Kong Holdings	***100***	***16***	***116***	**–**	*(44)*	*14*	*(30)*	–
Corporate and Others	***(241)***	***(10)***	***(251)***	**–**	*(639)*	*(10)*	*(649)*	*-1%*
	2,230	**35**	**2,265**	**4%**	4,881	4	4,885	8%
Hutchison Asia Telecommunications	**(256)**	**1,868**	**1,612**	**3%**	(476)	2,083	1,607	3%
Finance & Investments and Others[xvi]	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,507	12,262	20%
	26,478	**32,090**	**58,568**	**100%**	24,006	36,055	60,061	100%
One-off items								
Gains from disposal of European telecommunications tower assets[xvii]	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia[xviii]	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka[xviii]	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill[xvii]	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges[xix]	**–**	**–**	**–**		–	(253)	(253)	
	26,478	**32,090**	**58,568**[@@]		37,062	35,802	72,864[@@]	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by geographical locations

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2023 Total**		Company and Subsidiaries	Associates and JV	2022 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBIT before the following one-off items								
Hong Kong	**(378)**	**741**	**363**	**1%**	(50)	982	932	2%
Mainland China	**632**	**1,460**	**2,092**	**3%**	137	3,997	4,134	7%
The People's Republic of China	**254**	**2,201**	**2,455**	**4%**	87	4,979	5,066	9%
Europe	**10,865**	**14,376**	**25,241**	**43%**	14,209	12,139	26,348	44%
Canada	**229**	**1,308**	**1,537**	**3%**	246	1,129	1,375	2%
Asia, Australia and Others	**9,751**	**6,671**	**16,422**	**28%**	7,709	7,301	15,010	25%
	20,845	**22,355**	**43,200**	**74%**	22,164	20,569	42,733	71%
	21,099	**24,556**	**45,655**	**78%**	22,251	25,548	47,799	80%
Finance & Investments and Others [xvi]	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,507	12,262	20%
	26,478	**32,090**	**58,568**	**100%**	24,006	36,055	60,061	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvii]	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia [xviii]	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka [xviii]	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill [xvii]	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges [xix]	**–**	**–**	**–**		–	(253)	(253)	
	26,478	**32,090**	**58,568** [@@]		37,062	35,802	72,864 [@@]	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's economic benefits in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

(xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's economic benefits in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(xvi) On 14 June 2023, the Group entered into a warrant repurchase agreement with Cenovus Energy, under which the Group sold 26.3 million Cenovus Energy share warrants to Cenovus Energy for a total consideration of approximately C$410 million. Before their disposal, these share warrants, as hedging instrument in a cash flow hedge, were measured at fair value through other comprehensive income and reported under "Finance & Investments and Others" in the segment information note and under other non-current assets in the consolidated statement of financial position. The disposal has resulted in a gain (after reclassification adjustments of hedging gains to profit or loss) of approximately HK$1,829 million (HK$1,829 million at Post-HKFRS 16 basis), see note 7(f). This gain is reported under "Finance & Investments and Others" in the segment results and under "Other income and gains" in the consolidated income statement.

(xvii) Included in the comparative year balance are a gain of HK$18,957 million (HK$19,060 million at Post-HKFRS 16 basis, see note 7(g)) arising from the disposal of interests in telecommunications tower assets in the UK completed in November 2022 and an impairment charge of HK$11,039 million (HK$11,039 million at Post-HKFRS 16 basis, see note 7(c)) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK$19,060 million is reported in "Other income and gains" and the impairment charge of HK$11,039 million is reported in "Other expenses and losses".

(xviii) Included in the comparative year balance are a disposal gain of HK$6,100 million (HK$7,245 million at Post-HKFRS 16 basis, see note 7(g)) arising from the completion of the merger of the Group's telecommunications business in Indonesia with PT Indosat Tbk and an impairment charge of HK$962 million (HK$1,000 million at Post-HKFRS 16 basis, see note 7(c)) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK$7,245 million is reported in "Other income and gains" and the impairment charge of HK$1,000 million is reported in "Other expenses and losses".

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xix) Included in the comparative year balance is the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$253 million (HK$253 million at Post-HKFRS 16 basis) on certain refinery assets. The Group's share of this charge is HK$253 million (HK$253 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statements, the Group's share of this charge (after tax) is HK$193 million (HK$193 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".

(xx) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

(xxi) Segment assets and segment liabilities

Segment assets are assets other than deferred tax assets, assets classified as held for sale, and investments in associated companies and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loans from non-controlling shareholders, tax liabilities (including deferred tax liabilities), liabilities directly associated with assets classified as held for sale and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

See note 5(b)(vi) and 5(b)(vii) for reconciliation of segment assets and segment liabilities from Pre-HKFRS 16 basis to Post-HKFRS 16 basis.

Geographical analysis of the Group's non-current assets (based on Post-HKFRS 16 basis) other than financial instruments, deferred tax assets and post-employment benefit assets is as follows:

	2023 HK$ million	2022 HK$ million
Hong Kong	**72,857**	76,195
Mainland China	**57,362**	63,398
The People's Republic of China	**130,219**	139,593
Europe	**523,476**	487,612
Canada	**62,643**	59,262
Asia, Australia and Others	**197,955**	193,888
	784,074	740,762
	914,293	880,355

(xxii) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(xxiii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

(xxiv) See note 25.

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics

(i) Consolidated Income Statement

	2023			2022		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Revenue	**275,575**	**–**	**275,575**	262,497	–	262,497
Cost of inventories sold	**(105,771)**	**32**	**(105,739)**	(101,766)	42	(101,724)
Staff costs	**(39,226)**	**–**	**(39,226)**	(37,170)	–	(37,170)
Expensed customer acquisition and retention costs	**(15,577)**	**389**	**(15,188)**	(14,927)	400	(14,527)
Depreciation and amortisation	**(25,957)**	**(14,126)**	**(40,083)**	(25,736)	(14,052)	(39,788)
Other expenses and losses	**(64,633)**	**16,538**	**(48,095)**	(72,767)	17,040	(55,727)
Other income and gains	**2,067**	**–**	**2,067**	26,931	1,249	28,180
Share of profits less losses of:						
Associated companies	**8,215**	**(77)**	**8,138**	12,282	(460)	11,822
Joint ventures	**8,018**	**(28)**	**7,990**	7,522	(100)	7,422
	42,711	**2,728**	**45,439**	56,866	4,119	60,985
Interest expenses and other finance costs	**(9,720)**	**(2,507)**	**(12,227)**	(6,818)	(2,234)	(9,052)
Profit before tax	**32,991**	**221**	**33,212**	50,048	1,885	51,933
Current tax	**(4,123)**	**4**	**(4,119)**	(5,438)	3	(5,435)
Deferred tax credit (charge)	**1,083**	**33**	**1,116**	(2,721)	(118)	(2,839)
Profit after tax	**29,951**	**258**	**30,209**	41,889	1,770	43,659
Profit attributable to non-controlling interests and holders of perpetual capital securities	**(6,708)**	**(1)**	**(6,709)**	(7,020)	41	(6,979)
Profit attributable to ordinary shareholders	**23,243**	**257**	**23,500**	34,869	1,811	36,680
Earnings per share for profit attributable to ordinary shareholders	**HK$ 6.07**	**HK$ 0.07**	**HK$ 6.14**	HK$ 9.09	HK$ 0.48	HK$ 9.57

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	2023			2022		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Profit after tax	**29,951**	**258**	**30,209**	41,889	1,770	43,659
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Changes in fair value of equity instruments at fair value through other comprehensive income	**718**	**–**	**718**	(1,493)	–	(1,493)
Remeasurement of defined benefit obligations	**(1,470)**	**–**	**(1,470)**	701	–	701
Share of other comprehensive income (losses) of associated companies	**(560)**	**–**	**(560)**	(83)	–	(83)
Share of other comprehensive income (losses) of joint ventures	**269**	**–**	**269**	(520)	–	(520)
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	**376**	**–**	**376**	(255)	–	(255)
	(667)	**–**	**(667)**	(1,650)	–	(1,650)
Items that may be reclassified to profit or loss						
Changes in fair value of debt instruments at fair value through other comprehensive income	**120**	**–**	**120**	(367)	–	(367)
Exchange gains (losses) on translation of foreign operations	**8,100**	**(329)**	**7,771**	(16,578)	500	(16,078)
Exchange losses reclassified to profit or loss	**344**	**(2)**	**342**	2,213	7	2,220
Gains (losses) on cash flow hedges	**(1,059)**	**–**	**(1,059)**	2,201	–	2,201
Gains (losses) on net investment hedges	**(1,641)**	**–**	**(1,641)**	4,433	–	4,433
Reclassification adjustments for hedging gains included in profit or loss	**(1,735)**	**–**	**(1,735)**	–	–	–
Share of other comprehensive income (losses) of associated companies	**1,812**	**77**	**1,889**	(2,526)	31	(2,495)
Share of other comprehensive income (losses) of joint ventures	**3,748**	**(20)**	**3,728**	(4,103)	42	(4,061)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	**4**	**–**	**4**	(12)	–	(12)
	9,693	**(274)**	**9,419**	(14,739)	580	(14,159)
Other comprehensive income (losses), net of tax	**9,026**	**(274)**	**8,752**	(16,389)	580	(15,809)
Total comprehensive income	**38,977**	**(16)**	**38,961**	25,500	2,350	27,850
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	**(7,560)**	**84**	**(7,476)**	(5,614)	(160)	(5,774)
Total comprehensive income attributable to ordinary shareholders	**31,417**	**68**	**31,485**	19,886	2,190	22,076

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	2023			2022		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Non-current assets						
Fixed assets	**121,957**	**(2,131)**	**119,826**	114,564	(1,914)	112,650
Right-of-use assets	**–**	**61,198**	**61,198**	–	59,337	59,337
Leasehold land	**5,958**	**(5,958)**	**–**	6,129	(6,129)	–
Telecommunications licences	**64,264**	**–**	**64,264**	60,689	–	60,689
Brand names and other rights	**83,396**	**–**	**83,396**	83,694	–	83,694
Goodwill	**271,136**	**–**	**271,136**	268,008	–	268,008
Associated companies	**144,375**	**(737)**	**143,638**	141,475	(764)	140,711
Interests in joint ventures	**157,516**	**(1,179)**	**156,337**	149,692	(1,131)	148,561
Deferred tax assets	**19,337**	**1,737**	**21,074**	16,954	1,555	18,509
Liquid funds and other listed investments	**15,786**	**–**	**15,786**	16,103	–	16,103
Other non-current assets	**19,356**	**506**	**19,862**	15,358	542	15,900
	903,081	**53,436**	**956,517**	872,666	51,496	924,162
Current assets						
Cash and cash equivalents	**127,323**	**–**	**127,323**	138,085	–	138,085
Inventories	**24,473**	**–**	**24,473**	23,283	–	23,283
Trade receivables and other current assets	**52,505**	**(1,915)**	**50,590**	58,728	(1,917)	56,811
	204,301	**(1,915)**	**202,386**	220,096	(1,917)	218,179
Assets classified as held for sale	**–**	**–**	**–**	5,178	918	6,096
	204,301	**(1,915)**	**202,386**	225,274	(999)	224,275
Current liabilities						
Bank and other debts	**58,785**	**(461)**	**58,324**	70,430	(300)	70,130
Current tax liabilities	**4,215**	**(49)**	**4,166**	4,040	(39)	4,001
Lease liabilities	**–**	**13,616**	**13,616**	–	12,128	12,128
Trade payables and other current liabilities	**87,477**	**(1,058)**	**86,419**	90,407	(1,278)	89,129
	150,477	**12,048**	**162,525**	164,877	10,511	175,388
Liabilities directly associated with assets classified as held for sale	**–**	**–**	**–**	207	920	1,127
	150,477	**12,048**	**162,525**	165,084	11,431	176,515
Net current assets	**53,824**	**(13,963)**	**39,861**	60,190	(12,430)	47,760
Total assets less current liabilities	**956,905**	**39,473**	**996,378**	932,856	39,066	971,922
Non-current liabilities						
Bank and other debts	**214,362**	**(764)**	**213,598**	214,963	(767)	214,196
Interest bearing loans from non-controlling shareholders	**3,245**	**–**	**3,245**	2,567	–	2,567
Lease liabilities	**–**	**54,307**	**54,307**	–	53,931	53,931
Deferred tax liabilities	**20,381**	**(809)**	**19,572**	20,145	(855)	19,290
Pension obligations	**3,536**	**–**	**3,536**	2,730	–	2,730
Other non-current liabilities	**31,571**	**–**	**31,571**	31,897	2	31,899
	273,095	**52,734**	**325,829**	272,302	52,311	324,613
Net assets	**683,810**	**(13,261)**	**670,549**	660,554	(13,245)	647,309
Capital and reserves						
Share capital	**3,830**	**–**	**3,830**	3,830	–	3,830
Share premium	**242,972**	**–**	**242,972**	242,972	–	242,972
Reserves	**306,629**	**(9,396)**	**297,233**	286,167	(9,456)	276,711
Total ordinary shareholders' funds	**553,431**	**(9,396)**	**544,035**	532,969	(9,456)	523,513
Perpetual capital securities	**4,566**	**–**	**4,566**	4,561	–	4,561
Non-controlling interests	**125,813**	**(3,865)**	**121,948**	123,024	(3,789)	119,235
Total equity	**683,810**	**(13,261)**	**670,549**	660,554	(13,245)	647,309

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	2023			2022		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
	(A)		**(B)**	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**58,574**	**16,842**	**75,416**	57,409	16,488	73,897
Interest expenses and other finance costs paid (net of capitalisation)	**(9,576)**	**(2,507)**	**(12,083)**	(6,817)	(2,234)	(9,051)
Tax paid	**(3,931)**	**–**	**(3,931)**	(3,552)	–	(3,552)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	**45,067**	**14,335**	**59,402**	47,040	14,254	61,294
Changes in working capital	**(7,909)**	**(56)**	**(7,965)**	(4,454)	(126)	(4,580)
Net cash from operating activities	**37,158**	**14,279**	**51,437**	42,586	14,128	56,714
Investing activities						
Purchase of fixed assets	**(21,879)**	**209**	**(21,670)**	(24,252)	367	(23,885)
Additions to telecommunications licences	**(1,956)**	**–**	**(1,956)**	(160)	–	(160)
Additions to brand names and other rights	**(1,675)**	**–**	**(1,675)**	(1,807)	–	(1,807)
Purchase of subsidiary companies, net of cash acquired	**(55)**	**–**	**(55)**	–	–	–
Additions to unlisted investments	**(74)**	**–**	**(74)**	(564)	–	(564)
Repayments of loans from associated companies and joint ventures	**2,829**	**–**	**2,829**	374	–	374
Purchase of and advances to associated companies and joint ventures	**(819)**	**–**	**(819)**	(3,464)	–	(3,464)
Proceeds from disposal of fixed assets	**168**	**–**	**168**	335	–	335
Proceeds from disposal of subsidiary companies, net of cash disposed	**2,563**	**–**	**2,563**	17,096	–	17,096
Proceeds from disposal of financial instruments	**2,451**	**–**	**2,451**	–	–	–
Proceeds from partial disposal / disposal of associated companies and joint ventures	**734**	**–**	**734**	5,226	–	5,226
Proceeds from disposal of other unlisted investments	**74**	**–**	**74**	2,336	–	2,336
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	**(17,639)**	**209**	**(17,430)**	(4,880)	367	(4,513)
Disposal of liquid funds and other listed investments	**2,088**	**–**	**2,088**	157	–	157
Additions to liquid funds and other listed investments	**(73)**	**–**	**(73)**	–	–	–
Cash flows used in investing activities	**(15,624)**	**209**	**(15,415)**	(4,723)	367	(4,356)
Net cash inflow before financing activities	**21,534**	**14,488**	**36,022**	37,863	14,495	52,358
Financing activities						
New borrowings	**58,420**	**(209)**	**58,211**	37,514	(367)	37,147
Repayment of borrowings	**(75,558)**	**197**	**(75,361)**	(68,242)	179	(68,063)
Principal elements of lease payments	**–**	**(14,476)**	**(14,476)**	–	(14,307)	(14,307)
Net loans from non-controlling shareholders	**527**	**–**	**527**	2,118	–	2,118
Issue of equity securities by subsidiary companies to non-controlling shareholders	**–**	**–**	**–**	85	–	85
Payment to acquire additional interests in subsidiary companies	**–**	**–**	**–**	(904)	–	(904)
Proceeds from partial disposal of subsidiary companies	**61**	**–**	**61**	–	–	–
Redemption of perpetual capital securities by a subsidiary	**–**	**–**	**–**	(7,800)	–	(7,800)
Payments for buy-back and cancellation of issued shares	**–**	**–**	**–**	(197)	–	(197)
Dividends paid to ordinary shareholders	**(10,885)**	**–**	**(10,885)**	(10,353)	–	(10,353)
Dividends paid to non-controlling interests	**(4,694)**	**–**	**(4,694)**	(4,816)	–	(4,816)
Distribution paid on perpetual capital securities	**(167)**	**–**	**(167)**	(316)	–	(316)
Cash flows used in financing activities	**(32,296)**	**(14,488)**	**(46,784)**	(52,911)	(14,495)	(67,406)
Decrease in cash and cash equivalents	**(10,762)**	**–**	**(10,762)**	(15,048)	–	(15,048)
Cash and cash equivalents at 1 January	**138,085**	**–**	**138,085**	153,133	–	153,133
Cash and cash equivalents at 31 December	**127,323**	**–**	**127,323**	138,085	–	138,085

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows (continued)

	2023			2022		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	**127,323**	**–**	**127,323**	138,085	–	138,085
Liquid funds and other listed investments	**15,786**	**–**	**15,786**	16,103	–	16,103
Total cash, liquid funds and other listed investments	**143,109**	**–**	**143,109**	154,188	–	154,188
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	**274,919**	**(1,225)**	**273,694**	287,297	(1,067)	286,230
Interest bearing loans from non-controlling shareholders	**3,245**	**–**	**3,245**	2,567	–	2,567
Net debt	**135,055**	**(1,225)**	**133,830**	135,676	(1,067)	134,609
Interest bearing loans from non-controlling shareholders	**(3,245)**	**–**	**(3,245)**	(2,567)	–	(2,567)
Net debt (excluding interest bearing loans from non-controlling shareholders)	**131,810**	**(1,225)**	**130,585**	133,109	(1,067)	132,042

6 Directors' emoluments

	2023 HK$ million	2022 HK$ million
Directors' emoluments	**419**	537

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses and are included in "Staff costs" and "Other expenses and losses" in the consolidated income statement.

As at 31 December 2023 and 31 December 2022, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2022: nil).

In 2023, the five individuals whose emoluments were the highest for the year were four (2022: four) directors of the Company and one (2022: one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK$4.94 million (2022: HK$4.66 million); provident fund contribution of HK$0.39 million (2022: HK$0.37 million) and discretionary bonus of HK$23.85 million (2022: HK$23.85 million).

Further details of the directors' emoluments are set out in table below:

(a) Directors' emolument expenses recognised in the Group's consolidated income statement:

	2023					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.31	5.14	44.70	–	–	50.15
Paid by CKI	0.13	–	30.02	–	–	30.15
	0.44	5.14	74.72	–	–	80.30
FOK Kin Ning, Canning [3]	0.22	12.28	116.14	1.10	–	129.74
Frank John SIXT [3] [4]	0.28	9.48	59.36	0.53	–	69.65
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.72	8.94	–	–	10.88
Paid by CKI	0.10	1.80	11.79	–	–	13.69
	0.32	3.52	20.73	–	–	24.57
KAM Hing Lam						
Paid by the Company	0.22	2.52	8.31	–	–	11.05
Paid by CKI	0.08	4.20	10.82	–	–	15.10
	0.30	6.72	19.13	–	–	26.15
LAI Kai Ming, Dominic [3]	0.22	6.23	57.22	0.51	–	64.18
Edith SHIH [3] [4]	0.28	4.84	16.22	0.36	–	21.70
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
LEE Wai Mun, Rose [6]	0.33	–	–	–	–	0.33
CHOW Ching Yee, Cynthia [7] [8] [9]	0.02	–	–	–	–	0.02
Philip Lawrence KADOORIE [8]	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie [1] [8]	0.25	–	–	–	–	0.25
Paul Joseph TIGHE [8] [9]						
Paid by the Company	0.35	–	–	–	–	0.35
Paid by CKI	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam [2] [8] [9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [8]	0.37	–	–	–	–	0.37
Total	5.17	48.21	363.52	2.50	–	419.40

6 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's consolidated income statement (continued):

	2022					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.31	5.01	69.84	–	–	75.16
Paid by CKI	0.13	–	30.65	–	–	30.78
	0.44	5.01	100.49	–	–	105.94
FOK Kin Ning, Canning [3]	0.22	11.88	191.03	1.07	–	204.20
Frank John SIXT [3] [4]	0.28	9.03	65.96	0.77	–	76.04
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.67	9.93	–	–	11.82
Paid by CKI	0.10	1.80	12.45	–	–	14.35
	0.32	3.47	22.38	–	–	26.17
KAM Hing Lam						
Paid by the Company	0.22	2.47	9.24	–	–	11.93
Paid by CKI	0.08	4.20	11.42	–	–	15.70
	0.30	6.67	20.66	–	–	27.63
LAI Kai Ming, Dominic [3]	0.22	6.09	63.58	0.49	–	70.38
Edith SHIH [3] [4]	0.28	4.71	18.03	0.34	–	23.36
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHENG Hoi Chuen, Vincent [10]	0.29	–	–	–	–	0.29
Michael David KADOORIE [11]	0.21	–	–	–	–	0.21
Philip Lawrence KADOORIE [8] [12]	0.01	–	–	–	–	0.01
LEE Wai Mun, Rose [8] [9]	0.26	–	–	–	–	0.26
LEUNG LAU Yau Fun, Sophie [1] [8]	0.23	–	–	–	–	0.23
Paul Joseph TIGHE [8] [9]						
Paid by the Company	0.35	–	–	–	–	0.35
Paid by CKI	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam [2] [8] [9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [8]	0.37	–	–	–	–	0.37
Total	5.35	46.86	482.13	2.67	–	537.01

(1) Member of the Nomination Committee.

(2) Member of the Remuneration Committee.

(3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.

(4) Member of the Sustainability Committee.

(5) Non-executive Director.

(6) Former Independent Non-executive Director and member of Audit Committee. Resigned on 14 December 2023.

(7) Appointed on 14 December 2023.

(8) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.15 million (2022: HK$2.33 million).

(9) Member of the Audit Committee.

(10) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Passed away on 28 August 2022.

(11) Former Independent Non-executive Director. Resigned on 16 December 2022.

(12) Appointed on 16 December 2022.

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains

This note provides additional details in respect of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains.

	2023 HK$ million	2022 HK$ million
Cost of goods sold:		
included in "Cost of inventories sold"	**105,739**	101,724
included in "Expensed customer acquisition and retention costs"	**9,456**	8,879
	115,195	110,603

	2023 HK$ million	2022 HK$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	**17,550**	17,515
Right-of-use assets (see note 13(b))	**14,651**	14,582
Telecommunications licences (see note 14)	**953**	919
Brand names and other rights (see note 15)	**3,262**	3,308
Customer acquisition and retention costs (see note 21(a))	**3,667**	3,464
	40,083	39,788

	2023 HK$ million	2022 HK$ million
Other expenses and losses:		
Cost of providing services [(a)]	**(29,435)**	(29,678)
Office and general administrative expenses and others	**(7,740)**	(3,762)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	**(3,319)**	(3,802)
Advertising and promotion expenses	**(4,783)**	(4,677)
Legal and professional fees	**(2,101)**	(1,404)
Auditors' remuneration [(b)]	**(397)**	(328)
Impairment loss [(c)]		
Against goodwill on telecommunications business in Italy	**–**	(11,039)
Against goodwill and other assets on telecommunications business in Sri Lanka	**–**	(1,000)
Losses on disposal of subsidiaries [#]		
Italian network business	**(250)**	–
Other businesses	**–**	(37)
Loss on disposal of interests in associated companies	**(70)**	–
	(48,095)	(55,727)

See note 34(d).

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

	2023 HK$ million	2022 HK$ million
Other income and gains:		
Rent concessions [d]	–	188
Employment and other subsidies [e]	10	225
Gains on disposals of unlisted investments	–	515
A gain on disposal of financial instruments [f]	1,829	–
Gains on disposal of subsidiaries [g] #		
European telecommunications tower assets	–	19,060
Indonesia telecommunications businesses	–	7,245
Gains on disposals of interests in associated companies and joint ventures	228	947
	2,067	28,180

See note 34(d).

(a) Cost of providing services of HK$29,435 million (2022: HK$29,678 million) includes telecommunication network related costs of HK$19,093 million (2022: HK$17,395 million), repair and maintenance of HK$4,160 million (2022: HK$5,861 million) and others of HK$6,182 million (2022: HK$6,422 million).

(b) Auditors' remuneration of HK$397 million (2022: HK$328 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$262 million (2022: HK$224 million) and performed by other auditors of HK$14 million (2022: HK$12 million), and for non-audit work, including tax compliance and other tax related services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$71 million (2022: HK$56 million) and performed by other auditors of HK$50 million (2022: HK$36 million).

(c) Impairment loss

(i) For the comparative year, an impairment loss of HK$11,039 million arose in the telecommunications business in Italy, which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

In late Q3 to Q4 2022, Italy has seen a series of downgrades in medium-term growth prospects for its economy from rating agency, the Bank of Italy, Italy's National Institute of Statistics, the Organisation for Economic Cooperation and Development, and the European Commission. Management has taken into consideration the decelerating outlooks of the Italian economy when it conducted the 2022 annual impairment testing. For the 2022 annual impairment testing for Wind Tre, the recoverable amount was determined based on the value-in-use ("VIU") calculations, as it was higher than the fair value less costs of disposal ("FVLCD") calculations. The VIU is measured using a discounted cash flow projection for the period covered by the forecast and a calculated terminal value at the end of the forecast period. The calculations used cash flow projections based on the latest financial budget covering a five-year 2023 – 2027 period and business plan approved by Wind Tre's management in Q4 2022, reflecting a lowered expectation on growth and reported service revenues, and heightened competition in the Italian market. As a result, the forecasted revenue and margin, including the future 5G revenue contribution, was lower as compared to the last financial budget covering the five-year 2022 – 2026 period. The key assumptions and estimates used in preparing the discounted cash flow projection for the 2022 annual impairment testing have also been updated with caution to take into account the deteriorating growth prospects in the Italian economy, including a pre-tax discount rate of 8.3%. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1.3% to estimate the terminal value at the end of the five-year period. The results of the impairment testing showed that the carrying amount exceeded the estimated recoverable amount by HK$11,039 million. As a result, the Group recognised an impairment loss of HK$11,039 million against goodwill. No class of asset other than goodwill was impaired.

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

(c) Impairment loss (continued)

(ii) For the comparative year, an impairment loss of HK$1,000 million arose in the telecommunications business in Sri Lanka, which is included as part of the Telecommunications segment under Hutchison Asia Telecommunications in note 5.

During 2022, Sri Lanka was in the midst of a deep and unprecedented economic crisis and facing rampant fuel and food shortages. These external events led the Group to carry out an impairment test on this business at 30 June 2022 and as a result the Group recognised an impairment loss of HK$1,000 million in the first half of 2022, of which HK$174 million against goodwill and HK$826 million against telecommunications licences, tangible and other assets. The impairment loss was primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. An annual impairment testing on the telecommunications business in Sri Lanka was conducted at 31 December 2022. The results of the 2022 annual impairment test indicated that, saved for the impairment loss of HK$1,000 million already recorded in the first half of 2022, there were no impairment at 31 December 2022. The recoverable amount of this business was determined based on the VIU calculations, as it was not practical to arrive at the FVLCD calculations under the current circumstances. The VIU used discounted cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management. Key assumptions and estimates used to prepare the discounted cash flow model include a pre-tax discount rate of 20.6% for 2023 and 2024 to reflect the prevailing high interest rate in Sri Lanka and 12.2% in the outer years to reflect the expected economic recovery, and a long term growth rate of 1% to estimate the terminal value at the end of the five-year period.

(d) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.

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

(f) Current year balance represents a gain arising from disposal of Cenovus Energy share warrants of HK$1,829 millions (see note 5(b)(xvi)).

(g) Prior year balance includes a gain arising from the disposal of telecommunications tower assets in the UK of HK$19,060 million and a gain arising from the merger of the Group's telecommunication business in Indonesia, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk of HK$7,245 million.

8 Interest expenses and other finance costs

	2023 HK$ million	2022 HK$ million
Bank loans and overdrafts	**4,384**	1,834
Other loans	**4**	4
Notes and bonds	**5,057**	4,809
Interest bearing loans from non-controlling shareholders	**124**	37
Other finance costs	**234**	149
Amortisation of loan facilities fees and premiums or discounts relating to debts	**237**	243
Other non-cash interest adjustments [(a)]	**(93)**	(242)
	9,947	6,834
Less: interest capitalised	**(266)**	(52)
Interest on lease liabilities (see note 13(b))	**2,546**	2,270
	12,227	9,052

(a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK$341 million (2022: HK$420 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

9 Tax

	2023 HK$ million	2022 HK$ million
Current tax charge		
Hong Kong	**216**	243
Outside Hong Kong	**3,903**	5,192
	4,119	5,435
Deferred tax charge (credit)		
Hong Kong	**(37)**	75
Outside Hong Kong	**(1,079)**	2,764
	(1,116)	2,839
	3,003	8,274

The Group's profits are taxed at different rates depending on the country or territory in which the profits arise.

Hong Kong profits tax has been provided for at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

9 Tax (continued)

The tax charged to the consolidated income statement of HK$3,003 million (2022: HK$8,274 million) differs from the tax charge of HK$2,982 million (2022: HK$4,883 million) that would apply if the Groups pre-tax profits (before share of results of the associated companies and joint ventures) had been taxed at the statutory rates of the countries in which the profits arose. The differences are set out as follows:

	2023 HK$ million	2022 HK$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**2,982**	4,883
Tax effect of:		
Tax losses not recognised	**1,824**	1,976
Income or gains not subject to tax	**(1,112)**	(1,080)
Expenses not deductible for tax purposes	**1,847**	1,322
Recognition of previously unrecognised tax losses	**(32)**	(208)
Utilisation of previously unrecognised tax losses	**(200)**	(48)
Under (over) provision in prior years	**(855)**	223
Other temporary differences	**(1,451)**	1,037
Effect of change in tax rate	**–**	169
Total tax for the year	**3,003**	8,274

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or "GloBE rules") for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least EUR750 million. The Group will be in scope of this new Pillar Two tax reform.

While Hong Kong has yet to introduce its draft legislation for implementation of the global minimum tax and the domestic minimum top-up tax in Hong Kong, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. For certain other jurisdictions where the Group has operations, Pillar Two legislation has been enacted or substantively enacted and will be effective for the Group's financial year beginning on 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

In July 2023, the HKICPA made narrow-scope amendments to HKAS 12 which provided temporary relief from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. In adopting these amendments, the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under OECD's Pillar Two model rules, a top-up tax liability arises when the effective tax rate of the Group's operations in a jurisdiction, calculated using principles set out in the Pillar Two legislation, is below 15%. Based on the information currently available, the impact of these rules on the Group's income tax position is not expected to be material.

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$23,500 million (2022: HK$36,680 million) and 3,830,044,500 shares in issue during the year of 2023 (2022: weighted average number of 3,834,106,390 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2023 and 31 December 2022. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2023 and 31 December 2022. The employee share options of these associated companies outstanding as at 31 December 2023 and 31 December 2022 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2023 HK$ million	2022 HK$ million
Distribution paid on perpetual capital securities	**167**	316

(b) Dividends

	2023 HK$ million	2022 HK$ million
Interim dividend, paid of HK$0.756 per share (2022: HK$0.84 per share)	**2,896**	3,221
Final dividend, proposed of HK$1.775 per share (2022: HK$2.086 per share)	**6,798**	7,989
	9,694	11,210

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2023. The amount of the 2023 proposed final dividend is expected to be paid on 13 June 2024 out of retained profit.

12 Fixed assets

	Land and buildings HK$ million	Telecom-munications network assets HK$ million	Other assets [(a)] HK$ million	Total HK$ million
Cost				
At 1 January 2022	29,665	82,425	90,022	202,112
Additions	702	1,479	21,704	23,885
Disposals	(49)	(1,423)	(3,266)	(4,738)
Relating to subsidiaries disposed (see note 34(d))	–	(14,083)	(2,265)	(16,348)
Transfer between categories	80	11,250	(11,330)	–
Exchange translation differences	(1,417)	(5,357)	(5,830)	(12,604)
Transfer to assets classified as held for sale (see note 25)	–	(3,786)	(200)	(3,986)
At 31 December 2022 and 1 January 2023	**28,981**	**70,505**	**88,835**	**188,321**
Additions	**1,291**	**2,243**	**18,136**	**21,670**
Relating to subsidiaries acquired (see note 34(c))	**–**	**–**	**6**	**6**
Disposals	**(273)**	**(908)**	**(2,637)**	**(3,818)**
Transfer between categories	**255**	**7,818**	**(8,073)**	**–**
Exchange translation differences	**685**	**2,580**	**2,512**	**5,777**
At 31 December 2023	**30,939**	**82,238**	**98,779**	**211,956**
Accumulated depreciation and impairment				
At 1 January 2022	6,343	29,700	34,970	71,013
Charge for the year	1,108	8,785	7,622	17,515
Impairment recognised	1	318	158	477
Disposals	(38)	(1,251)	(2,917)	(4,206)
Relating to subsidiaries disposed (see note 34(d))	–	(3,777)	(319)	(4,096)
Transfer between categories	6	–	(6)	–
Exchange translation differences	(210)	(1,991)	(1,990)	(4,191)
Transfer to assets classified as held for sale (see note 25)	–	(841)	–	(841)
At 31 December 2022 and 1 January 2023	**7,210**	**30,943**	**37,518**	**75,671**
Charge for the year	**1,093**	**8,256**	**8,201**	**17,550**
Disposals	**(270)**	**(783)**	**(2,424)**	**(3,477)**
Transfer between categories	**–**	**(42)**	**42**	**–**
Exchange translation differences	**333**	**1,327**	**726**	**2,386**
At 31 December 2023	**8,366**	**39,701**	**44,063**	**92,130**
Net book value				
At 31 December 2023	**22,573**	**42,537**	**54,716**	**119,826**
At 31 December 2022	21,771	39,562	51,317	112,650
At 1 January 2022	23,322	52,725	55,052	131,099

(a) Net book value of other assets of HK$54,716 million (2022: HK$51,317 million) primarily relate to fixed assets used in business of Ports and related services of HK$21,837 million (2022: HK$18,984 million), Telecommunications of HK$23,411 million (2022: HK$23,327 million), and Infrastructure of HK$1,476 million (2022: HK$1,376 million).

As at 31 December 2023, other assets with a net book value of HK$22,227 million (2022: HK$18,753 million) are assets under construction.

12 Fixed assets (continued)

(b) The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2023 HK$ million	2022 HK$ million
Within 1 year	**80**	95
Between 1 and 2 years	**13**	31
Between 2 and 3 years	**2**	11
Between 3 and 4 years	**2**	11
Between 4 and 5 years	**6**	3
After 5 years	**1**	6
	104	157

13 Leases

(a) Group as a lessee – amounts recognised in the consolidated statement of financial position

	2023 HK$ million	2022 HK$ million
Right-of-use assets		
Container terminals	**15,312**	15,225
Retail stores	**20,653**	20,715
Telecommunications network infrastructure sites	**14,688**	13,085
Leasehold land	**5,958**	6,129
Other assets	**4,587**	4,183
	61,198	59,337
Lease liabilities		
Current	**13,616**	12,128
Non-current	**54,307**	53,931
	67,923	66,059

On leases that commenced during the year, the Group has recognised HK$8,871 million (2022: HK$6,539 million) of right-of-use assets, and HK$8,871 million (2022: HK$6,528 million) of lease liabilities.

13 Leases (continued)

(b) Group as a lessee – amounts recognised in the consolidated income statement

	2023 HK$ million	2022 HK$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	**498**	714
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	**568**	649
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	**2,253**	2,439
	3,319	3,802
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	**1,080**	1,179
Retail stores	**6,721**	6,919
Telecommunications network infrastructure sites	**5,203**	4,885
Leasehold land	**348**	351
Other assets	**1,299**	1,248
	14,651	14,582
Interest on lease liabilities (included in "Interest expenses and other finance costs")	**2,546**	2,270
Total charges recognised in profit or loss for leases	**20,516**	20,654

(c) Group as a lessee – amounts recognised in the consolidated statement of cash flows

	2023 HK$ million	2022 HK$ million
Within operating cash flows	**5,549**	5,716
Within financing cash flows (see note 34(e))	**14,476**	14,307
Total cash outflows for leases	**20,025**	20,023

(d) Group as lessee – other lease disclosure

Variable lease payments

Some retail store leases contain variable payment terms that are linked to sales generated from a store. There is a wide range of sales percentages applied to such leases. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$20 million (2022: approximately 0.1% or HK$22 million).

13 Leases (continued)

(d) Group as lessee – other lease disclosure (continued)

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2023, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$8,635 million (2022: HK$8,385 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2023, residual value guarantee of HK$15 million (2022: HK$11 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2023, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK$19 million (2022: HK$87 million). This amount has not been included in calculating the lease liabilities as at 31 December 2023.

Restriction or covenants imposed by leases

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.

(e) Group as lessor

	2023 HK$ million	2022 HK$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	**182**	159

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2023 HK$ million	2022 HK$ million
Within 1 year	**153**	150
Between 1 and 2 years	**70**	86
Between 2 and 3 years	**49**	60
Between 3 and 4 years	**37**	41
Between 4 and 5 years	**33**	37
After 5 years	**27**	57
	369	431

In addition, the Group has recognised income of HK$217 million (2022: HK$208 million) from leasing of fixed assets for the year ended 31 December 2023.

14 Telecommunications licences

	2023 HK$ million	2022 HK$ million
Net book value		
At 1 January	**60,689**	69,985
Additions	**1,956**	160
Amortisation for the year	**(953)**	(919)
Impairment charge for the year	**–**	(152)
Relating to subsidiaries disposed (see note 34(d))	**–**	(3,836)
Exchange translation differences	**2,572**	(4,549)
At 31 December	**64,264**	60,689
Cost	**71,396**	67,054
Accumulated amortisation and impairment	**(7,132)**	(6,365)
	64,264	60,689

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life. At 31 December 2023, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK$19,914 million and HK$33,781 million respectively (2022: HK$18,924 million and HK$32,527 million respectively) have been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK$ million	Other rights HK$ million	Total HK$ million
Net book value			
At 1 January 2022	69,080	19,939	89,019
Additions	–	1,807	1,807
Amortisation for the year	(12)	(3,296)	(3,308)
Impairment charge for the year	–	(11)	(11)
Disposal	–	(2)	(2)
Exchange translation differences	(2,169)	(1,642)	(3,811)
At 31 December 2022 and 1 January 2023	**66,899**	**16,795**	**83,694**
Additions	**–**	**1,675**	**1,675**
Amortisation for the year	**(11)**	**(3,251)**	**(3,262)**
Relating to subsidiaries acquired (see note 34(c))	**3**	**6**	**9**
Exchange translation differences	**1,163**	**117**	**1,280**
At 31 December 2023	**68,054**	**15,342**	**83,396**
Cost	**68,148**	**34,120**	**102,268**
Accumulated amortisation	**(94)**	**(18,778)**	**(18,872)**
	68,054	**15,342**	**83,396**

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2023 of HK$49,730 million (2022: HK$49,294 million) and HK$18,156 million (2022: HK$17,424 million) has been attributed to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2023, the carrying value of these rights amounted to HK$9,773 million (2022: HK$10,433 million) and HK$5,569 million (2022: HK$6,362 million) respectively.

16 Goodwill

	2023 HK$ million	2022 HK$ million
Net book value		
At 1 January	**268,008**	289,340
Impairment charge for the year	**–**	(11,213)
Relating to subsidiaries acquired (see note 34(c))	**75**	–
Relating to subsidiaries disposed (see note 34(d))	**–**	(1,119)
Transfer to asset classified as held for sale (see note 25)	**–**	(2,012)
Exchange translation differences	**3,053**	(6,988)
At 31 December	**271,136**	268,008
Cost	**297,159**	293,070
Accumulated impairment	**(26,023)**	(25,062)
	271,136	268,008

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). As at 31 December 2023, the carrying amount of goodwill are mainly allocated to Telecommunications segment of HK$84,897 million (2022: HK$81,771 million), Retail segment of HK$114,099 million (2022: HK$114,098 million), and Infrastructure segment of HK$39,123 million (2022: HK$39,123 million).

Management tests whether goodwill and intangible assets that have an indefinite useful life (including certain telecommunication licences and brand names as set out in notes 14 and 15) have suffered any impairment on an annual basis and when there is an indication these assets may be impaired. The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2023. The results of the impairment tests undertaken as of 31 December 2023 indicated no impairment charge was necessary for the Group. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2023 annual impairment tests for the Telecommunications and Retail operations.

16 Goodwill (continued)

The recoverable amounts of the Group's Telecommunications operations at 31 December 2023 were determined based on VIU calculations. VIU is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The VIU amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections and the growth rate used for extrapolation purposes as well as the 5G revenue expectations. A discount rate (pre-tax) ranging from 5.4% to 11.0% (2022: 4.8% to 20.6%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 1% to 2% p.a. (2022: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The recoverable amounts of the Group's Retail operations at 31 December 2023 were determined based on FVLCD calculation. Fair value is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period (a Level 3 fair value hierarchy). The cash flows are based on the latest approved financial budgets for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The FVLCD amount derived from the cash flow projections is sensitive to the discount rate used for the discounted cash flow projections and the growth rate used for extrapolation purposes. A discount rate (post-tax) of 8.4% (2022: 8.4%) has been applied. In estimating the terminal value at the end of the five-year period, a growth rate, for the purpose of impairment testing calculation, of 3.9% p.a. (2022: 4.2% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Annual impairment tests in comparative year indicated that, saved for HK$11,039 million and HK$174 million impairment charges against goodwill allocated to the telecommunication businesses in Italy and Sri Lanka respectively, with details as set out in note 7(c), there was no impairment loss in respect of these assets at 31 December 2022. In performing the impairment tests for these assets, the management has considered and assessed reasonably possible changes for key assumptions and has not identified any instance, saved as disclosed in note 7(c), that could cause the carrying amount of these assets to exceed their recoverable amount.

Please refer to note 46(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

17 Associated companies

	2023 HK$ million	2022 HK$ million
Unlisted shares	**9,071**	9,071
Listed shares, Hong Kong	**62,919**	62,919
Listed shares, outside Hong Kong	**80,837**	81,012
Share of undistributed post acquisition reserves	**(12,081)**	(15,264)
	140,746	137,738
Amounts due from (net with amounts due to) associated companies [(a)]	**2,892**	2,973
	143,638	140,711

The market value of the above listed investments at 31 December 2023 was HK$112,390 million (2022: HK$117,220 million), inclusive of HK$41,370 million (2022: HK$47,735 million) and HK$34,614 million (2022: HK$32,811 million) for Cenovus Energy and Power Assets Holdings Limited ("Power Assets") respectively.

There are no material contingent liabilities relating to the Group's interests in associated companies, save for those disclosed in note 37.

(a) Amounts due from (net with amounts due to) associated companies

	2023 HK$ million	2022 HK$ million
Amounts due from associated companies [(i)]		
Interest free	**410**	398
Interest bearing at fixed rates [(ii)]	**2,618**	2,739
Interest bearing at floating rates [(iii)]	**407**	405
	3,435	3,542
Amounts due to associated companies [(iv)]		
Interest free	**543**	569
Amounts due from (net with amounts due to) associated companies	**2,892**	2,973

17 Associated companies (continued)

(a) Amounts due from (net with amounts due to) associated companies (continued)

(i) At 31 December 2023 and 2022, the amounts due from associated companies are unsecured and have no fixed terms of repayment, except for HK$4 million for 2022, are repayable within one year.

Amounts due from associated companies are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from associated companies. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(ii) At 31 December 2023, HK$2,618 million (2022: HK$2,739 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2022: 4.7% to 11.2%) per annum.

(iii) At 31 December 2023, HK$407 million (2022: HK$405 million) bear interests at floating rates ranging from approximately 6.0% to 6.4% (2022: 3.4% to 4.1%) per annum with reference to Euro Interbank Offered Rate ("EURIBOR") and Hong Kong Interbank Offered Rate ("HIBOR"), where applicable.

(iv) At 31 December 2023 and 2022, the amounts due to associated companies are unsecured and have no fixed terms of repayment.

(b) Material associated companies

Set out below are additional information in respect of the Group's material associated companies:

	2023		2022	
	Cenovus Energy HK$ million	**Power Assets HK$ million**	Cenovus Energy HK$ million	Power Assets HK$ million
Dividends received from associated companies	**964**	**2,164**	866	2,164
Gross amount of the following items of the associated companies [(i)]:				
Total revenue	**304,130**	**1,292**	403,798	1,265
EBITDA	**60,278**	**18,733**	84,536	18,292
EBIT	**33,224**	**13,077**	57,982	12,533
Other comprehensive income (losses)	**3,706**	**1,901**	(10,721)	581
Total comprehensive income	**25,882**	**7,904**	28,252	6,230
Current assets	**57,898**	**4,359**	71,348	6,880
Non-current assets	**367,380**	**128,973**	354,131	125,278
Current liabilities	**36,763**	**3,249**	46,041	4,038
Non-current liabilities	**112,439**	**3,701**	116,287	3,632
Net assets (net of preferred shares and non-controlling interests)	**272,773**	**126,382**	260,097	124,488
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	**16.9%**	**36.0%**	16.6%	36.0%
Group's share of net assets	**46,180**	**45,515**	43,176	44,832
Carrying amount	**46,180**	**45,515**	43,176	44,832

17 Associated companies (continued)

(b) Material associated companies (continued)

The carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK$51,943 million (2022: HK$52,703 million).

	2023				2022			
	Cenovus Energy	**Power Assets**	**Other associated companies**	**Total**	Cenovus Energy	Power Assets	Other associated companies	Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Group's share of the following items of the associated companies [(i)]:								
Profits less losses after tax	**3,963**	**2,161**	**2,014**	**8,138**	6,333	2,033	3,456	11,822
Other comprehensive income (losses)	**627**	**685**	**17**	**1,329**	(1,778)	210	(1,010)	(2,578)
Total comprehensive income	**4,590**	**2,846**	**2,031**	**9,467**	4,555	2,243	2,446	9,244

(i) After translation into Hong Kong dollar and consolidation adjustments.

Particulars regarding the principal associated companies are set forth on pages 267 to 270.

18 Interests in joint ventures

	2023	2022
	HK$ million	HK$ million
Unlisted shares	**127,116**	118,039
Share of undistributed post acquisition reserves	**7,154**	1,049
	134,270	119,088
Amounts due from (net with amounts due to) joint ventures [(a)]	**22,067**	29,473
	156,337	148,561

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save for those disclosed in note 37.

18 Interests in joint ventures (continued)

(a) Amounts due from (net with amounts due to) joint ventures

	2023 HK$ million	2022 HK$ million
Amounts due from joint ventures [(i)]		
Interest free	**2,239**	2,764
Interest bearing at fixed rates [(ii)]	**7,972**	9,650
Interest bearing at floating rates [(iii)]	**12,166**	17,378
	22,377	29,792
Amounts due to joint ventures [(iv)]		
Interest free	**310**	319
Amounts due from (net with amounts due to) joint ventures	**22,067**	29,473

(i) At 31 December 2023 and 2022, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$32 million which are repayable within one to two years (2022: HK$1,650 million which are repayable within one to three years).

Amounts due from joint ventures are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from joint ventures. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(ii) At 31 December 2023, HK$7,972 million (2022: HK$9,650 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2022: 4.4% to 11.0%) per annum.

(iii) At 31 December 2023, HK$12,166 million (2022: HK$17,378 million) bear interests at floating rates ranging from approximately 4.1% to 8.3% (2022: 4.9% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, EURIBOR, HIBOR and Sterling Overnight Index Average Rate, where applicable.

(iv) At 31 December 2023 and 2022, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2023 HK$ million	2022 HK$ million
Profits less losses after tax	**7,990**	7,422
Other comprehensive income (losses)	**3,997**	(4,581)
Total comprehensive income	**11,987**	2,841
Capital commitments	**13,880**	4,811

As at 31 December 2023 and 2022, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 267 to 270.

19 Deferred tax

	2023 HK$ million	2022 HK$ million
Deferred tax assets	**21,074**	18,509
Deferred tax liabilities	**19,572**	19,290
Net deferred tax assets (liabilities)	**1,502**	(781)

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2023 HK$ million	2022 HK$ million
At 1 January	**(781)**	3,805
Relating to subsidiaries acquired	**3**	–
Relating to subsidiaries disposed	**–**	(33)
Transfer to current tax	**6**	(10)
Net credit (charge) to other comprehensive income	**380**	(267)
Net credit (charge) to the consolidated income statement		
Tax losses	**1,617**	337
Accelerated depreciation allowances	**(62)**	(24)
Fair value adjustments arising from acquisitions	**(551)**	(249)
Withholding tax on undistributed profits	**(48)**	(520)
Other temporary differences	**160**	(2,383)
Exchange translation differences	**778**	(1,437)
At 31 December	**1,502**	(781)

Analysis of net deferred tax assets (liabilities):

	2023 HK$ million	2022 HK$ million
Tax losses	**16,865**	14,703
Accelerated depreciation allowances	**(2,425)**	(2,555)
Fair value adjustments arising from acquisitions	**(12,268)**	(11,625)
Revaluation of investment properties and other investments	**20**	16
Withholding tax on undistributed profits	**(912)**	(875)
Other temporary differences	**222**	(445)
	1,502	(781)

19 Deferred tax (continued)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associated companies, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The 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.

At 31 December 2023, the Group has recognised accumulated deferred tax assets amounting to HK$21,074 million (2022: HK$18,509 million) of which HK$16,973 million (2022: HK$15,191 million) relates to **3** Group Europe.

Note 46(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

The amounts of unutilised tax losses and deductible temporary differences for which no deferred tax assets is recognised in the consolidated statement of financial position at 31 December 2023 were HK$531,915 million (2022: HK$120,844 million) and HK$27,472 million (2022: HK$10,309 million), respectively, totalling HK$559,387 million (2022: HK$131,153 million). The current year's amounts included balances that are subject to agreement by relevant tax authorities. If the same basis is applied, the comparative total would increase by HK$394,252 million to HK$525,405 million.

These unutilised tax losses and deductible temporary differences can be carried forward against future taxable income. Of the total amounts unrecognised, HK$174,454 million (2022: HK$91,882 million) has no expiry date, HK$8,269 million (2022: HK$6,658 million) is expected to expire within 10 years and the remaining balances is expected to expire after 10 years.

20 Liquid funds and other listed investments

	2023 HK$ million	2022 HK$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong [c]	**50**	40
Financial assets at fair value through other comprehensive income ("FVOCI") [d]		
Listed equity securities, Hong Kong [e]	**608**	608
Listed equity securities, outside Hong Kong [e]	**8,589**	9,096
Managed funds – listed debt securities, outside Hong Kong [b] [f]	**6,539**	6,359
	15,786	16,103

(a) At 31 December, liquid funds and other listed investments totalling HK$15,786 million (2022: HK$16,103 million) are denominated in the following currencies:

	2023		2022	
	Financial assets at amortised cost Percentage	**Financial assets at FVOCI** Percentage	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage
HK dollar	**–**	**4%**	–	4%
US dollar	**100%**	**42%**	60%	39%
Other currencies	**–**	**54%**	40%	57%
	100%	**100%**	100%	100%

See note 41(a) for further analysis.

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK$6,539 million (2022: HK$6,359 million) presented above are analysed as follows:

	2023	2022
	Financial assets at FVOCI	Financial assets at FVOCI
	Percentage	Percentage
Credit ratings		
Aaa / AAA	**14%**	12%
Aa1 / AA+	**86%**	87%
Other investment grades	**–**	1%
	100%	100%
Sectorial		
US Treasury notes	**72%**	73%
Government and government guaranteed notes	**25%**	23%
Others	**3%**	4%
	100%	100%
Weighted average maturity	**1.8 years**	2.6 years
Weighted average effective yield	**1.61%**	1.54%

(c) "Managed funds – cash and cash equivalents" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Managed funds – cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.

(d) The fair values are based on quoted market prices.

(e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. As at 31 December 2023, the Group has collar agreements with banks to hedge fair values of certain of these listed equity securities. Fair value deficits of HK$297 million and HK$59 million at 31 December 2023 of these collar arrangements are included in current and non-current liabilities (see notes 27 and 31, respectively). The comparative balance of the listed equity securities, outside Hong Kong includes HK$216 million fair value of these collar agreements. The Group considered this FVOCI category to be an appropriate classification.

(f) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. All (2022: 99%) of the carrying amount of these assets at 31 December 2023 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

21 Other non-current assets

	2023 HK$ million	2022 HK$ million
Investment properties (see note 22)	**408**	408
Customer acquisition and retention costs [(a)]	**4,290**	3,660
Contract assets (see note 24(b))	**3,826**	2,095
Unlisted investments		
Financial assets at FVOCI – equity securities [(b)]	**2,189**	2,451
Financial assets at fair value through profit or loss – equity securities	**369**	417
Financial assets at fair value through profit or loss – debt securities	**604**	555
Pension assets (see note 30)	**1,428**	1,311
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**52**	84
Cross currency interest rate swaps	**150**	132
Other contracts	**–**	3,081
Net investment hedges		
Cross currency swaps	**572**	1,164
Other non-current assets [(c)]	**5,974**	542
	19,862	15,900

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's consolidated income statement of HK$3,667 million (2022: HK$3,464 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(c) Amount included lease receivables of HK$507 million (2022: HK$542 million), which are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets. The remaining balances are mainly prepayments of telecommunications annual licences fee.

22 Investment properties

Investment properties are included in "Other non-current assets" (see note 21) in the consolidated statement of financial position.

	2023 HK$ million	2022 HK$ million
Valuation		
At 1 January	**408**	408
Increase in fair value of investment properties	**–**	–
At 31 December	**408**	408

At 31 December 2023, investment properties amounting to HK$408 million (2022: HK$408 million) were measured at fair value based on value inputs, other than quoted prices, that were observable either directly or indirectly. The fair values of the investment properties at 31 December 2023 and 2022 were determined based on a valuation carried out by Cushman & Wakefield Limited, professional valuers. The valuation which reflected the highest and best use was arrived at by reference to comparable market transactions and also took reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

At 31 December 2023 and 2022, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2023 HK$ million	2022 HK$ million
Cash at bank and in hand	**34,000**	27,769
Short term bank deposits	**93,323**	110,316
	127,323	138,085

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

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of these assets.

See note 41(a) for further analysis.

24 Trade receivables and other current assets

	2023 HK$ million	2022 HK$ million
Trade receivables [a]	**20,264**	18,650
Less: loss allowance provision	**(3,967)**	(3,705)
	16,297	14,945
Other current assets		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**–**	153
Cross currency interest rate swaps	**–**	622
Forward foreign exchange contracts	**–**	1
Other contracts	**26**	167
Net investment hedges		
Cross currency interest rate swaps	**–**	112
Forward foreign exchange contracts	**201**	44
Cross currency swaps	**336**	9
Contract assets [b]	**3,754**	4,219
Prepayments	**16,361**	22,978
Other receivables [c]	**13,491**	13,433
Current tax receivables	**124**	128
	50,590	56,811

(a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 60 days. Trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, after netting of provision for estimated impairment losses. Given the profile of the Group's customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 5% of the Group's revenue for the year ended 31 December 2023 (2022: less than 5%).

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2023 HK$ million	2022 HK$ million
Less than 31 days	**11,996**	10,609
Within 31 to 60 days	**1,874**	1,704
Within 61 to 180 days	**1,523**	1,681
Over 180 days	**4,871**	4,656
	20,264	18,650

24 Trade receivables and other current assets (continued)

Movements on the loss allowance provision for trade receivables are as follows:

	2023 HK$ million	2022 HK$ million
At 1 January	**3,705**	3,797
Additions	**653**	998
Utilisations	**(492)**	(763)
Write back	**(41)**	(61)
Exchange translation differences	**142**	(266)
At 31 December	**3,967**	3,705

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing bands are set out below.

	2023			2022		
	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage
Not past due	**9,965**	**89**	**1%**	9,169	95	1%
Past due less than 31 days	**3,501**	**67**	**2%**	2,918	82	3%
Past due within 31 to 60 days	**787**	**70**	**9%**	782	79	10%
Past due within 61 to 180 days	**1,291**	**380**	**29%**	1,312	384	29%
Past due over 180 days	**4,720**	**3,361**	**71%**	4,469	3,065	69%
	20,264	**3,967**		18,650	3,705	

24 Trade receivables and other current assets (continued)

(b) As at 31 December 2023, contract assets of HK$3,754 million (2022: HK$4,219 million) and HK$3,826 million (2022: HK$2,095 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK$1,637 million (2022: HK$1,525 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2023 HK$ million	2022 HK$ million
At 1 January	**1,525**	1,390
Additions	**927**	921
Utilisations	**(823)**	(643)
Write back	**(55)**	(55)
Exchange translation differences	**63**	(88)
At 31 December	**1,637**	1,525

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to trade receivables for similar customer bases. The Group makes reference to the expected credit loss provision rates for trade receivables to measure the contract assets' expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

(c) Other receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of other receivables.

25 Assets and liabilities classified as held for sale

	2023 HK$ million	2022 HK$ million
Assets classified as held for sale		
Disposal group held for sale	–	6,096
Liabilities directly associated with assets classified as held for sale	–	1,127

On 3 January 2023, Wind Tre, a wholly owned subsidiary, and Iliad Italia S.p.A. announced the closing of Zefiro Net S.r.l., a 50:50 joint venture which is dedicated to accelerate the deployment of mobile phone networks in less densely populated areas of Italy. Under the joint venture arrangement, both parties will jointly manage their respective mobile phone networks via the joint venture in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into the joint venture were classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 were as follows:

	2023 HK$ million	2022 HK$ million
Assets		
Fixed assets	–	3,145
Right-of-use assets	–	918
Goodwill	–	2,012
Trade receivables	–	21
Assets classified as held for sale	–	6,096
Liabilities		
Lease liabilities	–	920
Provisions	–	205
Other non-current liabilities	–	2
Liabilities directly associated with assets classified as held for sale	–	1,127
Net assets directly associated with disposal group	–	4,969

	2023 HK$ million	2022 HK$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve deficit	–	(324)
Reserves of disposal group classified as held for sale	–	(324)

Disposal group held for sale is presented within total assets and total liabilities of "Telecommunications: CK Hutchison Group Telecom – **3** Group Europe" segment in note 5(b)(vi), 5(b)(vii) respectively and total assets of "Europe" in note 5(b)(xii).

26 Bank and other debts

	2023			2022		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Principal amounts						
Bank loans	**24,484**	**65,036**	**89,520**	40,697	53,806	94,503
Other loans	**154**	**72**	**226**	4	225	229
Notes and bonds	**33,755**	**147,900**	**181,655**	29,505	159,370	188,875
	58,393	**213,008**	**271,401**	70,206	213,401	283,607
Unamortised fair value adjustments arising from acquisitions	**18**	**2,275**	**2,293**	–	2,623	2,623
Subtotal before the following items	**58,411**	**215,283**	**273,694**	70,206	216,024	286,230
Unamortised loan facilities fees and premiums or discounts related to debts	**(87)**	**(1,685)**	**(1,772)**	(76)	(1,828)	(1,904)
	58,324	**213,598**	**271,922**	70,130	214,196	284,326

26 Bank and other debts (continued)

Details of the bank and other debts by principal amounts are as follows:

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Bank loans	**24,484**	**65,036**	**89,520**	40,697	53,806	94,503
Other loans	**154**	**72**	**226**	4	225	229
Notes and bonds						
HK$2,413 million notes, 3-mth HIBOR^ + 0.32% due 2024	**2,413**	**–**	**2,413**	–	2,413	2,413
HK$260 million notes, 4% due 2027	**–**	**260**	**260**	–	260	260
US$750 million notes, 2.75% due 2023	**–**	**–**	**–**	5,850	–	5,850
US$750 million notes, 3.25% due 2024	**5,850**	**–**	**5,850**	–	5,850	5,850
US$1,500 million notes, 3.625% due 2024	**11,700**	**–**	**11,700**	–	11,700	11,700
US$500 million notes, 1.5% due 2026	**–**	**3,900**	**3,900**	–	3,900	3,900
US$500 million notes, 2.75% due 2026	**–**	**3,900**	**3,900**	–	3,900	3,900
US$309 million notes – Series C, 7.5% due 2027	**–**	**2,410**	**2,410**	–	2,410	2,410
US$500 million notes, 3.25% due 2027	**–**	**3,900**	**3,900**	–	3,900	3,900
US$800 million notes, 3.5% due 2027	**–**	**6,240**	**6,240**	–	6,240	6,240
US$1,250 million notes, 4.75% due 2028	**–**	**9,750**	**9,750**	–	–	–
US$500 million notes, 2.75% due 2029	**–**	**3,900**	**3,900**	–	3,900	3,900
US$750 million notes, 3.625% due 2029	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 2.5% due 2030	**–**	**5,850**	**5,850**	–	5,850	5,850
US$850 million notes, 2.5% due 2031	**–**	**6,630**	**6,630**	–	6,630	6,630
US$1,039 million notes, 7.45% due 2033	**–**	**8,107**	**8,107**	–	8,107	8,107
US$1,250 million notes, 4.875% due 2033	**–**	**9,750**	**9,750**	–	–	–
US$25 million notes – Series D, 6.988% due 2037	**–**	**196**	**196**	–	196	196
US$650 million notes, 3.125% due 2041	**–**	**5,070**	**5,070**	–	5,070	5,070
US$750 million notes, 3.375% due 2049	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 3.375% due 2050	**–**	**5,850**	**5,850**	–	5,850	5,850
EUR1,350 million notes, 1.25% due 2023	**–**	**–**	**–**	11,205	–	11,205
EUR1,500 million notes, 0.375% due 2023	**–**	**–**	**–**	12,450	–	12,450
EUR600 million bonds, 1% due 2024	**5,172**	**–**	**5,172**	–	4,980	4,980
EUR1,000 million notes, 0.875% due 2024	**8,620**	**–**	**8,620**	–	8,300	8,300
EUR750 million notes, 1.25% due 2025	**–**	**6,465**	**6,465**	–	6,225	6,225
EUR1,000 million notes, 0.75% due 2026	**–**	**8,620**	**8,620**	–	8,300	8,300
EUR650 million notes, 2% due 2028	**–**	**5,603**	**5,603**	–	5,395	5,395
EUR1,000 million notes, 1.125% due 2028	**–**	**8,620**	**8,620**	–	8,300	8,300
EUR500 million notes, 0.75% due 2029	**–**	**4,310**	**4,310**	–	4,150	4,150
EUR500 million notes, 2% due 2030	**–**	**4,310**	**4,310**	–	4,150	4,150
EUR750 million notes, 1.5% due 2031	**–**	**6,465**	**6,465**	–	6,225	6,225
EUR500 million notes, 1% due 2033	**–**	**4,310**	**4,310**	–	4,150	4,150
GBP303 million notes, 5.625% due 2026	**–**	**3,010**	**3,010**	–	2,866	2,866
GBP500 million notes, 2% due 2027	**–**	**4,970**	**4,970**	–	4,730	4,730
GBP300 million notes, 2.625% due 2034	**–**	**2,982**	**2,982**	–	2,837	2,837
JPY15,000 million notes, 2.6% due 2027	**–**	**822**	**822**	–	886	886
	33,755	**147,900**	**181,655**	29,505	159,370	188,875
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Bank loans						
Within a year	**24,484**	**–**	**24,484**	40,697	–	40,697
After 1 year, but within 2 years	**–**	**25,326**	**25,326**	–	13,007	13,007
After 2 years, but within 5 years	**–**	**39,710**	**39,710**	–	40,799	40,799
	24,484	**65,036**	**89,520**	40,697	53,806	94,503
Other loans						
Within a year	**154**	**–**	**154**	4	–	4
After 1 year, but within 2 years	**–**	**4**	**4**	–	156	156
After 2 years, but within 5 years	**–**	**10**	**10**	–	10	10
After 5 years	**–**	**58**	**58**	–	59	59
	154	**72**	**226**	4	225	229
Notes and bonds						
Within a year	**33,755**	**–**	**33,755**	29,505	–	29,505
After 1 year, but within 2 years	**–**	**6,465**	**6,465**	–	33,243	33,243
After 2 years, but within 5 years	**–**	**62,005**	**62,005**	–	43,617	43,617
After 5 years	**–**	**79,430**	**79,430**	–	82,510	82,510
	33,755	**147,900**	**181,655**	29,505	159,370	188,875
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

(b) By secured and unsecured borrowings

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Secured borrowings	**1**	**1,558**	**1,559**	1	1,524	1,525
Unsecured borrowings	**58,392**	**211,450**	**269,842**	70,205	211,877	282,082
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(c) By borrowings at fixed and floating interest rate

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**31,496**	**147,972**	**179,468**	29,509	157,183	186,692
Borrowings at floating rate	**26,897**	**65,036**	**91,933**	40,697	56,218	96,915
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

(d) By borrowings at fixed and floating interest rate (adjusted for the effect of hedging transactions)

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**31,496**	**151,433**	**182,929**	47,449	160,603	208,052
Borrowings at floating rate	**26,897**	**61,575**	**88,472**	22,757	52,798	75,555
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures.

The Group has entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2023, the notional amount of the outstanding interest rate swap agreements amounted to HK$3,461 million (2022: interest rate swap agreements and cross currency interest rate swap agreements of HK$11,220 million and HK$10,140 million respectively) (See note 41(i)(ii)).

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(e) By currency

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollar	**8%**	**41%**	**49%**	9%	40%	49%
Euro	**11%**	**22%**	**33%**	12%	23%	35%
HK dollar	**1%**	**4%**	**5%**	1%	1%	2%
British Pound	**1%**	**4%**	**5%**	1%	4%	5%
Other currencies	**1%**	**7%**	**8%**	2%	7%	9%
	22%	**78%**	**100%**	25%	75%	100%

(f) By currency (adjusted for the effect of hedging transactions)

	2023			2022		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollar	**8%**	**41%**	**49%**	4%	39%	43%
Euro	**11%**	**23%**	**34%**	17%	25%	42%
HK dollar	**1%**	**4%**	**5%**	1%	1%	2%
British Pound	**1%**	**3%**	**4%**	1%	3%	4%
Other currencies	**1%**	**7%**	**8%**	2%	7%	9%
	22%	**78%**	**100%**	25%	75%	100%

As at 31 December 2023, the Group had currency swap agreements with banks to swap British Pound principal amount of borrowings equivalent to HK$4,970 million (2022: US dollar principal amount of borrowings equivalent to HK$15,990 million and British Pound principal amount of borrowings equivalent to HK$4,730 million) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. For the 2022 comparative amount, the Hong Kong dollar equivalent amount of HK$15,990 million mentioned in the preceding sentence includes the Hong Kong dollar equivalent amount of HK$10,140 million disclosed under item (d) above.

27 Trade payables and other current liabilities

	2023 HK$ million	2022 HK$ million
Trade payables [(a)]	**23,017**	21,356
Other current liabilities		
Derivative financial instruments		
Fair value hedges – Collar agreements	**297**	–
Cash flow hedges		
Forward foreign exchange contracts	**2**	2
Other contracts	**113**	151
Net investment hedges		
Forward foreign exchange contracts	**1,072**	891
Other derivative financial instruments	**–**	795
Interest free loans from non-controlling shareholders	**438**	472
Contract liabilities	**5,948**	6,027
Obligations for telecommunications licences and other rights	**621**	680
Provisions (see note 28)	**1,552**	1,341
Expenses and other accruals	**36,471**	35,995
Other payables	**16,888**	21,419
	86,419	89,129

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2023 HK$ million	2022 HK$ million
Less than 31 days	**15,763**	13,566
Within 31 to 60 days	**3,361**	2,912
Within 61 to 90 days	**1,333**	1,427
Over 90 days	**2,560**	3,451
	23,017	21,356

(b) The Group's five largest suppliers accounted for less than 17% of the Group's cost of purchases for the year ended 31 December 2023 (2022: less than 17%).

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligations HK$ million	Assets retirement obligations HK$ million	Others HK$ million	Total HK$ million
At 1 January 2022	21,672	110	1,725	1,282	24,789
Additions	–	43	1	305	349
Interest accretion	–	–	10	–	10
Utilisations	(656)	(10)	(90)	(162)	(918)
Write back	–	(59)	–	(78)	(137)
Relating to subsidiaries disposed (see note 34(d))	(2,175)	–	(13)	–	(2,188)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	–	(205)	–	(205)
Exchange translation differences	(364)	(4)	(156)	(58)	(582)
At 31 December 2022 and 1 January 2023	**18,477**	**80**	**1,272**	**1,289**	**21,118**
Additions	**–**	**69**	**5**	**444**	**518**
Interest accretion	**–**	**–**	**54**	**–**	**54**
Utilisations	**(897)**	**(18)**	**(63)**	**(129)**	**(1,107)**
Write back	**(41)**	**(22)**	**(38)**	**(115)**	**(216)**
Exchange translation differences	**(384)**	**2**	**17**	**49**	**(316)**
At 31 December 2023	**17,155**	**111**	**1,247**	**1,538**	**20,051**

Provisions are analysed as:

	2023 HK$ million	2022 HK$ million
Current portion (see note 27)	**1,552**	1,341
Non-current portion (see note 31)	**18,499**	19,777
	20,051	21,118

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

29 Interest bearing loans from non-controlling shareholders

	2023 HK$ million	2022 HK$ million
Interest bearing loans from non-controlling shareholders	**3,245**	2,567

At 31 December 2023, these loans bear interest at rates at EURIBOR+2.0%, Stockholm Interbank Offered Rate +2.0% and Stockholm Interbank Offered Rate +0.7% (2022: EURIBOR+2.0% and Stockholm Interbank Offered Rate +0.7%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2023 HK$ million	2022 HK$ million
Defined benefit assets (see note 21)	**1,428**	1,311
Defined benefit liabilities	**3,536**	2,730
Net defined benefit liabilities	**2,108**	1,419

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 major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans, contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2023	2022
Discount rates	**3.2% – 4.7%**	3.2% – 4.8%
Future salary increases	**2.2% – 3.5%**	2.3% – 3.5%
Interest credited on two principal plans in Hong Kong	**5.0% – 6.0%**	5.0% – 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2023 HK$ million	2022 HK$ million
Present value of defined benefit obligations	**17,965**	15,163
Fair value of plan assets	**15,860**	13,750
	2,105	1,413
Restrictions on assets recognised	**3**	6
Net defined benefit liabilities	**2,108**	1,419

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2023	15,163	(13,750)	6	1,419
Net charge (credit) to the consolidated income statement				
Current service cost	360	18	–	378
Past service cost and gains and losses on settlements	70	–	–	70
Interest cost (income)	596	(589)	–	7
	1,026	(571)	–	455
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(157)	–	–	(157)
Actuarial loss arising from change in financial assumptions	1,232	–	–	1,232
Actuarial loss arising from experience adjustment	339	–	–	339
Return on plan assets excluding interest income	–	19	–	19
Change in asset ceiling	–	–	(3)	(3)
Exchange translation differences	655	(599)	–	56
	2,069	(580)	(3)	1,486
Contributions paid by the employer	–	(1,253)	–	(1,253)
Contributions paid by the employee	113	(113)	–	–
Benefits paid	(805)	805	–	–
Transfer from (to) other liabilities	399	(398)	–	1
At 31 December 2023	17,965	(15,860)	3	2,108

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows (continued):

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2022	23,686	(21,255)	3	2,434
Net charge (credit) to the consolidated income statement				
Current service cost	561	18	–	579
Past service cost and gains and losses on settlements	8	–	–	8
Interest cost (income)	358	(326)	–	32
	927	(308)	–	619
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in financial assumptions	(6,700)	–	–	(6,700)
Actuarial loss arising from experience adjustment	32	–	–	32
Return on plan assets excluding interest income	–	6,047	–	6,047
Change in asset ceiling	–	–	3	3
Exchange translation differences	(1,933)	1,750	–	(183)
	(8,601)	7,797	3	(801)
Contributions paid by the employer	–	(711)	–	(711)
Contributions paid by the employee	103	(103)	–	–
Benefits paid	(783)	783	–	–
Relating to subsidiaries disposed (see note 34(d))	(119)	3	–	(116)
Transfer from (to) other liabilities	(50)	44	–	(6)
At 31 December 2022	15,163	(13,750)	6	1,419

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 "Employee Benefits" ("HKAS 19") and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the "accounting actuarial valuations"). The realisation of the deficit disclosed above 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. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. 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. Funding requirements of the Group's major defined benefit pension plans are detailed below.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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 are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$16 million (2022: HK$21 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2023 (2022: HK$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2021 reported a funding level of 93% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employer has since made additional contributions of GBP9.5 million in both 2022 and 2023 and will make a further contributions of GBP5.7 million in 2024 to eliminate the shortfall. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 4.7% per annum; post-retirement discount rate of 1.7% per annum; pensionable earnings increases of 3.15% per annum; Retail Price Index ("RPI") inflation of 3.5% per annum; Consumer Price Index ("CPI") inflation of 2.9% per annum; and pension increases of 2.1% to 3.4% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. The last triennial valuation was undertaken on 31 March 2021. This was an independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 which reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. A schedule of contributions was agreed with GBP10.0 million to pay in 2022 and 2023, and GBP0.3 million in 2024 to eliminate the shortfall by February 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.14% to 2.35% per annum and pension increases of 1.74% to 3.64% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP. The sponsoring employers have since made contributions of GBP10.0 million in 2023 (2022: GBP10.0 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2023 Percentage	2022 Percentage
Equity instruments		
Consumer markets and manufacturing	**4%**	6%
Energy and utilities	**1%**	2%
Financial institutions and insurance	**3%**	4%
Telecommunications and information technology	**5%**	6%
Units trust and equity instrument funds	**4%**	4%
Others	**6%**	8%
	23%	30%
Debt instruments		
US Treasury notes	**–**	1%
Government and government guaranteed notes	**22%**	19%
Financial institutions notes	**5%**	7%
Others	**7%**	8%
	34%	35%
Qualifying insurance policies	**31%**	26%
Other assets	**12%**	9%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2023 Percentage	2022 Percentage
Aaa / AAA	**6%**	7%
Aa1 / AA+	**12%**	20%
Aa2 / AA	**52%**	41%
Aa3 / AA-	**1%**	2%
A1 / A+	**2%**	3%
A2 / A	**4%**	4%
Other investment grades	**18%**	17%
No investment grades	**5%**	6%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

Fair value of plan assets of HK$15,860 million (2022: HK$13,750 million) includes investments in the Company's shares with a fair value of HK$10 million (2022: HK$11 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2023 is 18 years (2022: 17 years).

The Group expects to make contributions of HK$958 million (2022: HK$1,282 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 2.9% or increase by 3.1% respectively (2022: decrease by 2.8% or increase by 3.0% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.5% respectively (2022: increase by 0.8% or decrease by 0.5% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,505 million (2022: HK$1,420 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$15 million (2022: HK$15 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2023 (2022: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2023 HK$ million	2022 HK$ million
Derivative financial instruments		
Fair value hedges – Collar agreements	**59**	–
Cash flow hedges		
Other contracts	**1**	–
Net investment hedges		
Cross currency swaps	**465**	314
Obligations for telecommunications licences and other rights	**3,994**	3,309
Other non-current liabilities	**6,387**	6,333
Liabilities relating to the economic benefits agreements [(a)]	**2,166**	2,166
Provisions (see note 28)	**18,499**	19,777
	31,571	31,899

(a) In October 2018, the Group completed the divesture of an aggregated 90% economic benefits in Australian Gas Networks. As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

32 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
Authorised:				
Ordinary shares of HK$1 each	**8,000,000,000**	**8,000**	**–**	**8,000**
Issued and fully paid:				
Ordinary shares				
At 1 January 2022	3,834,634,500	3,834	243,169	247,003
Cancellation of issued shares [(i)]	(100,000)	–	(5)	(5)
Cancellation of issued shares [(ii)]	(4,490,000)	(4)	(192)	(196)
At 31 December 2022, 1 January 2023 and 31 December 2023	**3,830,044,500**	**3,830**	**242,972**	**246,802**

(i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. Upon the cancellation of the 100,000 shares, HK$5 million have been deducted from share premium with a corresponding credit to retained profit.

(ii) During the year ended 31 December 2022, the Company acquired a total of 4,490,000 of its own ordinary shares through purchases on the Stock Exchange. The purchased shares were cancelled before the reporting date of 31 December 2022. The total amount paid to acquire these shares was approximately HK$197 million, of which approximately HK$4 million and HK$192 million have been deducted from share capital and share premium respectively, and the remaining balance of HK$1 million has been charged to retained profit.

32 Share capital, share premium, perpetual capital securities and capital management (continued)

(b) Perpetual capital securities

	2023 HK$ million	2022 HK$ million
EUR500 million issued in 2018	**4,566**	4,561

In December 2018, wholly owned subsidiary company of the Group issued perpetual capital securities with nominal amount of EUR500 million (approximately HK$4,475 million) for cash.

These securities are perpetual, subordinated and the payment of distributions is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2023, total equity amounted to HK$670,549 million (2022: HK$647,309 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$130,585 million (2022: HK$132,042 million). The Group's net debt to net total capital ratio decreased to 16.2% from 16.9% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios[(i)] at 31 December:

	2023	2022
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**16.2%**	16.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**18.0%**	18.4%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**16.6%**	17.2%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**18.4%**	18.8%

(i) Net debt is defined in the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

33 Reserves

	2023				
	Attributable to ordinary shareholders				
	Retained profit HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total HK$ million
At 1 January 2023	657,443	(40,203)	5,332	(345,861)	276,711
Profit for the year	23,500	–	–	–	23,500
Other comprehensive income (losses) [c]					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	718	718
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	120	120
Remeasurement of defined benefit obligations	(1,108)	–	–	–	(1,108)
Exchange gains on translation of foreign operations	–	7,457	–	–	7,457
Exchange losses reclassified to profit or loss	–	339	–	–	339
Losses on cash flow hedges	–	–	(1,033)	–	(1,033)
Losses on net investment hedges	–	(1,308)	–	–	(1,308)
Reclassification adjustments for hedging gains included in profit or loss	–	–	(1,735)	–	(1,735)
Share of other comprehensive income (losses) of associated companies	(578)	1,785	(132)	108	1,183
Share of other comprehensive income of joint ventures	194	2,670	183	18	3,065
Tax relating to components of other comprehensive income (losses)	284	–	3	–	287
Other comprehensive income (losses), net of tax	(1,208)	10,943	(2,714)	964	7,985
Impact of hyperinflation	82	–	–	–	82
Transfer of gains on disposal of equity securities at FVOCI to retained profit	226	–	–	(226)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2022	(7,989)	–	–	–	(7,989)
Dividends paid relating to 2023	(2,896)	–	–	–	(2,896)
Recognition of put option liabilities arising from business combinations	–	–	–	(148)	(148)
Unclaimed dividends write back	15	–	–	–	15
Relating to purchase of non-controlling interests	–	–	–	(34)	(34)
Relating to partial disposal of subsidiary companies	–	–	–	7	7
At 31 December 2023	669,173	(29,260)	2,618	(345,298)	297,233

33 Reserves (continued)

	2022				
	Attributable to ordinary shareholders				
	Retained profit	Exchange reserve	Hedging reserve	Others [a]	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the year	36,680	–	–	–	36,680
Other comprehensive income (losses) [c]					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	(1,493)	(1,493)
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	(367)	(367)
Remeasurement of defined benefit obligations	569	–	–	–	569
Exchange losses on translation of foreign operations	–	(14,538)	–	–	(14,538)
Exchange losses reclassified to profit or loss	–	2,035	55	–	2,090
Gains on cash flow hedges	–	–	2,127	–	2,127
Gains on net investment hedges	–	3,380	–	–	3,380
Share of other comprehensive income (losses) of associated companies	(38)	(3,981)	1,539	(96)	(2,576)
Share of other comprehensive income (losses) of joint ventures	(385)	(6,174)	2,998	(17)	(3,578)
Tax relating to components of other comprehensive income (losses)	(209)	–	(9)	–	(218)
Other comprehensive income (losses), net of tax	(63)	(19,278)	6,710	(1,973)	(14,604)
Impact of hyperinflation	(23)	–	–	–	(23)
Transfer of gains on disposal of equity securities at FVOCI to retained profit	17	–	–	(17)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	–	–	–	(7,132)
Dividends paid relating to 2022	(3,221)	–	–	–	(3,221)
Buy-back and cancellation of issued shares (see note 32(a)(ii))	4	–	–	–	4
Relating to purchase of non-controlling interests [b]	–	–	–	(1,133)	(1,133)
Relating to partial disposal of subsidiary companies	–	–	–	(9)	(9)
At 31 December 2022	657,443	(40,203)	5,332	(345,861)	276,711

33 Reserves (continued)

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2023, revaluation reserve deficit amounted to HK$2,835 million (1 January 2023: HK$3,472 million and 1 January 2022: HK$1,574 million), and other capital reserves deficit amounted to HK$342,463 million (1 January 2023: HK$342,389 million and 1 January 2022: HK$341,155 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the comparative year, the Group had acquired the remaining 25% interests in an intermediate holding company which holds certain of the Group's attributable interests in the port division from the non-controlling interests shareholder. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.

(c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2023		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Changes in fair value of equity instruments at fair value through other comprehensive income	**718**	**–**	**718**
Changes in fair value of debt instruments at fair value through other comprehensive income	**120**	**–**	**120**
Remeasurement of defined benefit obligations	**(1,470)**	**376**	**(1,094)**
Exchange gains on translation of foreign operations	**7,771**	**–**	**7,771**
Exchange losses reclassified to profit or loss	**342**	**–**	**342**
Losses on cash flow hedges	**(1,059)**	**4**	**(1,055)**
Losses on net investment hedges	**(1,641)**	**–**	**(1,641)**
Reclassification adjustments for hedging gains included in profit or loss	**(1,735)**	**–**	**(1,735)**
Share of other comprehensive income of associated companies	**1,329**	**–**	**1,329**
Share of other comprehensive income of joint ventures	**3,997**	**–**	**3,997**
	8,372	**380**	**8,752**

	2022		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Changes in fair value of equity instruments at fair value through other comprehensive income	(1,493)	–	(1,493)
Changes in fair value of debt instruments at fair value through other comprehensive income	(367)	–	(367)
Remeasurement of defined benefit obligations	701	(255)	446
Exchange losses on translation of foreign operations	(16,078)	–	(16,078)
Exchange losses reclassified to profit or loss	2,220	–	2,220
Gains on cash flow hedges	2,201	(12)	2,189
Gains on net investment hedges	4,433	–	4,433
Share of other comprehensive income (losses) of associated companies	(2,578)	–	(2,578)
Share of other comprehensive income (losses) of joint ventures	(4,581)	–	(4,581)
	(15,542)	(267)	(15,809)

34 Notes to the consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2023 HK$ million	2022 HK$ million
Profit after tax	**30,209**	43,659
Less: share of profits less losses of		
Associated companies	**(8,138)**	(11,822)
Joint ventures	**(7,990)**	(7,422)
	14,081	24,415
Adjustments for:		
Current tax charge	**4,119**	5,435
Deferred tax charge (credit)	**(1,116)**	2,839
Interest expenses and other finance costs	**12,227**	9,052
Depreciation and amortisation	**40,083**	39,788
EBITDA of Company and subsidiaries [(i)]	**69,394**	81,529
Dividends received from associated companies and joint ventures	**11,388**	12,783
Impairment loss against goodwill and other assets on telecommunications business in Sri Lanka (see note 7(c))	**–**	1,000
Impairment loss against goodwill on telecommunications business in Italy (see note 7(c))	**–**	11,039
Loss on disposal of fixed assets	**169**	196
Gains on disposals of unlisted investments (see note 7)	**–**	(515)
Gains on disposals of interests in associated companies and joint ventures (see note 7)	**(228)**	(947)
Loss on disposal of interests in associated companies (see note 7)	**70**	–
A gain on disposal of financial instruments (see note 7)	**(1,829)**	–
Losses (gains) on disposal of subsidiaries (see note 7)		
European telecommunications tower assets	**–**	(19,060)
Indonesia telecommunications businesses	**–**	(7,245)
Italian network business	**250**	–
Other businesses	**–**	37
Customer acquisition and retention costs capitalised in the year	**(4,143)**	(3,586)
Other non-cash items	**345**	(1,334)
	75,416	73,897

34 Notes to the consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2023 HK$ million	2022 HK$ million
EBITDA of Company and subsidiaries	**69,394**	81,529
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**8,138**	11,822
Joint ventures	**7,990**	7,422
Adjustments for:		
Depreciation and amortisation	**24,724**	24,355
Interest expenses and other finance costs	**11,973**	9,346
Current tax charge	**3,582**	3,983
Deferred tax charge	**1,806**	3,923
Non-controlling interests	**482**	608
	58,695	61,459
EBITDA (see note 5(b)(ii))	**128,089**	142,988

(b) Changes in working capital

	2023 HK$ million	2022 HK$ million
Increase in inventories	**(1,005)**	(1,401)
Increase in trade receivables and other current assets	**(5,022)**	(493)
Decrease in trade payables and other current liabilities	**(3,767)**	(2,581)
Other non-cash items	**1,829**	(105)
	(7,965)	(4,580)

34 Notes to the consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years:

	2023 HK$ million	2022 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**127**	–
Fair value		
Fixed assets	**6**	–
Right-of-use assets	**3**	–
Brand names and other rights	**9**	–
Deferred tax assets	**3**	–
Cash and cash equivalents	**72**	–
Trade receivables and other current assets	**52**	–
Inventories	**13**	–
Trade payables and other current liabilities and current tax liabilities	**(57)**	–
Bank and other debts	**(2)**	–
Lease liabilities	**(3)**	–
Pension obligations	**(1)**	–
Net identifiable assets acquired	**95**	–
Non-controlling interests	**(43)**	–
	52	–
Goodwill	**75**	–
Total consideration	**127**	–
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**127**	–
Cash and cash equivalents acquired	**(72)**	–
Total net cash outflow	**55**	–

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the year ended 31 December 2023, the acquisition related cost and the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition are not material.

34 Notes to the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2023 HK$ million	2022 HK$ million
Equity securities received	**2,563**	24,089
Net cash consideration [(i)]	**2,563**	14,077
Carrying amount of net assets disposed	**(5,052)**	(10,015)
Gains before reclassification of exchange losses	**74**	28,151
Cumulative exchange losses reclassified to profit or loss	**(324)**	(1,883)
Gains (loss) on disposals	**(250)**	26,268
Analysis of assets and liabilities over which control was lost		
Fixed assets	**–**	12,252
Right-of-use assets	**–**	9,564
Telecommunications licences	**–**	3,836
Goodwill	**–**	1,119
Deferred tax assets	**–**	266
Trade receivables and other current assets	**–**	2,252
Inventories	**–**	78
Assets classified as held for sale	**6,202**	–
Trade payables and other current liabilities and current tax liabilities	**–**	(4,089)
Bank and other debts	**–**	(356)
Lease liabilities	**–**	(10,315)
Deferred tax liabilities	**–**	(233)
Pension obligations	**–**	(116)
Other non-current liabilities	**–**	(4,243)
Liabilities directly associated with assets classified as held for sale	**(1,150)**	–
Net assets (excluding cash and cash equivalents) disposed	**5,052**	10,015
Cash and cash equivalents disposed [(ii)]	**–**	1,511
Net assets disposed	**5,052**	11,526

Disposal of subsidiary companies for the current year ended 31 December 2023 mainly related to the disposal of the Group's former subsidiary Zefiro Net S.r.l. which has become a 50% owned joint venture in the current year (see note 25). For the comparative year ended 31 December 2022, the disposals of subsidiary companies mainly related to the disposal of interest in tower assets in the UK and the disposal of the Group's former subsidiary H3I, following the completion of it's merger with PT Indosat Tbk (see note 5(b)(xvii) and 5(b)(xviii)). The gains (loss) on these disposals are recognised in the consolidated income statement, with the current year's loss on disposal included in the line item titled "Other expenses and losses" and the comparative year's gains on disposals included in the line item titled "Other income and gains" in the consolidated income statement (see note 7).

Saved as disclosed for the effect arising from the gains (loss) on disposals, the effect on the Group's results from the subsidiaries disposed during the year are not material for the periods ended 31 December 2023 and 2022.

(i) The current year amount is presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows. For the comparative year amount, HK$17,096 million cash received was presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" and HK$3,019 million cash paid was included in "Purchase of and advances to associated companies and joint ventures" in the consolidated statement of cash flows respectively.

(ii) The comparative year amount is included in "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows.

34 Notes to the consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts HK$ million	Lease liabilities HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Liabilities relating to the economic benefits agreements HK$ million	Total HK$ million
At 1 January 2022	325,799	85,079	759	427	2,166	414,230
Financing cash flows						
New borrowings	37,147	–	–	–	–	37,147
Repayment of borrowings	(68,063)	–	–	–	–	(68,063)
Principal elements of lease payments (see note 13(c))	–	(14,307)	–	–	–	(14,307)
Net loans from non-controlling shareholders	–	–	2,073	45	–	2,118
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	243	–	–	–	–	243
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(4)	–	–	–	–	(4)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(420)	–	–	–	–	(420)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	6,528	–	–	–	6,528
Interest on lease liabilities (see note 8)	–	2,270	–	–	–	2,270
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(2,071)	–	–	–	(2,071)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(188)	–	–	–	(188)
Others	–	4,182	–	–	–	4,182
Relating to subsidiaries disposed (see note 34(d))	(356)	(10,315)	–	–	–	(10,671)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	(920)	–	–	–	(920)
Exchange translation differences	(10,020)	(4,199)	(265)	–	–	(14,484)
At 31 December 2022 and 1 January 2023	**284,326**	**66,059**	**2,567**	**472**	**2,166**	**355,590**
Financing cash flows						
New borrowings	**58,211**	**–**	**–**	**–**	**–**	**58,211**
Repayment of borrowings	**(75,361)**	**–**	**–**	**–**	**–**	**(75,361)**
Principal elements of lease payments (see note 13(c))	**–**	**(14,476)**	**–**	**–**	**–**	**(14,476)**
Net loans from (to) non-controlling shareholders	**–**	**–**	**561**	**(34)**	**–**	**527**
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	**237**	**–**	**–**	**–**	**–**	**237**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	**(341)**	**–**	**–**	**–**	**–**	**(341)**
Increase in lease liabilities from entering into new leases (see note 13(a))	**–**	**8,871**	**–**	**–**	**–**	**8,871**
Interest on lease liabilities (see note 8)	**–**	**2,546**	**–**	**–**	**–**	**2,546**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	**–**	**(2,412)**	**–**	**–**	**–**	**(2,412)**
Remeasurement / write off of lease liabilities	**–**	**5,739**	**–**	**–**	**–**	**5,739**
Relating to subsidiaries acquired (see note 34(c))	**2**	**3**	**–**	**–**	**–**	**5**
Exchange translation differences	**4,848**	**1,593**	**117**	**–**	**–**	**6,558**
At 31 December 2023	**271,922**	**67,923**	**3,245**	**438**	**2,166**	**345,694**

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2023, assets of the Group totalling HK$1,533 million (2022: HK$1,442 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2023, the Company and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$4,560 million (2022: HK$4,856 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2023 **HK$ million**	2022 HK$ million
To associated companies	**3,661**	3,527
To joint ventures	**–**	1,096

At 31 December 2023, the Group had provided performance and other guarantees of HK$4,115 million (2022: HK$5,033 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2023, where material, not provided for in the consolidated financial statements at 31 December 2023 are as follows:

Capital commitments

(a) Ports and Related Services: HK$462 million (2022: HK$582 million)
(b) **3** Group Europe: HK$181 million (2022: HK$183 million)
(c) Telecommunications, Hong Kong and Asia: HK$149 million (2022: HK$308 million)

39 Related parties transactions

Saved as disclosed elsewhere in these financial statements, transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 17 and 18. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

No transactions have 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 compensation).

40 Legal proceedings

As at 31 December 2023, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's 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. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. 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 the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivatives instruments to hedge the Group's earnings were entered during the year or remain outstanding at the end of the year. 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, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("Liquid assets") amounted to HK$143,109 million at 31 December 2023 (2022: HK$154,188 million). The decrease was mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, capital expenditure and investment spending, partly offset by cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 17% in HK dollar, 45% in US dollar, 3% in Renminbi, 23% in Euro, 5% in British Pound and 7% in other currencies (2022: 15% were denominated in HK dollar, 55% in US dollar, 3% in Renminbi, 14% in Euro, 7% in British Pound and 6% in other currencies).

Cash and cash equivalents represented 89% (2022: 90%) of the liquid assets, US Treasury notes and other listed debt securities 5% (2022: 4%) and listed equity securities 6% (2022: 6%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 72% (2022: 73%), government and government guaranteed notes of 25% (2022: 23%) and others of 3% (2022: 4%). All of these US Treasury notes and other listed debt securities (2022: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.8 years (2022: 2.6 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

41 Financial risk management (continued)

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 31 December 2023, approximately 34% (2022: approximately 34%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2022: approximately 66%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$3,461 million (2022: HK$21,360 million) principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. After taking into consideration of these interest rate swaps, approximately 32% (2022: approximately 27%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 68% (2022: approximately 73%) were at fixed rates at 31 December 2023. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For subsidiaries, associated companies, joint arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flows and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations, except in relation to certain infrastructure investments. At 31 December 2023, the Group had foreign exchange forward contracts and cross currency swaps with banks to hedge these investments. The total notional amount of the net investment hedges amounted to HK$50,730 million (2022: HK$53,725 million).

The Group has operations in over 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong dollar and the Group's reported results in Hong Kong dollar are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2023, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollar, 33% in Euro, 5% in HK dollar, 5% in British Pound and 8% in other currencies (2022: 49% in US dollar, 35% in Euro, 2% in HK dollar, 5% in British Pound and 9% in other currencies). The Group had currency swap arrangements with banks to swap British Pound principal amount of borrowings equivalent to HK$4,970 million (2022: US dollar principal amount of borrowings equivalent to HK$15,990 million and British Pound principal amount of borrowings equivalent to HK$4,730 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 49% in US dollar, 34% in Euro, 5% in HK dollar, 4% in British Pound and 8% in other currencies (2022: 43% in US dollar, 42% in Euro, 2% in HK dollar, 4% in British Pound and 9% in other currencies).

41 Financial risk management (continued)

(d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 11% (2022: approximately 10%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analysis

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires the disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates that would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that, in practice, market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in the consolidated income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 20) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 20) that bear interest at floating rate
- some of the bank and other debts (see note 26) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (2022: 100 basis points) increase in market interest rate at 31 December 2023, with all other variables held constant:

– profit for the year would increase by HK$334 million (2022: HK$656 million) due to increased interest income offset with increased interest expense;
– total equity would increase by HK$334 million (2022: HK$656 million) due to increased interest income offset with increased interest expense; and
– total equity would increase by HK$45 million (2022: HK$85 million) due to change in fair value of derivative financial instruments.

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in the consolidated income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 20)
- some of the bank and other debts (see note 26)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below:

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

	2023		2022	
	Hypothetical increase (decrease) in profit for the year HK$ million	**Hypothetical increase (decrease) in total equity HK$ million**	Hypothetical increase (decrease) in profit for the year HK$ million	Hypothetical increase (decrease) in total equity HK$ million
Euro	**172**	**(264)**	60	(356)
British Pound	**144**	**(1,078)**	356	(807)
Australian dollar	**43**	**(368)**	33	(371)
Renminbi	**68**	**68**	63	63
US dollar	**2,182**	**2,182**	2,921	2,921
Japanese Yen	**(83)**	**(83)**	(89)	(89)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- financial assets at FVOCI (see note 20)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

– no impact to profit for the year (2022: nil), and consequently no impact to total equity for the year (2022: nil); and
– other comprehensive income would increase by HK$787 million (2022: HK$803 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for both years.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2023						
Trade payables	23,017	–	–	23,017	–	23,017
Expenses and other accruals	36,471	–	–	36,471	–	36,471
Other payables	16,888	–	–	16,888	–	16,888
Interest free loans from non-controlling shareholders	438	–	–	438	–	438
Lease liabilities	14,951	32,804	38,837	86,592	(18,669)	67,923
Bank loans	24,484	65,036	–	89,520	(240)	89,280
Other loans	154	14	58	226	–	226
Notes and bonds	33,755	68,470	79,430	181,655	761	182,416
Interest bearing loans from non-controlling shareholders	726	2,128	391	3,245	–	3,245
Obligations for telecommunications licences and other rights	624	2,059	2,283	4,966	(351)	4,615
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	543	–	–	543	–	543
Amounts due to joint ventures	310	–	–	310	–	310
	152,361	172,677	120,999	446,037	(18,499)	427,538

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,366 million in "within 1 year" maturity band, HK$21,465 million in "after 1 year, but within 5 years" maturity band, and HK$17,862 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2023				
Fair value hedges				
Collar agreements				
Outflow	(297)	(59)	–	(356)
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(113)	(1)	–	(114)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	25,680	–	–	25,680
Outflow	(26,750)	–	–	(26,750)
Cross currency swaps				
Inflow	45	3,442	–	3,487
Outflow	–	(3,879)	–	(3,879)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2022						
Trade payables	21,356	–	–	21,356	–	21,356
Expenses and other accruals	35,995	–	–	35,995	–	35,995
Other payables	21,419	–	–	21,419	–	21,419
Interest free loans from non-controlling shareholders	472	–	–	472	–	472
Lease liabilities	13,063	30,683	39,922	83,668	(17,609)	66,059
Bank loans	40,697	53,806	–	94,503	(235)	94,268
Other loans	4	166	59	229	–	229
Notes and bonds	29,505	76,860	82,510	188,875	954	189,829
Interest bearing loans from non-controlling shareholders	743	1,824	–	2,567	–	2,567
Obligations for telecommunications licences and other rights	682	1,585	2,128	4,395	(406)	3,989
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	569	–	–	569	–	569
Amounts due to joint ventures	319	–	–	319	–	319
	164,824	167,090	124,619	456,533	(17,296)	439,237

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$7,129 million in "within 1 year" maturity band, HK$16,905 million in "after 1 year, but within 5 years" maturity band, and HK$17,046 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2022				
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(151)	–	–	(151)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	22,223	–	–	22,223
Outflow	(23,187)	–	–	(23,187)
Cross currency swaps				
Inflow	48	3,494	–	3,542
Outflow	–	(3,735)	–	(3,735)
Other derivative financial instruments				
Net outflow	(821)	–	–	(821)

(h) In accordance with the disclosure requirement of HKFRS 7, the Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated income statement:

	2023 HK$ million	2022 HK$ million
Dividends from equity securities at FVOCI – related to investments held at the end of the reporting period	**142**	119
Interest from debt securities at FVOCI	**104**	94
Interest from cash and cash equivalents held at amortised cost	**5,616**	2,017
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	**(103)**	(6)
Fair value gains (losses) on debt securities at FVPL	**13**	(15)
Net impairment expense recognised on trade receivables	**(612)**	(937)
Losses arising on derivatives in a designated fair value hedge	**–**	(4)
Gains arising on adjustment for hedged items in a designated fair value hedge	**–**	4

41 Financial risk management (continued)

(i) Hedge accounting

(i) Fair value hedges

Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedging instrument is included
	2023			
Collar agreements	**27.3**	**(356)**	**(543)**	**Trade payables and other current liabilities / Other non-current liabilities**

Hedged items	Carrying amount of the hedged item HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedged item is included
	2023		
Listed equity securities, outside Hong Kong	**8,391**	**1,140**	**Liquid funds and other listed investments**

Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedging instrument is included
	2022			
Collar agreements	32.4	216	216	Liquid funds and other listed investments

Hedged items	Carrying amount of the hedged item HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedged item is included
	2022		
Listed equity securities, outside Hong Kong	8,317	(1,409)	Liquid funds and other listed investments

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2023							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2025	5.14%	3.58%	AUD 509	2,718	–	40	–	–
2025	6.45%	5.69%	NZD 150	743	–	12	–	–
				3,461	–	52	–	–
Cross currency interest rate swaps								
– receive fixed and pay fixed maturing in								
2027	2.00%	0.05%	GBP 500	4,970	–	150	–	–
				4,970	–	150	–	–

	2023						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2024	1.08	US$ 13	98	–	–	(2)	–
			98	–	–	(2)	–

	2023		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	185	(41)	–
Foreign exchange risk	558	(328)	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

	2022							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.95%	0.94%	US$ 1,000	7,800	153	–	–	–
2025	3.81%	3.58%	AUD 509	2,682	–	64	–	–
2025	5.43%	5.13%	NZD 150	738	–	20	–	–
				11,220	153	84	–	–
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.37%	0.05%	US$ 1,300	10,140	277	–	–	–
– receive fixed and pay fixed maturing in								
2023	2.75%	0.03%	US$ 750	5,850	345	–	–	–
2027	2.00%	0.05%	GBP 500	4,730	–	132	–	–
				20,720	622	132	–	–

	2022						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2023	0.94	EUR 85	709	1	–	–	–
2023	1.01	US$ 4	35	–	–	(2)	–
			744	1	–	(2)	–

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	(362)	(226)	–
Foreign exchange risk	(1,107)	(886)	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

	2023						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2024	5.76	CAD 792	4,686	10	–	(101)	–
2024	4.99	AUD 159	851	–	–	(58)	–
2024	4.63	NZD 280	1,386	92	–	–	–
2024	9.54	GBP 2,487	24,725	99	–	(906)	–
2024	8.55	EUR 65	560	–	–	(7)	–
			32,208	201	–	(1,072)	–
Cross currency swaps maturing in							
2024 – 2025	4.57	CAD 447	2,649	60	20	–	–
2024 – 2027	8.45	EUR 965	8,318	276	24	–	(465)
2027	5.86	AUD 1,415	7,555	–	528	–	–
			18,522	336	572	–	(465)

	2023		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	1,733	(6,970)	(716)

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

	2022						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Cross currency interest rate swaps maturing in							
2023	9.57	GBP 583	5,518	112	–	–	–
			5,518	112	–	–	–
Forward foreign exchange contracts maturing in							
2023	5.79	CAD 677	3,884	27	–	(13)	–
2023	4.89	AUD 159	840	–	–	(65)	–
2023	4.64	NZD 280	1,378	–	–	(81)	–
2023	9.13	GBP 2,487	23,531	15	–	(732)	–
2023	8.42	EUR 65	540	2	–	–	–
			30,173	44	–	(891)	–
Cross currency swaps maturing in							
2023 – 2025	6.07	CAD 447	2,568	9	112	–	–
2024 – 2027	8.31	EUR 965	8,010	–	470	–	(314)
2027	5.86	AUD 1,415	7,456	–	582	–	–
			18,034	9	1,164	–	(314)

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	(4,333)	(8,703)	(716)

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	Note	Classification under HKFRS 9	2023 Carrying amounts HK$ million	2023 Fair values HK$ million	2022 Carrying amounts HK$ million	2022 Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	**50**	**50**	40	40
Listed equity securities, Hong Kong	20	FVOCI	**608**	**608**	608	608
Listed equity securities, outside Hong Kong	20	FVOCI	**8,589**	**8,589**	8,880	8,880
Fair value hedges – Collar agreements	20	Fair value – hedges	**–**	**–**	216	216
Listed debt securities (included in Managed funds)	20	FVOCI	**6,539**	**6,539**	6,359	6,359
Unlisted investments						
Unlisted equity securities	21	FVOCI	**2,189**	**2,189**	2,451	2,451
Unlisted equity securities	21	FVPL	**369**	**369**	417	417
Unlisted debt securities	21	FVPL	**604**	**604**	555	555
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	21 & 24	Fair value – hedges	**52**	**52**	237	237
Cross currency interest rate swaps	21 & 24	Fair value – hedges	**150**	**150**	754	754
Forward foreign exchange contracts	24	Fair value – hedges	**–**	**–**	1	1
Other contracts	21 & 24	Fair value – hedges	**26**	**26**	3,248	3,248
Net investment hedges						
Cross currency interest rate swaps	24	Fair value – hedges	**–**	**–**	112	112
Forward foreign exchange contracts	24	Fair value – hedges	**201**	**201**	44	44
Cross currency swaps	21 & 24	Fair value – hedges	**908**	**908**	1,173	1,173
Lease receivables	21	Amortised cost	**507**	**507**	542	542
Cash and cash equivalents	23	Amortised cost	**127,323**	**127,323**	138,085	138,085
Trade receivables	24	Amortised cost	**16,297**	**16,297**	14,945	14,945
Other receivables	24	Amortised cost	**13,491**	**13,491**	13,433	13,433
Amounts due from associated companies	17	Amortised cost	**3,435**	**3,435**	3,542	3,542
Amounts due from joint ventures	18	Amortised cost	**22,377**	**22,377**	29,792	29,792
			203,715	**203,715**	225,434	225,434

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	Note	Classification under HKFRS 9	2023 Carrying amounts HK$ million	2023 Fair values HK$ million	2022 Carrying amounts HK$ million	2022 Fair values HK$ million
Financial liabilities						
Bank and other debts [i]	26	Amortised cost	**271,922**	**258,853**	284,326	265,418
Trade payables	27	Amortised cost	**23,017**	**23,017**	21,356	21,356
Derivative financial instruments						
Fair value hedges – Collar agreements	27 & 31	Fair value – hedges	**356**	**356**	–	–
Cash flow hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**2**	**2**	2	2
Other contracts	27 & 31	Fair value – hedges	**114**	**114**	151	151
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**1,072**	**1,072**	891	891
Cross currency swaps	31	Fair value – hedges	**465**	**465**	314	314
Other derivative financial instruments	27	FVPL	**–**	**–**	795	795
Interest free loans from non-controlling shareholders	27	Amortised cost	**438**	**438**	472	472
Expenses and other accruals	27	Amortised cost	**36,471**	**36,471**	35,995	35,995
Other payables	27	Amortised cost	**16,888**	**16,888**	21,419	21,419
Lease liabilities	13	Amortised cost	**67,923**	**67,923**	66,059	66,059
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**3,245**	**3,245**	2,567	2,567
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**4,615**	**4,615**	3,989	3,989
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**543**	**543**	569	569
Amounts due to joint ventures	18	Amortised cost	**310**	**310**	319	319
			429,547	**416,478**	441,390	422,482

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2023		2022	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Representing:				
Financial assets measured at				
Amortised cost	**183,480**	**183,480**	200,379	200,379
FVOCI	**17,925**	**17,925**	18,298	18,298
FVPL	**973**	**973**	972	972
Fair value – hedges	**1,337**	**1,337**	5,785	5,785
	203,715	**203,715**	225,434	225,434
Financial liabilities measured at				
Amortised cost	**427,538**	**414,469**	439,237	420,329
FVPL	**–**	**–**	795	795
Fair value – hedges	**2,009**	**2,009**	1,358	1,358
	429,547	**416,478**	441,390	422,482

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

		2023				2022			
	Note	**Level 1 HK$ million**	**Level 2 HK$ million**	**Level 3 HK$ million**	**Total HK$ million**	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	**608**	**–**	**–**	**608**	608	–	–	608
Listed equity securities, outside Hong Kong	20	**8,589**	**–**	**–**	**8,589**	8,880	–	–	8,880
Fair value hedges – Collar agreement	20	**–**	**–**	**–**	**–**	–	–	216	216
Listed debt securities (included in Managed funds)	20	**6,539**	**–**	**–**	**6,539**	6,359	–	–	6,359
Unlisted investments									
Unlisted equity securities – FVOCI	21	**–**	**–**	**2,189**	**2,189**	–	–	2,451	2,451
Unlisted equity securities – FVPL	21	**–**	**46**	**323**	**369**	–	46	371	417
Unlisted debt securities	21	**–**	**–**	**604**	**604**	–	–	555	555
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	21 & 24	**–**	**52**	**–**	**52**	–	237	–	237
Cross currency interest rate swaps	21 & 24	**–**	**150**	**–**	**150**	–	754	–	754
Forward foreign exchange contracts	24	**–**	**–**	**–**	**–**	–	1	–	1
Other contracts	21 & 24	**–**	**26**	**–**	**26**	–	3,248	–	3,248
Net investment hedges									
Cross currency interest rate swaps	24	**–**	**–**	**–**	**–**	–	112	–	112
Forward foreign exchange contracts	24	**–**	**201**	**–**	**201**	–	44	–	44
Cross currency swaps	21 & 24	**–**	**908**	**–**	**908**	–	1,173	–	1,173
		15,736	**1,383**	**3,116**	**20,235**	15,847	5,615	3,593	25,055
Financial liabilities									
Derivative financial instruments									
Fair value hedges – Collar agreement	27 & 31	**–**	**–**	**356**	**356**	–	–	–	–
Cash flow hedges									
Forward foreign exchange contracts	27	**–**	**2**	**–**	**2**	–	2	–	2
Other contracts	27 & 31	**–**	**114**	**–**	**114**	–	151	–	151
Net investment hedges									
Forward foreign exchange contracts	27	**–**	**1,072**	**–**	**1,072**	–	891	–	891
Cross currency swaps	31	**–**	**465**	**–**	**465**	–	314	–	314
Other derivative financial instruments	27	**–**	**–**	**–**	**–**	–	795	–	795
		–	**1,653**	**356**	**2,009**	–	2,153	–	2,153

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2023 and 2022, there were no transfer between the Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2023 HK$ million	2022 HK$ million
At 1 January	**3,593**	3,057
Total gains (losses) recognised in		
Income statement	**(90)**	(21)
Other comprehensive income	**(796)**	44
Additions	**75**	561
Disposals	**(74)**	–
Exchange translation differences	**52**	(48)
At 31 December	**2,760**	3,593
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(90)**	(21)

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 41(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2023				
Bank and other debts	**165,755**	**93,098**	**–**	**258,853**
At 31 December 2022				
Bank and other debts	167,251	98,167	–	265,418

The fair value of the bank and other debts included in Level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(l) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

(1) are offset in the Group's consolidated statement of financial position; or

(2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2023						
Financial assets						
Trade receivables	**43**	**(43)**	**–**	**–**	**–**	**–**
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	**24**	**–**	**24**	**(24)**	**–**	**–**
Other receivables and prepayments	**231**	**(104)**	**127**	**–**	**–**	**127**
	298	**(147)**	**151**	**(24)**	**–**	**127**
Financial liabilities						
Trade payables	**(937)**	**43**	**(894)**	**–**	**–**	**(894)**
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	**(465)**	**–**	**(465)**	**24**	**–**	**(441)**
Other payables and accruals	**(104)**	**104**	**–**	**–**	**–**	**–**
	(1,506)	**147**	**(1,359)**	**24**	**–**	**(1,335)**
At 31 December 2022						
Financial assets						
Trade receivables	314	(314)	–	–	–	–
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	42	–	42	(42)	–	–
Cross currency swaps	168	–	168	(168)	–	–
Other receivables and prepayments	11	(11)	–	–	–	–
	535	(325)	210	(210)	–	–
Financial liabilities						
Trade payables	(941)	314	(627)	–	–	(627)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(543)	–	(543)	42	–	(501)
Cross currency swaps	(314)	–	(314)	168	–	(146)
Other payables and accruals	(97)	11	(86)	–	–	(86)
	(1,895)	325	(1,570)	210	–	(1,360)

42 Statement of financial position of the Company, as at 31 December 2023

	2023 HK$ million	2022 HK$ million
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [(b)]	**17,660**	15,575
Other receivables	**1**	1
Cash	**12**	8
Current liabilities		
Other payables and accruals	**97**	101
Net current assets	**17,576**	15,483
Net assets	**372,740**	370,647
Capital and reserves		
Share capital (see note 32(a))	**3,830**	3,830
Share premium (see note 32(a))	**242,972**	242,972
Reserves – Retained profit [(c)]	**125,938**	123,845
Shareholders' funds	**372,740**	370,647

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2023 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 267 to 270.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves – Retained profit

	HK$ million
At 1 January 2022	121,216
Profit for the year	12,978
Buy-back and cancellation of issued shares (see note 32(a)(i))	4
Dividends paid relating to 2021	(7,132)
Dividends paid relating to 2022	(3,221)
At 31 December 2022	**123,845**
Profit for the year	**12,963**
Unclaimed dividends write back	**15**
Dividends paid relating to 2022	**(7,989)**
Dividends paid relating to 2023	**(2,896)**
At 31 December 2023	**125,938**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK12,963 million (2022: HK$12,978 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2023, the Company's share premium and retained profit amounted to HK$242,972 million (2022: HK$242,972 million) and HK$125,938 million (2022: HK$123,845 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

Saved as disclosed elsewhere in the Annual Financial Statements, no event occurring up to the date of approval of the Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollar (HK$), the functional currency of the Company. The translation into US dollar (US$) of these financial statements as of, and for the year ended, 31 December 2023, is for convenience only and has been made at the rate of HK$7.8 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollar at this or any other rate.

45 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

46 Significant judgements, estimates and assumptions

In applying the Group's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if the Group has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associated company or a cost investment might require the application of judgement through the analysis of various indicators, such as the practical ability to direct the relevant activities of the investee, the participation in policy-making processes of the investee, the representation on the board of directors or equivalent governing body of the investee, the percentage of ownership interest held in the investee, and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

46 Significant judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iii) Determination of lease term

Lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2023, potential future cash outflows of HK$8,635 million (2022: HK$8,385 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Business combinations

As disclosed in note 47(c)(iv), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the consolidated income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is an indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value / EBITDA, Enterprise value / Sales, Price / Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) 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 and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions 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. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment assessment on investment accounted for using equity method

Investments accounted for using equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. Goodwill recognised on acquisitions of an equity-accounted investee is not subject to annual impairment test. Instead, after applying equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in HKAS 28 "Investments in Associates and Joint Ventures" is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in HKAS 36 "Impairment of Assets".

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value / EBITDA, Enterprise value / Sales, Price / Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment in an equity-accounted investee, discounted cash flow models will be used to estimate (i) the Group's share of the present value of the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture and from the ultimate disposal of the investment; or (ii) the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and from its ultimate disposal.

Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the estimated future cash flows expected to be generated by the associated company or joint venture, including the cash flows from the operations of the associated company or joint venture, the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and the ultimate disposal of the investment. Other key estimates and assumptions, where applicable, include estimates of the investee's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and, where applicable, dividend yield, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the investment in future periods.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iv) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing of associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide 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 and tax credits 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, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the consolidated income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vii) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. 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 income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the consolidated income statement.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(viii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with HKFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the consolidated income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the consolidated income statement.

(c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

47 Summary of material accounting policies

(a) Standards adopted during the year ended 31 December 2023

The Group applied for the first-time certain standards and amendments to HKFRS issued by HKICPA, which are effective for annual periods beginning on or after 1 January 2023.

(i) Disclosure of Accounting Policies – Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements

The HKICPA amended HKAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

To support this amendment, the HKICPA also amended HKFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

47 Summary of material accounting policies (continued)

(a) Standards adopted during the year ended 31 December 2023 (continued)

(ii) Definition of Accounting Estimates – Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendments had no impact on the Group's consolidated financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12 Income Taxes

The amendments narrow the scope of the initial recognition exemption in HKAS 12 so that entities will need to recognise additional deferred tax assets and deferred tax liabilities on transactions that, on initial recognition, give rise to equal amounts of taxable and deducible temporary differences. Entities should apply the amendments to recognise deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date. The amendments are applied prospectively to other transactions that occur on or after the beginning of the earliest comparative period presented. The amendments had no impact on the Group's consolidated financial statements.

(iv) International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12 Income Taxes

The amendments clarify the application of HKAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules ("Pillar Two income taxes").

The amendments provide a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two model rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two model rules. In addition, the amendments have had an impact on the Group's disclosures of certain information about the Group's exposure to Pillar Two income taxes arising from that legislation. Other than these, the amendments do not have an impact on the measurement and recognition of any items in the Group's financial statements.

Other than these changes, the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2022 Annual Financial Statements.

47 Summary of material accounting policies (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group. The adoption of these standards and interpretations in future periods is not expected to have a material impact on the financial statements of the Group.

These new / amended accounting standards and interpretations are effective for annual periods beginning after 1 January 2023 and include:

(i) Classification of Liabilities as Current or Non-current – Amendments to HKAS 1

Amendments made to HKAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what HKAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

(ii) Non-current Liabilities with Covenants – Amendments to HKAS 1

In October 2022, the HKICPA made further amendments to HKAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what HKAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current / non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(iii) Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16

In September 2022, the HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

47 Summary of material accounting policies (continued)

(b) New standards and interpretations not yet adopted (continued)

(iv) Lack of Exchangeability – Amendments to HKAS 21

Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

(v) Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements ("SFAs") and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of SFAs on an entity's liabilities, cash flows and exposure to liquidity risk.

(vi) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28

The HKICPA has made limited scope amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associated companies or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associated company or joint venture constitute a 'business' (as defined in HKFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associated company or joint venture. The amendments apply prospectively.

In December 2015, the HKICPA decided to defer the application date of this amendment until such time as the HKICPA has finalised its research project on the equity method.

(c) Summary of material accounting policies

Set out below is a summary of material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Subsidiary companies

Subsidiaries are entities over which the Group has control. Where an entity is governed by voting rights, the Group consolidates when it holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as agent or principal. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Impairment testing is performed where there is an indication of impairment, by comparing the recoverable amount of the relevant investment to its carrying amount. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised, and to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(ii) Associated companies and joint arrangements

The Group classifies investments in entities over which it has significant influence, and which are neither subsidiaries nor joint arrangements, as associated companies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Joint arrangements are investments in which the Group, together with one or more parties, has joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The Group recognises its share of the assets, liabilities and results in a joint operation. Investments in associated companies and interests in joint ventures are recognised using the equity method. The attributable share of the results and reserves of joint ventures and associated companies is included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associated companies and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisitions of interests in joint ventures and associated companies is not tested separately for impairment, but is assessed as part of the carrying amount of the investment. Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the ordinary shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associated company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(iv) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. This election is made for each business combination. Acquisition-related costs are generally recognised in profit or loss as incurred.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition-date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(v) Goodwill

Goodwill is initially recognised and measured as set out in note 47(c)(iv) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is an indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associated company and a joint venture is described in note 47(c)(ii) above.

(vi) Fixed assets

Fixed assets other than freehold lands, are stated at cost less depreciation and any impairment loss. Freehold lands included in land and buildings are not depreciated. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 – 25%
Plant, machinery and equipment	3 1/3 – 20%
Container terminal equipment	3 – 20%
Telecommunications equipment	2.5 – 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(vii) Leases

(I) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. 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 payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(vii) Leases (continued)

(I) Group as a lessee (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(II) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(viii) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

(ix) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication customers. CACs are expensed and recognised in the consolidated income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

(x) Liquid funds and other listed investments and unlisted investments

"Liquid funds and other listed investments" are investments in listed debt securities, listed equity securities and cash and cash equivalents. "Unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities and unlisted equity securities. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(I) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

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, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(x) Liquid funds and other listed investments and unlisted investments (continued)

(II) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under HKFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

(xi) 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.

(xii) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

(xiii) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(xiv) Trade and other payables, and contract liabilities

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

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(xv) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Such impairment loss is recognised in the consolidated income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that in which case it is treated as a revaluation decrease.

(xvi) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollar using the year end rates of exchange for the consolidated statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the consolidated income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the consolidated income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the consolidated statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 3,533 in December 2023 (2022: 1,115) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollar. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the consolidated income statement.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(xvii) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Ports and Related Services

Revenue from the provision of ports and related services is recognised over time when the services are rendered and the Group's performance provides the benefits received and consumed simultaneously by the customer.

Retail

Revenue from the sale of retail goods is recognised at point of sale less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually settled in cash or by credit card and debit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Infrastructure

Revenue from sales of infrastructure materials is recognised when a performance obligation is satisfied, which is recognised at a point in time, based on the timing of control of the goods underlying the particular performance obligation being transferred to the customer.

Revenue from the provision of waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations is recognised when a performance obligation is satisfied, which is recognised at a point of time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

Telecommunications services

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies

Set out below is a summary of other potentially material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(ii) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the consolidated statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the consolidated income statement.

(iii) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the consolidated statement of financial position as leasehold land prior to 1 January 2019 and are grouped as part of right-of-use assets with effect from 1 January 2019. Leasehold land are expensed in the consolidated income statement on a straight-line basis over the period of the lease.

(iv) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(v) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 and the carry forward of unused tax losses and tax credits can be utilised.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(vi) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other expense except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in other comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item (if applicable) and is also recognised in profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(vi) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(vii) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(viii) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(ix) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the ordinary shareholders.

(x) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(xi) 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.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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.

(xii) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2023

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Abu Qir Container Terminal Company S.A.E.	Egypt	USD	157,000,000	45	Container terminal operating
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
	Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal Sp. z o.o.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	100	Ship repairing and general engineering
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
	Hutchison Ajman International Terminals Limited – F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ ✻ #	Hutchison Port Holdings Trust	Singapore/China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands/ Hong Kong	USD	74,870,807	80	Holding company
	Hutchison Port Jazan Limited	Saudi Arabia	SAR	18,750,000	48	Container terminal operating
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands/ United Arab Emirates	USD	10,000	48	Container terminal operating
	Hutchison Ports Sweden AB	Sweden	SEK	100,000	80	Container terminal operating
	Hutchison Ports UAQ Limited	British Virgin Islands/ United Arab Emirates	USD	36,320	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2023

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
Ports and related services (continued)					
Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡ + PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡ River Trade Terminal Co. Ltd.	British Virgin Islands/ Hong Kong	USD	1	40	River trade terminal operation
Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘ 上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	24	Container terminal operating
South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
Star Classic Investments Limited	British Virgin Islands/ Hong Kong	USD	22,796	80	Operation, management and development of ports and container terminals, and investment holding
Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
✱ # + Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ + Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ + Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
Retail					
A.S. Watson Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,000,000	75	Holding company
A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
AS Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ + Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘ 廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
✱ PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡ Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
⌖ 武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
Infrastructure					
✡ Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Gas distribution
✡ + AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
✱ + CK Infrastructure Holdings Limited	Bermuda/Hong Kong	HKD	2,519,610,945	76	Holding company
✡ + CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ + CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Infrastructure (continued)					
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
✡ +	Eversholt UK Rails Group Limited	United Kingdom	GBP	1,100	54	Leasing of rolling stock
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
✡ +	Northumbrian Water Group Limited	United Kingdom	GBP	40	33	Water supply, sewage and waste water businesses
❖ ❋ # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment in energy and utility-related businesses
✡	Trionista SE	Germany	EUR	125,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	610,000,000	30	Electricity distribution
✡	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands/ Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
✡	Ooredoo Hutchison Asia Pte. Ltd.	Singapore	SGD	435,492	50	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
✡	Zefiro Net S.r.l.	Italy	EUR	20,000	50	Telecommunication network services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands/ Hong Kong	USD	2	100	Holding company
❋ #	Cenovus Energy Inc.	Canada	CAD	16,031,000,000	17	Oil and gas business
❋ # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands/ Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
❋ #	HUTCHMED (China) Limited	Cayman Islands/ Hong Kong	USD	87,125,627	38	Holding company of biopharmaceutical business
	Marionnaud Parfumeries S.A.S.	France	EUR	947,782,990	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
❋ #	TOM Group Limited	Cayman Islands/ Hong Kong	HKD	395,851,056	36	Technology and media
❋ #	TPG Telecom Limited	Australia	AUD	18,399,043,754	22	Telecommunications services

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2023

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

❋ Company listed on The Stock Exchange of Hong Kong Limited except Hutchison Port Holdings Trust which is listed on the Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, PT Duta Intidaya Tbk is listed on the Indonesia Stock Exchange, Cenovus Energy Inc. which is listed on the New York Stock Exchange and Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, TPG Telecom Limited which is listed on the Australian Securities Exchange and HUTCHMED (China) Limited which is listed on The Stock Exchange of Hong Kong Limited, AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

✟ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

❖ Power Assets Holdings Limited indirectly holds 33.37% equity interest in HK Electric Investments and HK Electric Investments Limited, which are listed on The Stock Exchange of Hong Kong Limited.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 30% of the Group's respective items.

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 126 to 266, comprise:

- the consolidated and Company statements of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Goodwill and brand names with an indefinite useful life *Refer to notes 5(b)(xvi), 7(c)(i), 15, 16 and 46 to the consolidated financial statements* The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2022, goodwill amounted to approximately HK$268 billion and brand names with an indefinite useful life amounted to approximately HK$67 billion. Goodwill and brand names with an indefinite useful life are 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 recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates to extrapolate the cash flows beyond the budget period and the discount rates to bring the future cash flows back to their present values. The Group recognised the impairment of goodwill of approximately HK$11 billion relating to the mobile telecommunications business in Italy for the year ended 31 December 2022. Refer to notes 5(b)(xvi), 7(c)(i) and 16 to the consolidated financial statements for details. The significant assumptions are disclosed in notes 7(c)(i), 16 and 46 to the consolidated financial statements. We considered this is a key audit matter as significant judgements are involved in the impairment assessments.	Our procedures to address this key audit matter included: • Understanding the management's assessment process of impairment of goodwill and brand names with an indefinite useful life and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions used in management's estimation of recoverable amounts based on our knowledge of the relevant businesses and industries, other appropriate supporting evidence, and with the involvement of our valuations experts; • Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of these budgets; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts including the growth rates and discount rates as these are the key assumptions to which the measurement of recoverable amounts is the most sensitive. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (continued)

Key Audit Matter

Investments in associated companies and joint ventures

Refer to notes 17, 18 and 46 to the consolidated financial statements

The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2022, investments in associated companies and joint ventures amounted to approximately HK$289 billion.

Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. For those associated companies and joint ventures in which such indication exists, the Group performed impairment assessments. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures, taking into consideration the share of the associated companies' and the joint ventures' future cash flows and a number of other assumptions, including the growth rates to prepare the associated companies' and joint ventures' cash flow projections, and the discount rates to bring the future cash flows back to their present values. We considered this is a key audit matter as significant judgements are involved in the impairment assessments.

How our audit addressed the Key Audit Matter

Our procedures to address this key audit matter included:

- Understanding the management's assessment process of identification of impairment indicators and impairment assessments of investments in associated companies and joint ventures and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the growth rates and discount rates; and comparing cash flow projections to supporting evidence, such as approved budgets; and
- Performing sensitivity analyses on the key assumptions, including the growth rates and discount rates, to evaluate the potential impacts on the recoverable amounts.

We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

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

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 HKSAs 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 HKSAs, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Luk Lai Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2023

Consolidated Income Statement

for the year ended 31 December 2022

2022 # US$ million		Note	2022 HK$ million	2021 HK$ million
33,653	Revenue	4, 5	**262,497**	280,847
(13,042)	Cost of inventories sold	7	**(101,724)**	(104,266)
(4,765)	Staff costs		**(37,170)**	(37,462)
(1,862)	Expensed customer acquisition and retention costs		**(14,527)**	(16,411)
(5,101)	Depreciation and amortisation	7	**(39,788)**	(45,256)
(7,145)	Other expenses and losses	7	**(55,727)**	(63,758)
3,613	Other income and gains	7	**28,180**	27,505
	Share of profits less losses of:			
1,516	Associated companies		**11,822**	5,718
952	Joint ventures		**7,422**	6,393
7,819			**60,985**	53,310
(1,161)	Interest expenses and other finance costs	8	**(9,052)**	(10,608)
6,658	**Profit before tax**		**51,933**	42,702
(697)	Current tax	9	**(5,435)**	(4,029)
(364)	Deferred tax credit (charge)	9	**(2,839)**	1,799
5,597	**Profit after tax**		**43,659**	40,472
(895)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(6,979)**	(6,988)
4,702	**Profit attributable to ordinary shareholders**		**36,680**	33,484
US$ 1.23	**Earnings per share for profit attributable to ordinary shareholders**	10	**HK$ 9.57**	HK$ 8.70

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid and proposed final dividend payable to the ordinary shareholders are set out in note 11.

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

2022 # US$ million		Note	2022 HK$ million	2021 HK$ million
5,597	**Profit after tax**		**43,659**	40,472
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss			
	Equity securities at fair value through other comprehensive income ("FVOCI")			
(192)	Valuation gains (losses) recognised directly in reserves		**(1,493)**	265
90	Remeasurement of defined benefit obligations recognised directly in reserves		**701**	1,034
(11)	Share of other comprehensive income (losses) of associated companies		**(83)**	766
(67)	Share of other comprehensive income (losses) of joint ventures		**(520)**	1,684
(33)	Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	33 (c)	**(255)**	80
(213)			**(1,650)**	3,829
	Items that may be reclassified to profit or loss			
	Debt securities at FVOCI			
(47)	Valuation losses recognised directly in reserves		**(369)**	(60)
–	Valuation losses (gains) previously in reserves recognised in income statement		**2**	(7)
282	Gains on cash flow hedges recognised directly in reserves		**2,201**	1,020
568	Gains on net investment hedges recognised directly in reserves		**4,433**	1,767
(2,061)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves		**(16,078)**	(10,567)
285	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		**2,220**	2,913
(320)	Share of other comprehensive income (losses) of associated companies		**(2,495)**	(708)
(520)	Share of other comprehensive income (losses) of joint ventures		**(4,061)**	(2,184)
(1)	Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	33 (c)	**(12)**	(8)
(1,814)			**(14,159)**	(7,834)
(2,027)	Other comprehensive income (losses), net of tax		**(15,809)**	(4,005)
3,570	**Total comprehensive income**		**27,850**	36,467
(740)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		**(5,774)**	(6,753)
2,830	**Total comprehensive income attributable to ordinary shareholders**		**22,076**	29,714

See note 44.

Consolidated Statement of Financial Position

at 31 December 2022

2022[#] US$ million		Note	2022 HK$ million	2021 HK$ million
	Non-current assets			
14,442	Fixed assets	12	**112,650**	131,099
7,607	Right-of-use assets	13	**59,337**	76,852
7,781	Telecommunications licences	14	**60,689**	69,985
10,730	Brand names and other rights	15	**83,694**	89,019
34,360	Goodwill	16	**268,008**	289,340
18,040	Associated companies	17	**140,711**	137,781
19,046	Interests in joint ventures	18	**148,561**	141,344
2,373	Deferred tax assets	19	**18,509**	21,188
2,064	Liquid funds and other listed investments	20	**16,103**	8,227
2,039	Other non-current assets	21	**15,900**	14,202
118,482			**924,162**	979,037
	Current assets			
17,703	Cash and cash equivalents	23	**138,085**	153,133
2,985	Inventories		**23,283**	23,625
7,283	Trade receivables and other current assets	24	**56,811**	57,731
27,971			**218,179**	234,489
782	Assets classified as held for sale	25	**6,096**	–
28,753			**224,275**	234,489
	Current liabilities			
8,991	Bank and other debts	26	**70,130**	66,361
513	Current tax liabilities		**4,001**	2,402
1,555	Lease liabilities	13	**12,128**	16,085
11,427	Trade payables and other current liabilities	27	**89,129**	96,565
22,486			**175,388**	181,413
144	Liabilities directly associated with assets classified as held for sale	25	**1,127**	–
22,630			**176,515**	181,413
6,123	Net current assets		**47,760**	53,076
124,605	Total assets less current liabilities		**971,922**	1,032,113
	Non-current liabilities			
27,461	Bank and other debts	26	**214,196**	259,438
329	Interest bearing loans from non-controlling shareholders	29	**2,567**	759
6,914	Lease liabilities	13	**53,931**	68,994
2,473	Deferred tax liabilities	19	**19,290**	17,383
350	Pension obligations	30	**2,730**	3,466
4,090	Other non-current liabilities	31	**31,899**	37,818
41,617			**324,613**	387,858
82,988	**Net assets**		**647,309**	644,255

2022 # US$ million		Note	2022 HK$ million	2021 HK$ million
	Capital and reserves			
491	Share capital	32 (a)	**3,830**	3,834
31,150	Share premium	32 (a)	**242,972**	243,169
35,476	Reserves	33	**276,711**	266,149
67,117	Total ordinary shareholders' funds		**523,513**	513,152
585	Perpetual capital securities	32 (b)	**4,561**	12,414
15,286	Non-controlling interests		**119,235**	118,689
82,988	**Total equity**		**647,309**	644,255

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Holders of perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
82,596	At 1 January 2022	247,003	266,149	513,152	12,414	118,689	644,255
5,597	Profit for the year	–	36,680	36,680	263	6,716	43,659
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
(192)	Valuation losses recognised directly in reserves	–	(1,493)	(1,493)	–	–	(1,493)
	Debt securities at FVOCI						
(47)	Valuation losses recognised directly in reserves	–	(369)	(369)	–	–	(369)
	Valuation losses previously in reserves recognised						
–	in income statement	–	2	2	–	–	2
	Remeasurement of defined benefit obligations						
90	recognised directly in reserves	–	569	569	–	132	701
	Gains on cash flow hedges recognised directly						
282	in reserves	–	2,127	2,127	–	74	2,201
	Gains on net investment hedges recognised directly						
568	in reserves	–	3,380	3,380	–	1,053	4,433
	Losses on translating overseas subsidiaries' net assets						
(2,061)	recognised directly in reserves	–	(14,538)	(14,538)	–	(1,540)	(16,078)
	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised						
285	in income statement	–	2,090	2,090	–	130	2,220
	Share of other comprehensive income (losses) of						
(331)	associated companies	–	(2,576)	(2,576)	–	(2)	(2,578)
	Share of other comprehensive income (losses) of						
(587)	joint ventures	–	(3,578)	(3,578)	–	(1,003)	(4,581)
	Tax relating to components of other comprehensive						
(34)	income (losses)	–	(218)	(218)	–	(49)	(267)
(2,027)	Other comprehensive income (losses), net of tax	–	(14,604)	(14,604)	–	(1,205)	(15,809)
3,570	Total comprehensive income	–	22,076	22,076	263	5,511	27,850
(4)	Impact of hyperinflation	–	(23)	(23)	–	(6)	(29)
	Transactions with owners in their capacity as owners:						
(914)	Dividends paid relating to 2021	–	(7,132)	(7,132)	–	–	(7,132)
(412)	Dividends paid relating to 2022	–	(3,221)	(3,221)	–	–	(3,221)
(619)	Dividends paid to non-controlling interests	–	–	–	–	(4,826)	(4,826)
(41)	Distribution paid on perpetual capital securities	–	–	–	(316)	–	(316)
24	Equity contribution from non-controlling interests	–	–	–	–	191	191
(1,000)	Redemption of perpetual capital securities	–	–	–	(7,800)	–	(7,800)
	Buy-back and cancellation of issued shares						
(25)	(see note 32(a)(ii))	(201)	4	(197)	–	–	(197)
(187)	Relating to purchase of non-controlling interests [c]	–	(1,133)	(1,133)	–	(333)	(1,466)
–	Relating to partial disposal of subsidiary companies	–	(9)	(9)	–	9	–
(3,178)		(201)	(11,514)	(11,715)	(8,116)	(4,965)	(24,796)
82,988	**At 31 December 2022**	246,802	276,711	523,513	4,561	119,235	647,309

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Holders of perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
80,777	At 1 January 2021	248,233	246,063	494,296	12,415	123,352	630,063
5,189	Profit for the year	–	33,484	33,484	490	6,498	40,472
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
34	Valuation gains recognised directly in reserves	–	266	266	–	(1)	265
	Debt securities at FVOCI						
(8)	Valuation losses recognised directly in reserves	–	(60)	(60)	–	–	(60)
(1)	Valuation gains previously in reserves recognised in income statement	–	(7)	(7)	–	–	(7)
133	Remeasurement of defined benefit obligations recognised directly in reserves	–	845	845	–	189	1,034
131	Gains on cash flow hedges recognised directly in reserves	–	954	954	–	66	1,020
227	Gains on net investment hedges recognised directly in reserves	–	1,337	1,337	–	430	1,767
(1,355)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(9,603)	(9,603)	–	(964)	(10,567)
373	Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	–	2,913	2,913	–	–	2,913
7	Share of other comprehensive income (losses) of associated companies	–	(85)	(85)	–	143	58
(64)	Share of other comprehensive income (losses) of joint ventures	–	(380)	(380)	–	(120)	(500)
9	Tax relating to components of other comprehensive income (losses)	–	50	50	–	22	72
(514)	Other comprehensive income (losses), net of tax	–	(3,770)	(3,770)	–	(235)	(4,005)
4,675	Total comprehensive income	–	29,714	29,714	490	6,263	36,467
1	Impact of hyperinflation	–	5	5	–	1	6
	Transactions with owners in their capacity as owners:						
(840)	Dividends paid relating to 2020	–	(6,555)	(6,555)	–	–	(6,555)
(394)	Dividends paid relating to 2021	–	(3,072)	(3,072)	–	–	(3,072)
(825)	Dividends paid to non-controlling interests	–	–	–	–	(6,437)	(6,437)
(63)	Distribution paid on perpetual capital securities	–	–	–	(491)	–	(491)
627	Equity contribution from non-controlling interests	–	–	–	–	4,890	4,890
(1,200)	Redemption of perpetual capital securities by a subsidiary	–	–	–	–	(9,360)	(9,360)
(4)	Transaction costs in relation to equity contribution from non-controlling interests	–	(24)	(24)	–	(8)	(32)
(159)	Buy-back and cancellation of issued shares (see note 32(a)(i))	(1,230)	(9)	(1,239)	–	–	(1,239)
3	Unclaimed dividends write back of a subsidiary	–	27	27	–	–	27
(1)	Relating to acquisition of subsidiary companies	–	–	–	–	(12)	(12)
(2,855)		(1,230)	(9,628)	(10,858)	(491)	(10,926)	(22,275)
82,597	At 31 December 2021	247,003	266,149	513,152	12,414	118,689	644,255

See note 44.
(a) See note 32(a) for details on share capital and share premium.
(b) See note 33 for details on reserves.
(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

2022[#] US$ million		Note	2022 HK$ million	2021 HK$ million
	Operating activities			
9,474	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	34 (a)	73,897	85,933
(1,160)	Interest expenses and other finance costs paid (net of capitalisation)		(9,051)	(10,577)
(456)	Tax paid		(3,552)	(4,092)
7,858	**Funds from operations (before principal elements of lease payments)**		61,294	71,264
(587)	Changes in working capital	34 (b)	(4,580)	(19,080)
7,271	**Net cash from operating activities**		56,714	52,184
	Investing activities			
(3,062)	Purchase of fixed assets		(23,885)	(27,056)
(21)	Additions to telecommunications licences		(160)	(8,158)
(232)	Additions to brand names and other rights		(1,807)	(4,429)
–	Purchase of subsidiary companies, net of cash acquired	34 (c)	–	(138)
(72)	Additions to unlisted investments		(564)	(142)
48	Repayments of loans from associated companies and joint ventures		374	1,044
(444)	Purchase of and advances to associated companies and joint ventures		(3,464)	(1,753)
43	Proceeds from disposal of fixed assets		335	438
2,192	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	17,096	38,425
670	Proceeds from partial disposal / disposal of associated companies and joint ventures		5,226	928
300	Proceeds from disposal of other unlisted investments		2,336	11
(578)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		(4,513)	(830)
20	Disposal of liquid funds and other listed investments		157	318
–	Additions to liquid funds and other listed investments		–	(38)
(558)	**Cash flows used in investing activities**		(4,356)	(550)
6,713	**Net cash inflow before financing activities**		52,358	51,634
	Financing activities			
4,762	New borrowings	34 (e)	37,147	70,901
(8,726)	Repayment of borrowings	34 (e)	(68,063)	(83,546)
(1,834)	Principal elements of lease payments	34 (e)	(14,307)	(17,407)
271	Net loans from non-controlling shareholders	34 (e)	2,118	47
11	Issue of equity securities by subsidiary companies to non-controlling shareholders		85	95
(116)	Payments to acquire additional interests in subsidiary companies		(904)	(1,955)
–	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		–	4,648
(1,000)	Redemption of perpetual capital securities by a subsidiary		(7,800)	(9,360)
(25)	Payments for buy-back and cancellation of issued shares		(197)	(1,239)
(1,326)	Dividends paid to ordinary shareholders		(10,353)	(9,627)
(618)	Dividends paid to non-controlling interests		(4,816)	(6,518)
(41)	Distribution paid on perpetual capital securities		(316)	(491)
(8,642)	**Cash flows used in financing activities**		(67,406)	(54,452)
(1,929)	Decrease in cash and cash equivalents		(15,048)	(2,818)
19,632	Cash and cash equivalents at 1 January		153,133	155,951
17,703	**Cash and cash equivalents at 31 December**		138,085	153,133

2022 # US$ million		Note	2022 HK$ million	2021 HK$ million
	Analysis of cash, liquid funds and other listed investments			
17,703	Cash and cash equivalents, as above	23	**138,085**	153,133
2,064	Liquid funds and other listed investments	20	**16,103**	8,227
19,767	**Total cash, liquid funds and other listed investments**		**154,188**	161,360
36,696	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	**286,230**	328,253
329	Interest bearing loans from non-controlling shareholders	29	**2,567**	759
17,258	**Net debt**		**134,609**	167,652
(329)	Interest bearing loans from non-controlling shareholders		**(2,567)**	(759)
16,929	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**132,042**	166,893

See note 44.

1 General information

CK Hutchison Holdings Limited (the "Company" or "CKHH") is a company incorporated in the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2022 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 16 March 2023.

The Chairman's Statement, the Operations Review, the Group Capital Resources and Liquidity, and the Risk Factors, issued outside the Annual Financial Statements as part of the announcement of the Group's results for the year ended 31 December 2022 and the Group's 2022 Annual Report, include discussions of the performance of the Group's businesses for the current year, the principal risk and uncertainties affecting the Group's businesses, the important corporate transactions concluded since the end of the 2021 financial year, and the Group's liquidity and financial profile.

2 Use of judgements, assumptions and estimates

The preparation of financial statements under Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performances or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Annual Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop. Note 46 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

The Annual Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, investment properties, certain financial assets and liabilities (including derivative instruments) are measured at fair values, and non-current assets and disposal group classified as held for sale are generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2022 that had a significant effect on the Group in 2022. A summary of the Group's significant accounting policies, including changes thereto, are included in note 47.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2022 HK$ million	2021 HK$ million
Sale of goods	**154,603**	160,701
Revenue from services	**102,726**	116,386
Interest	**5,049**	3,672
Dividend income	**119**	88
	262,497	280,847

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15:

(i) By segments *

	Revenue from contracts with customers			Revenue from other sources	2022 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	30,376	30,376	134	30,510
Retail	127,310	72	127,382	–	127,382
Infrastructure	3,964	4	3,968	2,853	6,821
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*12,402*	*65,502*	*77,904*	*10*	*77,914*
Hutchison Telecommunications Hong Kong Holdings	*1,604*	*3,278*	*4,882*	–	*4,882*
Corporate and Others	*10*	*107*	*117*	*253*	*370*
	14,016	68,887	82,903	263	83,166
Hutchison Asia Telecommunications	–	1,011	1,011	–	1,011
Finance & Investments and Others	11,425	177	11,602	2,005	13,607
	156,715	100,527	257,242	5,255	262,497

	Revenue from contracts with customers			Revenue from other sources	2021 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	28,896	28,896	94	28,990
Retail	130,767	75	130,842	–	130,842
Infrastructure	4,267	–	4,267	2,825	7,092
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*13,914*	*73,040*	*86,954*	*6*	*86,960*
Hutchison Telecommunications Hong Kong Holdings	*2,144*	*3,241*	*5,385*	–	*5,385*
Corporate and Others	*3*	*39*	*42*	*62*	*104*
	16,061	76,320	92,381	68	92,449
Hutchison Asia Telecommunications	–	8,786	8,786	–	8,786
Finance & Investments and Others	11,665	169	11,834	854	12,688
	162,760	114,246	277,006	3,841	280,847

* See note 5 for operating segment information.

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued):

(ii) By geographical locations *

	Revenue from contracts with customers			Revenue from other sources	2022 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**28,831**	**3,760**	**32,591**	**89**	**32,680**
Mainland China	**21,278**	**366**	**21,644**	**32**	**21,676**
The People's Republic of China	**50,109**	**4,126**	**54,235**	**121**	**54,356**
Europe	**65,951**	**77,921**	**143,872**	**1,866**	**145,738**
Canada	**–**	**–**	**–**	**253**	**253**
Asia, Australia and Others	**29,230**	**18,303**	**47,533**	**1,010**	**48,543**
	95,181	**96,224**	**191,405**	**3,129**	**194,534**
	145,290	**100,350**	**245,640**	**3,250**	**248,890**
Finance & Investments and Others	**11,425**	**177**	**11,602**	**2,005**	**13,607**
	156,715	**100,527**	**257,242**	**5,255**	**262,497**

	Revenue from contracts with customers			Revenue from other sources	2021 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	29,589	3,357	32,946	31	32,977
Mainland China	27,201	420	27,621	28	27,649
The People's Republic of China	56,790	3,777	60,567	59	60,626
Europe	68,211	85,353	153,564	1,962	155,526
Canada	–	–	–	256	256
Asia, Australia and Others	26,094	24,947	51,041	710	51,751
	94,305	110,300	204,605	2,928	207,533
	151,095	114,077	265,172	2,987	268,159
Finance & Investments and Others	11,665	169	11,834	854	12,688
	162,760	114,246	277,006	3,841	280,847

* See note 5 for operating segment information.

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of HKFRS 15

Under HKFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of HKFRS 15.

	2022 **HK$ million**	2021 HK$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 24)	**14,945**	16,697
Trade receivables, which are included in "Assets classified as held for sale" (see note 25)	**21**	–
Contract assets (see notes 21 and 24)	**6,314**	7,599
Contract liabilities (see note 27)	**(6,027)**	(6,933)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In 2022, HK$998 million (2021: HK$1,757 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2022, HK$921 million (2021: HK$1,056 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$3,757 million (2021: HK$4,958 million) was recognised as revenue in 2022 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration variable, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's future performance. The analysis is for compliance with HKFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2022 **HK$ million**	2021 HK$ million
Within one year	**13,230**	14,065
More than one year	**8,555**	7,897
	21,785	21,962

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

As at 31 December 2022, the Group has four core businesses – ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

Ports and Related Services:

This division is the world's leading port network, and has interests in 51 ports comprising 295 operational berths in 25 countries as at 31 December 2022. This division operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 141 million loyalty member base. ASW operated 12 retail brands with 16,142 stores in 28 markets worldwide as at 31 December 2022.

Infrastructure:

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange and 10% of the economic benefits deriving from the Group's direct holdings in six infrastructure investments co-owned with CKI, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK rails.

Telecommunications:

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, as well as Hutchison Asia Telecommunications.

Finance & Investments and Others is presented to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position. Finance & Investments and Others covers the activities of other areas of the Group that are not presented separately and includes a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 25.05% attributable interest in a listed associated company TPG Telecom Limited ("TPG"), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated companies Hutchison China MediTech ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy Inc ("Cenovus Energy"), corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items.

5 Operating segment information (continued)

(a) Description of segments and basis of presentation of segment information (continued)

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resources allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2022 and 31 December 2021.

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated are mainly attributable to Retail of HK$48 million (2021: HK$34 million), Hutchison Telecommunications Hong Kong Holdings of HK$18 million (2021: HK$16 million) and Hutchison Asia Telecommunications of HK$1 million (2021: HK$1 million).

	Revenue							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**30,510**	**13,631**	**44,141**	**10%**	28,990	13,295	42,285	9%
Retail	**127,382**	**42,263**	**169,645**	**37%**	130,842	42,759	173,601	39%
Infrastructure	**6,821**	**47,620**	**54,441**	**12%**	7,092	49,008	56,100	13%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***77,914***	***11***	***77,925***	***17%***	*86,960*	*12*	*86,972*	*20%*
Hutchison Telecommunications Hong Kong Holdings	***4,882***	**–**	***4,882***	***1%***	*5,385*	–	*5,385*	*1%*
Corporate and Others	***370***	***112***	***482***	**–**	*104*	*114*	*218*	–
	83,166	**123**	**83,289**	**18%**	92,449	126	92,575	21%
Hutchison Asia Telecommunications	**1,011**	**10,617**	**11,628**	**2%**	8,786	–	8,786	2%
Finance & Investments and Others	**13,607**	**80,478**	**94,085**	**21%**	12,688	59,348	72,036	16%
	262,497	**194,732**	**457,229**	**100%**	280,847	164,536	445,383	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**1,269**	**1,269**		–	1,382	1,382	
Divesture of infrastructure investments	**–**	**884**	**884**		–	938	938	
	262,497	**196,885**	**459,382**		280,847	166,856	447,703	
HKFRS 16 impact	**–**	**–**	**–**		–	–	–	
	262,497	**196,885**	**459,382**		280,847	166,856	447,703	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(xiv)) and EBIT (see note 5(b)(xv)). Analysis of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**9,387**	**6,418**	**15,805**	**13%**	9,021	6,136	15,157	13%
Retail	**10,287**	**4,022**	**14,309**	**12%**	11,633	4,401	16,034	14%
Infrastructure	**3,996**	**24,819**	**28,815**	**24%**	3,345	26,291	29,636	27%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***23,864***	***–***	***23,864***	***20%***	*29,892*	*–*	*29,892*	*27%*
Hutchison Telecommunications Hong Kong Holdings	***998***	***60***	***1,058***	***1%***	*1,036*	*57*	*1,093*	*1%*
Corporate and Others [xvi]	***7,280***	***(10)***	***7,270***	***6%***	*12,067*	*–*	*12,067*	*11%*
	32,142	**50**	**32,192**	**27%**	42,995	57	43,052	39%
Hutchison Asia Telecommunications [xvii]	**5,044**	**4,376**	**9,420**	**8%**	2,036	–	2,036	2%
Finance & Investments and Others [xviii]	**1,942**	**16,527**	**18,469**	**16%**	(3,928)	9,240	5,312	5%
EBITDA	**62,798**	**56,212**	**119,010**	**100%**	65,102	46,125	111,227	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**856**	**856**		–	984	984	
EBITDA ^	**62,798 ^**	**57,068 ^**	**119,866 ^**		65,102 ^	47,109 ^	112,211 ^	
Depreciation and amortisation	**(25,736)**	**(20,682)**	**(46,418)**		(27,617)	(19,140)	(46,757)	
Interest expenses and other finance costs	**(6,818)**	**(8,042)**	**(14,860)**		(7,075)	(7,584)	(14,659)	
Current tax	**(5,438)**	**(3,983)**	**(9,421)**		(4,031)	(3,600)	(7,631)	
Deferred tax credit (charge)	**(2,721)**	**(3,949)**	**(6,670)**		1,771	(3,718)	(1,947)	
Non-controlling interests	**(7,020)**	**(608)**	**(7,628)**		(7,063)	(654)	(7,717)	
	15,065	**19,804**	**34,869**		21,087	12,413	33,500	
HKFRS 16 impact								
EBITDA ^	**18,731 ^**	**4,391 ^**	**23,122 ^**		21,353 ^	3,073 ^	24,426 ^	
Depreciation and amortisation	**(14,052)**	**(3,673)**	**(17,725)**		(17,639)	(2,713)	(20,352)	
Interest expenses and other finance costs	**(2,234)**	**(1,304)**	**(3,538)**		(3,533)	(649)	(4,182)	
Current tax	**3**	**–**	**3**		2	–	2	
Deferred tax	**(118)**	**26**	**(92)**		28	(13)	15	
Non-controlling interests	**41**	**–**	**41**		75	–	75	
	17,436	**19,244**	**36,680**		21,373	12,111	33,484	
^ Reconciliation to Post-HKFRS 16 basis EBITDA :								
Pre-HKFRS 16 basis EBITDA per above	**62,798**	**57,068**	**119,866**		65,102	47,109	112,211	
HKFRS 16 impact per above	**18,731**	**4,391**	**23,122**		21,353	3,073	24,426	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**81,529**	**61,459**	**142,988**		86,455	50,182	136,637	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**6,492**	**4,934**	**11,426**	**16%**	6,058	4,679	10,737	17%
Retail	**7,662**	**3,386**	**11,048**	**15%**	8,899	3,561	12,460	19%
Infrastructure	**3,692**	**15,141**	**18,833**	**26%**	3,013	16,082	19,095	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	**23,864**	**–**	**23,864**		29,892	–	29,892	
Depreciation	**(11,289)**	**–**	**(11,289)**		(10,728)	–	(10,728)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(7,011)**	**–**	**(7,011)**		(7,905)	–	(7,905)	
EBIT – **3** Group Europe	**5,564**	**–**	**5,564**	**8%**	11,259	–	11,259	17%
Hutchison Telecommunications Hong Kong Holdings	**(44)**	**14**	**(30)**	**–**	130	12	142	–
Corporate and Others [xvi]	**7,279**	**(10)**	**7,269**	**10%**	12,061	–	12,061	19%
	12,799	**4**	**12,803**	**18%**	23,450	12	23,462	36%
Hutchison Asia Telecommunications [xvii]	**4,662**	**2,083**	**6,745**	**9%**	209	–	209	–
Finance & Investments and Others [xviii]	**1,755**	**10,254**	**12,009**	**16%**	(4,144)	2,925	(1,219)	-2%
EBIT	**37,062**	**35,802**	**72,864**	**100%**	37,485	27,259	64,744	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**584**	**584**		–	710	710	
EBIT ^	**37,062** ^	**36,386** ^	**73,448** ^		37,485 ^	27,969 ^	65,454 ^	
Interest expenses and other finance costs	**(6,818)**	**(8,042)**	**(14,860)**		(7,075)	(7,584)	(14,659)	
Current tax	**(5,438)**	**(3,983)**	**(9,421)**		(4,031)	(3,600)	(7,631)	
Deferred tax credit (charge)	**(2,721)**	**(3,949)**	**(6,670)**		1,771	(3,718)	(1,947)	
Non-controlling interests	**(7,020)**	**(608)**	**(7,628)**		(7,063)	(654)	(7,717)	
	15,065	**19,804**	**34,869**		21,087	12,413	33,500	
HKFRS 16 impact								
EBIT ^	**4,679** ^	**718** ^	**5,397** ^		3,714 ^	360 ^	4,074 ^	
Interest expenses and other finance costs	**(2,234)**	**(1,304)**	**(3,538)**		(3,533)	(649)	(4,182)	
Current tax	**3**	**–**	**3**		2	–	2	
Deferred tax	**(118)**	**26**	**(92)**		28	(13)	15	
Non-controlling interests	**41**	**–**	**41**		75	–	75	
	17,436	**19,244**	**36,680**		21,373	12,111	33,484	
^ Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	**37,062**	**36,386**	**73,448**		37,485	27,969	65,454	
HKFRS 16 impact per above	**4,679**	**718**	**5,397**		3,714	360	4,074	
Post-HKFRS 16 basis EBIT	**41,741**	**37,104**	**78,845**		41,199	28,329	69,528	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries	**Associates and JV**	**2022 Total**	Company and Subsidiaries	Associates and JV	2021 Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Ports and Related Services	**2,895**	**1,484**	**4,379**	2,963	1,457	4,420
Retail	**2,625**	**636**	**3,261**	2,734	840	3,574
Infrastructure	**304**	**9,678**	**9,982**	332	10,209	10,541
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	***18,300***	**–**	***18,300***	*18,633*	–	*18,633*
Hutchison Telecommunications Hong Kong Holdings	***1,042***	***46***	***1,088***	*906*	*45*	*951*
Corporate and Others	***1***	**–**	***1***	*6*	–	*6*
	19,343	**46**	**19,389**	19,545	45	19,590
Hutchison Asia Telecommunications	**382**	**2,293**	**2,675**	1,827	–	1,827
Finance & Investments and Others	**187**	**6,273**	**6,460**	216	6,315	6,531
	25,736	**20,410**	**46,146**	27,617	18,866	46,483
Portion attributable to:						
Non-controlling interests of HPH Trust	**–**	**272**	**272**	–	274	274
	25,736	**20,682**	**46,418**	27,617	19,140	46,757
Divesture of infrastructure investments	**–**	**143**	**143**	–	174	174
	25,736	**20,825**	**46,561**	27,617	19,314	46,931
HKFRS 16 impact	**14,052**	**3,673**	**17,725**	17,639	2,713	20,352
	39,788	**24,498**	**64,286**	45,256	22,027	67,283

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(v) An analysis of capital expenditure by segments

	Capital expenditure [xxii]							
	Fixed assets HK$ million	**Telecom-munications licences** HK$ million	**Brand names and other rights** HK$ million	**2022 Total** HK$ million	Fixed assets HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2021 Total HK$ million
Ports and Related Services	**3,801**	**–**	**–**	**3,801**	3,263	–	367	3,630
Retail	**2,387**	**–**	**–**	**2,387**	2,525	–	–	2,525
Infrastructure	**473**	**–**	**4**	**477**	363	–	4	367
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***16,653***	**–**	***1,779***	***18,432***	*19,090*	*4,237*	*4,028*	*27,355*
Hutchison Telecommunications Hong Kong Holdings	***496***	***138***	**–**	***634***	*874*	*2,040*	–	*2,914*
Corporate and Others	**–**	**–**	***3***	***3***	*1*	–	*19*	*20*
	17,149	**138**	**1,782**	**19,069**	19,965	6,277	4,047	30,289
Hutchison Asia Telecommunications	**313**	**22**	**14**	**349**	2,229	1,881	–	4,110
Finance & Investments and Others	**129**	**–**	**7**	**136**	144	–	11	155
	24,252	**160**	**1,807**	**26,219**	28,489	8,158	4,429	41,076
HKFRS 16 impact	**(367)**	**–**	**–**	**(367)**	(1,433)	–	–	(1,433)
	23,885	**160**	**1,807**	**25,852**	27,056	8,158	4,429	39,643

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets [xx]	Deferred tax assets	Assets classified as held for sale [xxiii]	Investments in associated companies and interests in joint ventures	2022 Total assets	Segment assets [xx]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2021 Total assets
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**72,263**	**352**	**–**	**23,200**	**95,815**	75,389	204	22,668	98,261
Retail	**198,358**	**1,471**	**–**	**15,630**	**215,459**	200,862	1,336	15,743	217,941
Infrastructure	**65,516**	**3**	**–**	**165,138**	**230,657**	55,611	7	172,273	227,891
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***263,859***	***15,067***	***5,178***	***10***	***284,114***	*300,201*	*17,925*	*10*	*318,136*
Hutchison Telecommunications Hong Kong Holdings	***16,148***	***4***	***–***	***157***	***16,309***	*16,615*	*3*	*215*	*16,833*
Corporate and Others	***35,040***	***–***	***–***	***2***	***35,042***	*15,534*	*–*	*50*	*15,584*
	315,047	**15,071**	**5,178**	**169**	**335,465**	332,350	17,928	275	350,553
Hutchison Asia Telecommunications	**2,668**	**–**	**–**	**15,395**	**18,063**	19,505	–	–	19,505
Finance & Investments and Others	**130,789**	**57**	**–**	**71,635**	**202,481**	163,972	45	69,574	233,591
	784,641	**16,954**	**5,178**	**291,167**	**1,097,940**	847,689	19,520	280,533	1,147,742
HKFRS 16 impact	**49,919**	**1,555**	**918**	**(1,895)**	**50,497**	65,524	1,668	(1,408)	65,784
	834,560	**18,509**	**6,096**	**289,272**	**1,148,437**	913,213	21,188	279,125	1,213,526

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vii) An analysis of total liabilities by segments

	Total liabilities								
	Segment liabilities[xx]	Current & non-current borrowings[xxi] and other non-current liabilities	Liabilities directly associated with assets classified as held for sale[xxiii]	Current & deferred tax liabilities	2022 Total liabilities	Segment liabilities[xx]	Current & non-current borrowings[xxi] and other non-current liabilities	Current & deferred tax liabilities	2021 Total liabilities
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**10,948**	**14,604**	**–**	**4,696**	**30,248**	10,702	14,734	4,625	30,061
Retail	**24,598**	**10,531**	**–**	**10,619**	**45,748**	25,599	14,333	10,523	50,455
Infrastructure	**7,338**	**28,416**	**–**	**556**	**36,310**	6,260	30,043	617	36,920
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***37,008***	***14,989***	***207***	***3,393***	***55,597***	*39,827*	*17,240*	*399*	*57,466*
Hutchison Telecommunications Hong Kong Holdings	***1,808***	***2,371***	**–**	***50***	***4,229***	*1,840*	*2,358*	–	*4,198*
Corporate and Others	***777***	***50,923***	**–**	***11***	***51,711***	*2,073*	*54,426*	*4*	*56,503*
	39,593	**68,283**	**207**	**3,454**	**111,537**	43,740	74,024	403	118,167
Hutchison Asia Telecommunications	**939**	**533**	**–**	**1**	**1,473**	4,972	6,132	2	11,106
Finance & Investments and Others	**9,721**	**197,490**	**–**	**4,859**	**212,070**	10,199	226,385	4,599	241,183
	93,137	**319,857**	**207**	**24,185**	**437,386**	101,472	365,651	20,769	487,892
HKFRS 16 impact	**64,781**	**(1,065)**	**920**	**(894)**	**63,742**	83,638	(1,275)	(984)	81,379
	157,918	**318,792**	**1,127**	**23,291**	**501,128**	185,110	364,376	19,785	569,271

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of revenue by geographical locations

	Revenue [xix]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Hong Kong	**32,680**	**4,646**	**37,326**	**8%**	32,977	4,945	37,922	8%
Mainland China	**21,676**	**11,013**	**32,689**	**7%**	27,649	10,462	38,111	9%
The People's Republic of China	**54,356**	**15,659**	**70,015**	**15%**	60,626	15,407	76,033	17%
Europe	**145,738**	**69,150**	**214,888**	**47%**	155,526	71,508	227,034	51%
Canada	**253**	**3,554**	**3,807**	**1%**	256	2,969	3,225	1%
Asia, Australia and Others	**48,543**	**25,891**	**74,434**	**16%**	51,751	15,304	67,055	15%
	194,534	**98,595**	**293,129**	**64%**	207,533	89,781	297,314	67%
	248,890	**114,254**	**363,144**	**79%**	268,159	105,188	373,347	84%
Finance & Investments and Others	**13,607**	**80,478**	**94,085**	**21%**	12,688	59,348	72,036	16%
	262,497	**194,732**	**457,229 ****	**100%**	280,847	164,536	445,383 **	100%

** see note 5(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Hong Kong	**1,414**	**1,943**	**3,357**	**3%**	2,251	2,223	4,474	4%
Mainland China	**1,143**	**4,777**	**5,920**	**5%**	3,124	4,330	7,454	7%
The People's Republic of China	**2,557**	**6,720**	**9,277**	**8%**	5,375	6,553	11,928	11%
Europe	**42,378**	**18,427**	**60,805**	**51%**	51,630	20,309	71,939	65%
Canada	**246**	**1,795**	**2,041**	**1%**	261	1,557	1,818	1%
Asia, Australia and Others	**15,675**	**12,743**	**28,418**	**24%**	11,764	8,466	20,230	18%
	58,299	**32,965**	**91,264**	**76%**	63,655	30,332	93,987	84%
	60,856	**39,685**	**100,541**	**84%**	69,030	36,885	105,915	95%
Finance & Investments and Others	**1,942**	**16,527**	**18,469**	**16%**	(3,928)	9,240	5,312	5%
	62,798	**56,212**	**119,010 ##**	**100%**	65,102	46,125	111,227 ##	100%

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Hong Kong	**(50)**	**982**	**932**	**1%**	984	1,218	2,202	3%
Mainland China	**137**	**3,997**	**4,134**	**6%**	2,093	3,610	5,703	9%
The People's Republic of China	**87**	**4,979**	**5,066**	**7%**	3,077	4,828	7,905	12%
Europe	**22,127**	**12,139**	**34,266**	**47%**	30,909	13,524	44,433	69%
Canada	**246**	**1,129**	**1,375**	**2%**	261	857	1,118	2%
Asia, Australia and Others	**12,847**	**7,301**	**20,148**	**28%**	7,382	5,125	12,507	19%
	35,220	**20,569**	**55,789**	**77%**	38,552	19,506	58,058	90%
	35,307	**25,548**	**60,855**	**84%**	41,629	24,334	65,963	102%
Finance & Investments and Others	**1,755**	**10,254**	**12,009**	**16%**	(4,144)	2,925	(1,219)	-2%
	37,062	**35,802**	**72,864** [@@]	**100%**	37,485	27,259	64,744 [@@]	100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure [xxii]							
	Fixed assets	**Telecom-munications licences**	**Brand names and other rights**	**2022 Total**	Fixed assets	Telecom-munications licences	Brand names and other rights	2021 Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**1,332**	**138**	**–**	**1,470**	1,538	2,040	–	3,578
Mainland China	**410**	**–**	**–**	**410**	643	–	–	643
The People's Republic of China	**1,742**	**138**	**–**	**1,880**	2,181	2,040	–	4,221
Europe	**18,358**	**–**	**1,782**	**20,140**	21,126	4,237	4,048	29,411
Asia, Australia and Others	**4,023**	**22**	**18**	**4,063**	5,038	1,881	370	7,289
	22,381	**22**	**1,800**	**24,203**	26,164	6,118	4,418	36,700
	24,123	**160**	**1,800**	**26,083**	28,345	8,158	4,418	40,921
Finance & Investments and Others	**129**	**–**	**7**	**136**	144	–	11	155
	24,252	**160**	**1,807**	**26,219**	28,489	8,158	4,429	41,076
HKFRS 16 impact	**(367)**	**–**	**–**	**(367)**	(1,433)	–	–	(1,433)
	23,885	**160**	**1,807**	**25,852**	27,056	8,158	4,429	39,643

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xii) An analysis of total assets by geographical locations

	Total assets								
	Segment assets[xx]	**Deferred tax assets**	**Assets classified as held for sale[xxiii]**	**Investments in associated companies and interests in joint ventures**	**2022 Total assets**	Segment assets[xx]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2021 Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**52,253**	**79**	**–**	**10,708**	**63,040**	51,757	107	10,202	62,066
Mainland China	**37,850**	**765**	**–**	**17,209**	**55,824**	46,039	570	17,206	63,815
The People's Republic of China	**90,103**	**844**	**–**	**27,917**	**118,864**	97,796	677	27,408	125,881
Europe	**420,785**	**15,512**	**5,178**	**106,525**	**548,000**	452,007	18,395	114,633	585,035
Canada	**4,169**	**3**	**–**	**12,238**	**16,410**	4,030	7	12,995	17,032
Asia, Australia and Others	**138,795**	**538**	**–**	**72,852**	**212,185**	129,884	396	55,923	186,203
	563,749	**16,053**	**5,178**	**191,615**	**776,595**	585,921	18,798	183,551	788,270
	653,852	**16,897**	**5,178**	**219,532**	**895,459**	683,717	19,475	210,959	914,151
Finance & Investments and Others	**130,789**	**57**	**–**	**71,635**	**202,481**	163,972	45	69,574	233,591
	784,641	**16,954**	**5,178**	**291,167**	**1,097,940**	847,689	19,520	280,533	1,147,742
HKFRS 16 impact	**49,919**	**1,555**	**918**	**(1,895)**	**50,497**	65,524	1,668	(1,408)	65,784
	834,560	**18,509**	**6,096**	**289,272**	**1,148,437**	913,213	21,188	279,125	1,213,526

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations

The Group's EBITDA and EBIT for the current year included the net gain attributable to shareholders from the disposal of interests in the Group's telecommunications tower assets in the United Kingdom (the "UK") that completed in November 2022 of HK$18,957 million (see note 5(b)(xvi)) and the Group's telecommunications business in Indonesia in January 2022 of HK$6,100 million (see note 5(b)(xvii)). This gain was partly offset by impairment of Wind Tre S.p.A.'s ("Wind Tre") goodwill of HK$11,039 million (see note 5(b)(xvi)), and the impairment charge against the assets of the Group's telecommunications business in Sri Lanka of HK$962 million (see note 5(b)(xvii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK$253 million (see note 5(b)(xviii)).

The Group's EBITDA and EBIT for the comparative year ended 31 December 2021 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2021 of HK$25,259 million (see note 5(b)(xvi)). This gain was partly offset by impairment of Wind Tre's goodwill of HK$15,472 million (see note 5(b)(xvi)), foreign exchange reclassification adjustment charge of HK$3,514 million (see note 5(b)(xviii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK$1,494 million (see note 5(b)(xviii)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBITDA before the following one-off items								
Ports and Related Services	**9,387**	**6,418**	**15,805**	**15%**	9,021	6,136	15,157	14%
Retail	**10,287**	**4,022**	**14,309**	**13%**	11,633	4,401	16,034	15%
Infrastructure	**3,996**	**24,819**	**28,815**	**27%**	3,345	26,291	29,636	28%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***23,864***	**–**	***23,864***	***23%***	*29,892*	–	*29,892*	*28%*
Hutchison Telecommunications Hong Kong Holdings	***998***	***60***	***1,058***	***1%***	*1,036*	*57*	*1,093*	*1%*
Corporate and Others	***(638)***	***(10)***	***(648)***	***-1%***	*2,280*	–	*2,280*	*2%*
	24,224	**50**	**24,274**	**23%**	33,208	57	33,265	31%
Hutchison Asia Telecommunications	**(94)**	**4,376**	**4,282**	**4%**	2,036	–	2,036	2%
Finance & Investments and Others	**1,942**	**16,780**	**18,722**	**18%**	(414)	10,734	10,320	10%
	49,742	**56,465**	**106,207**	**100%**	58,829	47,619	106,448	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**18,957**	**–**	**18,957**		25,259	–	25,259	
Gains from disposal of telecommunications business in Indonesia [xvii]	**6,100**	**–**	**6,100**		–	–	–	
Impairment of telecommunications business in Sri Lanka [xvii]	**(962)**	**–**	**(962)**		–	–	–	
Impairment of Wind Tre's goodwill [xvi]	**(11,039)**	**–**	**(11,039)**		(15,472)	–	(15,472)	
Foreign exchange reclassification adjustment [xviii]	**–**	**–**	**–**		(3,514)	–	(3,514)	
Share of Cenovus Energy's impairment charges [xviii]	**–**	**(253)**	**(253)**		–	(1,494)	(1,494)	
	62,798	**56,212**	**119,010** [##]		65,102	46,125	111,227 [##]	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2022 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2021 Total HK$ million	%
EBITDA before the following one-off items								
Hong Kong	**1,414**	**1,943**	**3,357**	**3%**	2,251	2,223	4,474	4%
Mainland China	**1,143**	**4,777**	**5,920**	**6%**	3,124	4,330	7,454	7%
The People's Republic of China	**2,557**	**6,720**	**9,277**	**9%**	5,375	6,553	11,928	11%
Europe	**34,460**	**18,427**	**52,887**	**49%**	41,843	20,309	62,152	58%
Canada	**246**	**1,795**	**2,041**	**2%**	261	1,557	1,818	2%
Asia, Australia and Others	**10,537**	**12,743**	**23,280**	**22%**	11,764	8,466	20,230	19%
	45,243	**32,965**	**78,208**	**73%**	53,868	30,332	84,200	79%
	47,800	**39,685**	**87,485**	**82%**	59,243	36,885	96,128	90%
Finance & Investments and Others	**1,942**	**16,780**	**18,722**	**18%**	(414)	10,734	10,320	10%
	49,742	**56,465**	**106,207**	**100%**	58,829	47,619	106,448	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**18,957**	**–**	**18,957**		25,259	–	25,259	
Gains from disposal of telecommunications business in Indonesia [xvii]	**6,100**	**–**	**6,100**		–	–	–	
Impairment of telecommunications business in Sri Lanka [xvii]	**(962)**	**–**	**(962)**		–	–	–	
Impairment of Wind Tre's goodwill [xvi]	**(11,039)**	**–**	**(11,039)**		(15,472)	–	(15,472)	
Foreign exchange reclassification adjustment [xviii]	**–**	**–**	**–**		(3,514)	–	(3,514)	
Share of Cenovus Energy's impairment charges [xviii]	**–**	**(253)**	**(253)**		–	(1,494)	(1,494)	
	62,798	**56,212**	**119,010 ##**		65,102	46,125	111,227 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2022 Total**		Company and Subsidiaries	Associates and JV	2021 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBIT before the following one-off items								
Ports and Related Services	**6,492**	**4,934**	**11,426**	**19%**	6,058	4,679	10,737	18%
Retail	**7,662**	**3,386**	**11,048**	**18%**	8,899	3,561	12,460	21%
Infrastructure	**3,692**	**15,141**	**18,833**	**32%**	3,013	16,082	19,095	32%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***5,564***	**–**	***5,564***	***9%***	*11,259*	–	*11,259*	*19%*
Hutchison Telecommunications Hong Kong Holdings	***(44)***	***14***	***(30)***	**–**	*130*	*12*	*142*	–
Corporate and Others	***(639)***	***(10)***	***(649)***	***-1%***	*2,274*	–	*2,274*	*4%*
	4,881	**4**	**4,885**	**8%**	13,663	12	13,675	23%
Hutchison Asia Telecommunications	**(476)**	**2,083**	**1,607**	**3%**	209	–	209	–
Finance & Investments and Others	**1,755**	**10,507**	**12,262**	**20%**	(630)	4,419	3,789	6%
	24,006	**36,055**	**60,061**	**100%**	31,212	28,753	59,965	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**18,957**	**–**	**18,957**		25,259	–	25,259	
Gains from disposal of telecommunications business in Indonesia [xvii]	**6,100**	**–**	**6,100**		–	–	–	
Impairment of telecommunications business in Sri Lanka [xvii]	**(962)**	**–**	**(962)**		–	–	–	
Impairment of Wind Tre's goodwill [xvi]	**(11,039)**	**–**	**(11,039)**		(15,472)	–	(15,472)	
Foreign exchange reclassification adjustment [xviii]	**–**	**–**	**–**		(3,514)	–	(3,514)	
Share of Cenovus Energy's impairment charges [xviii]	**–**	**(253)**	**(253)**		–	(1,494)	(1,494)	
	37,062	**35,802**	**72,864** [@@]		37,485	27,259	64,744 [@@]	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by geographical locations

	EBIT (LBIT) [xv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2022 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2021 Total HK$ million	%
EBIT before the following one-off items								
Hong Kong	**(50)**	**982**	**932**	**2%**	984	1,218	2,202	4%
Mainland China	**137**	**3,997**	**4,134**	**7%**	2,093	3,610	5,703	9%
The People's Republic of China	**87**	**4,979**	**5,066**	**9%**	3,077	4,828	7,905	13%
Europe	**14,209**	**12,139**	**26,348**	**44%**	21,122	13,524	34,646	58%
Canada	**246**	**1,129**	**1,375**	**2%**	261	857	1,118	2%
Asia, Australia and Others	**7,709**	**7,301**	**15,010**	**25%**	7,382	5,125	12,507	21%
	22,164	**20,569**	**42,733**	**71%**	28,765	19,506	48,271	81%
	22,251	**25,548**	**47,799**	**80%**	31,842	24,334	56,176	94%
Finance & Investments and Others	**1,755**	**10,507**	**12,262**	**20%**	(630)	4,419	3,789	6%
	24,006	**36,055**	**60,061**	**100%**	31,212	28,753	59,965	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**18,957**	**–**	**18,957**		25,259	–	25,259	
Gains from disposal of telecommunications business in Indonesia [xvii]	**6,100**	**–**	**6,100**		–	–	–	
Impairment of telecommunications business in Sri Lanka [xvii]	**(962)**	**–**	**(962)**		–	–	–	
Impairment of Wind Tre's goodwill [xvi]	**(11,039)**	**–**	**(11,039)**		(15,472)	–	(15,472)	
Foreign exchange reclassification adjustment [xviii]	**–**	**–**	**–**		(3,514)	–	(3,514)	
Share of Cenovus Energy's impairment charges [xviii]	**–**	**(253)**	**(253)**		–	(1,494)	(1,494)	
	37,062	**35,802**	**72,864** @@		37,485	27,259	64,744 @@	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

(xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(xvi) Included in the current year balance are a gain of HK$18,957 million (HK$19,060 million at Post-HKFRS 16 basis, see note 7(g)) arising from the disposal of interests in telecommunications tower assets in the UK completed in November 2022 and an impairment charge of HK$11,039 million (HK$11,039 million at Post-HKFRS 16 basis, see note 7(c)) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, both amount are reported under the Post-HKFRS 16 basis, the disposal gain of HK$19,060 million is reported in "Other income and gains" and the impairment charge of HK$11,039 million is reported in "Other expenses and losses".

Included in the comparative year balance are disposal gains of HK$25,259 million (HK$25,316 million at Post-HKFRS 16 basis, see note 7(g)) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of HK$15,472 million (HK$15,472 million at Post-HKFRS 16 basis, see note 7(c)) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gains of HK$25,316 million are reported in "Other income and gains" and the impairment charge of HK$15,472 million is reported in "Other expenses and losses".

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xvii) Hutchison Asia Telecommunications includes the Group's telecommunication businesses in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia. The merger was accounted for as a disposal of H3I and an acquisition attributable interests in IOH. Included in the current year balance are a disposal gain of HK$6,100 million (HK$7,245 million at Post-HKFRS 16 basis, see note 7(g)) arising from the completion of the merger and an impairment charge of HK$962 million (HK$1,000 million at Post-HKFRS 16 basis, see note 7(c)) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK$7,245 million is reported in "Other income and gains" and the impairment charge of HK$1,000 million is reported in "Other expenses and losses".

(xviii) Included in the current year balance is the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$253 million (HK$253 million at Post-HKFRS 16 basis) on certain refinery assets. The Group's share of this charge is HK$253 million (HK$253 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statements, the Group's share of this charge (after tax) is HK$193 million (HK$193 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".

Included in the comparative year balance are a charge of HK$3,514 million (HK$3,514 million at Post- HKFRS 16 basis) arising from (a) the merger of Husky Energy Inc. ("Husky") and Cenovus Energy and (b) the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$1,494 million (HK$1,494 million at Post-HKFRS 16 basis). Item (a) represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This charge is recorded at the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results and is included in "Other expenses and losses" in the consolidated income statement. See note 7(d). Item (b) represents the Group's share of impairment on Cenovus Energy's U.S. refinery assets. The Group's share of these impairment charges at the EBITDA and EBIT levels is HK1,494 million (HK$1,494 million at Post-HKFRS 16 basis), and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statement, the Group's share of this charge (after tax) is HK$1,352 million (HK$1,352 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".

(xix) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xx) Segment assets and segment liabilities

Segment assets are assets other than deferred tax assets, assets classified as held for sale, and investments in associated companies and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loans from non-controlling shareholders, tax liabilities (including deferred tax liabilities), liabilities directly associated with assets classified as held for sale and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

See note 5(b)(vi) and 5(b)(vii) for reconciliation of segment assets and segment liabilities from Pre-HKFRS 16 basis to Post-HKFRS 16 basis.

Geographical analysis of the Group's non-current assets (based on Post-HKFRS 16 basis) other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts is as follows:

	2022 **HK$ million**	2021 HK$ million
Hong Kong	**76,195**	74,941
Mainland China	**63,398**	72,148
The People's Republic of China	**139,593**	147,089
Europe	**487,612**	546,439
Canada	**59,262**	56,502
Asia, Australia and Others	**193,888**	192,551
	740,762	795,492
	880,355	942,581

(xxi) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(xxii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

(xxiii) See note 25.

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics

(i) Consolidated Income Statement

	2022			2021		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Revenue	**262,497**	**–**	**262,497**	280,847	–	280,847
Cost of inventories sold	**(101,766)**	**42**	**(101,724)**	(104,300)	34	(104,266)
Staff costs	**(37,170)**	**–**	**(37,170)**	(37,462)	–	(37,462)
Expensed customer acquisition and retention costs	**(14,927)**	**400**	**(14,527)**	(16,878)	467	(16,411)
Depreciation and amortisation	**(25,736)**	**(14,052)**	**(39,788)**	(27,617)	(17,639)	(45,256)
Other expenses and losses	**(72,767)**	**17,040**	**(55,727)**	(84,553)	20,795	(63,758)
Other income and gains	**26,931**	**1,249**	**28,180**	27,448	57	27,505
Share of profits less losses of:						
Associated companies	**12,282**	**(460)**	**11,822**	5,808	(90)	5,718
Joint ventures	**7,522**	**(100)**	**7,422**	6,605	(212)	6,393
	56,866	**4,119**	**60,985**	49,898	3,412	53,310
Interest expenses and other finance costs	**(6,818)**	**(2,234)**	**(9,052)**	(7,075)	(3,533)	(10,608)
Profit before tax	**50,048**	**1,885**	**51,933**	42,823	(121)	42,702
Current tax	**(5,438)**	**3**	**(5,435)**	(4,031)	2	(4,029)
Deferred tax credit (charge)	**(2,721)**	**(118)**	**(2,839)**	1,771	28	1,799
Profit after tax	**41,889**	**1,770**	**43,659**	40,563	(91)	40,472
Profit attributable to non-controlling interests and holders of perpetual capital securities	**(7,020)**	**41**	**(6,979)**	(7,063)	75	(6,988)
Profit attributable to ordinary shareholders	**34,869**	**1,811**	**36,680**	33,500	(16)	33,484
Earnings per share for profit attributable to ordinary shareholders	**HK$ 9.09**	**HK$ 0.48**	**HK$ 9.57**	HK$ 8.71	(HK$ 0.01)	HK$ 8.70

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	2022			2021		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Profit after tax	**41,889**	**1,770**	**43,659**	40,563	(91)	40,472
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Equity securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	**(1,493)**	**–**	**(1,493)**	265	–	265
Remeasurement of defined benefit obligations recognised directly in reserves	**701**	**–**	**701**	1,034	–	1,034
Share of other comprehensive income (losses) of associated companies	**(83)**	**–**	**(83)**	766	–	766
Share of other comprehensive income (losses) of joint ventures	**(520)**	**–**	**(520)**	1,684	–	1,684
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	**(255)**	**–**	**(255)**	80	–	80
	(1,650)	**–**	**(1,650)**	3,829	–	3,829
Items that may be reclassified to profit or loss						
Debt securities at FVOCI						
Valuation losses recognised directly in reserves	**(369)**	**–**	**(369)**	(60)	–	(60)
Valuation losses (gains) previously in reserves recognised in income statement	**2**	**–**	**2**	(7)	–	(7)
Gains on cash flow hedges recognised directly in reserves	**2,201**	**–**	**2,201**	1,020	–	1,020
Gains on net investment hedges recognised directly in reserves	**4,433**	**–**	**4,433**	1,767	–	1,767
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(16,578)**	**500**	**(16,078)**	(11,453)	886	(10,567)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**2,213**	**7**	**2,220**	2,913	–	2,913
Share of other comprehensive income (losses) of associated companies	**(2,526)**	**31**	**(2,495)**	(716)	8	(708)
Share of other comprehensive income (losses) of joint ventures	**(4,103)**	**42**	**(4,061)**	(2,201)	17	(2,184)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	**(12)**	**–**	**(12)**	(8)	–	(8)
	(14,739)	**580**	**(14,159)**	(8,745)	911	(7,834)
Other comprehensive income (losses), net of tax	**(16,389)**	**580**	**(15,809)**	(4,916)	911	(4,005)
Total comprehensive income	**25,500**	**2,350**	**27,850**	35,647	820	36,467
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	**(5,614)**	**(160)**	**(5,774)**	(6,551)	(202)	(6,753)
Total comprehensive income attributable to ordinary shareholders	**19,886**	**2,190**	**22,076**	29,096	618	29,714

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	2022			2021		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Non-current assets						
Fixed assets	**114,564**	**(1,914)**	**112,650**	133,174	(2,075)	131,099
Right-of-use assets	**–**	**59,337**	**59,337**	–	76,852	76,852
Leasehold land	**6,129**	**(6,129)**	**–**	6,717	(6,717)	–
Telecommunications licences	**60,689**	**–**	**60,689**	69,985	–	69,985
Brand names and other rights	**83,694**	**–**	**83,694**	89,019	–	89,019
Goodwill	**268,008**	**–**	**268,008**	289,340	–	289,340
Associated companies	**141,475**	**(764)**	**140,711**	138,116	(335)	137,781
Interests in joint ventures	**149,692**	**(1,131)**	**148,561**	142,417	(1,073)	141,344
Deferred tax assets	**16,954**	**1,555**	**18,509**	19,520	1,668	21,188
Liquid funds and other listed investments	**16,103**	**–**	**16,103**	8,227	–	8,227
Other non-current assets	**15,358**	**542**	**15,900**	13,970	232	14,202
	872,666	**51,496**	**924,162**	910,485	68,552	979,037
Current assets						
Cash and cash equivalents	**138,085**	**–**	**138,085**	153,133	–	153,133
Inventories	**23,283**	**–**	**23,283**	23,625	–	23,625
Trade receivables and other current assets	**58,728**	**(1,917)**	**56,811**	60,499	(2,768)	57,731
	220,096	**(1,917)**	**218,179**	237,257	(2,768)	234,489
Assets classified as held for sale	**5,178**	**918**	**6,096**	–	–	–
	225,274	**(999)**	**224,275**	237,257	(2,768)	234,489
Current liabilities						
Bank and other debts	**70,430**	**(300)**	**70,130**	66,564	(203)	66,361
Current tax liabilities	**4,040**	**(39)**	**4,001**	2,419	(17)	2,402
Lease liabilities	**–**	**12,128**	**12,128**	–	16,085	16,085
Trade payables and other current liabilities	**90,407**	**(1,278)**	**89,129**	98,006	(1,441)	96,565
	164,877	**10,511**	**175,388**	166,989	14,424	181,413
Liabilities directly associated with assets classified as held for sale	**207**	**920**	**1,127**	–	–	–
	165,084	**11,431**	**176,515**	166,989	14,424	181,413
Net current assets	**60,190**	**(12,430)**	**47,760**	70,268	(17,192)	53,076
Total assets less current liabilities	**932,856**	**39,066**	**971,922**	980,753	51,360	1,032,113
Non-current liabilities						
Bank and other debts	**214,963**	**(767)**	**214,196**	260,511	(1,073)	259,438
Interest bearing loans from non-controlling shareholders	**2,567**	**–**	**2,567**	759	–	759
Lease liabilities	**–**	**53,931**	**53,931**	–	68,994	68,994
Deferred tax liabilities	**20,145**	**(855)**	**19,290**	18,350	(967)	17,383
Pension obligations	**2,730**	**–**	**2,730**	3,466	–	3,466
Other non-current liabilities	**31,897**	**2**	**31,899**	37,817	1	37,818
	272,302	**52,311**	**324,613**	320,903	66,955	387,858
Net assets	**660,554**	**(13,245)**	**647,309**	659,850	(15,595)	644,255
Capital and reserves						
Share capital	**3,830**	**–**	**3,830**	3,834	–	3,834
Share premium	**242,972**	**–**	**242,972**	243,169	–	243,169
Reserves	**286,167**	**(9,456)**	**276,711**	277,795	(11,646)	266,149
Total ordinary shareholders' funds	**532,969**	**(9,456)**	**523,513**	524,798	(11,646)	513,152
Perpetual capital securities	**4,561**	**–**	**4,561**	12,414	–	12,414
Non-controlling interests	**123,024**	**(3,789)**	**119,235**	122,638	(3,949)	118,689
Total equity	**660,554**	**(13,245)**	**647,309**	659,850	(15,595)	644,255

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	2022			2021		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
	(A)		**(B)**	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**57,409**	**16,488**	**73,897**	65,644	20,289	85,933
Interest expenses and other finance costs paid (net of capitalisation)	**(6,817)**	**(2,234)**	**(9,051)**	(7,044)	(3,533)	(10,577)
Tax paid	**(3,552)**	**–**	**(3,552)**	(4,092)	–	(4,092)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	**47,040**	**14,254**	**61,294**	54,508	16,756	71,264
Changes in working capital	**(4,454)**	**(126)**	**(4,580)**	(19,423)	343	(19,080)
Net cash from operating activities	**42,586**	**14,128**	**56,714**	35,085	17,099	52,184
Investing activities						
Purchase of fixed assets	**(24,252)**	**367**	**(23,885)**	(28,489)	1,433	(27,056)
Additions to telecommunications licences	**(160)**	**–**	**(160)**	(8,158)	–	(8,158)
Additions to brand names and other rights	**(1,807)**	**–**	**(1,807)**	(4,429)	–	(4,429)
Purchase of subsidiary companies, net of cash acquired	**–**	**–**	**–**	(138)	–	(138)
Additions to unlisted investments	**(564)**	**–**	**(564)**	(142)	–	(142)
Repayments of loans from associated companies and joint ventures	**374**	**–**	**374**	1,044	–	1,044
Purchase of and advances to associated companies and joint ventures	**(3,464)**	**–**	**(3,464)**	(1,753)	–	(1,753)
Proceeds from disposal of fixed assets	**335**	**–**	**335**	438	–	438
Proceeds from disposal of subsidiary companies, net of cash disposed	**17,096**	**–**	**17,096**	38,425	–	38,425
Proceeds from partial disposal / disposal of associated companies and joint ventures	**5,226**	**–**	**5,226**	928	–	928
Proceeds from disposal of other unlisted investments	**2,336**	**–**	**2,336**	11	–	11
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	**(4,880)**	**367**	**(4,513)**	(2,263)	1,433	(830)
Disposal of liquid funds and other listed investments	**157**	**–**	**157**	318	–	318
Additions to liquid funds and other listed investments	**–**	**–**	**–**	(38)	–	(38)
Cash flows used in investing activities	**(4,723)**	**367**	**(4,356)**	(1,983)	1,433	(550)
Net cash inflow before financing activities	**37,863**	**14,495**	**52,358**	33,102	18,532	51,634
Financing activities						
New borrowings	**37,514**	**(367)**	**37,147**	72,334	(1,433)	70,901
Repayment of borrowings	**(68,242)**	**179**	**(68,063)**	(83,854)	308	(83,546)
Principal elements of lease payments	**–**	**(14,307)**	**(14,307)**	–	(17,407)	(17,407)
Net loans from non-controlling shareholders	**2,118**	**–**	**2,118**	47	–	47
Issue of equity securities by subsidiary companies to non-controlling shareholders	**85**	**–**	**85**	95	–	95
Payment to acquire additional interests in subsidiary companies	**(904)**	**–**	**(904)**	(1,955)	–	(1,955)
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	**–**	**–**	**–**	4,648	–	4,648
Redemption of perpetual capital securities by a subsidiary	**(7,800)**	**–**	**(7,800)**	(9,360)	–	(9,360)
Payments for buy-back and cancellation of issued shares	**(197)**	**–**	**(197)**	(1,239)	–	(1,239)
Dividends paid to ordinary shareholders	**(10,353)**	**–**	**(10,353)**	(9,627)	–	(9,627)
Dividends paid to non-controlling interests	**(4,816)**	**–**	**(4,816)**	(6,518)	–	(6,518)
Distribution paid on perpetual capital securities	**(316)**	**–**	**(316)**	(491)	–	(491)
Cash flows used in financing activities	**(52,911)**	**(14,495)**	**(67,406)**	(35,920)	(18,532)	(54,452)
Decrease in cash and cash equivalents	**(15,048)**	**–**	**(15,048)**	(2,818)	–	(2,818)
Cash and cash equivalents at 1 January	**153,133**	**–**	**153,133**	155,951	–	155,951
Cash and cash equivalents at 31 December	**138,085**	**–**	**138,085**	153,133	–	153,133

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows (continued)

	2022			2021		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	**138,085**	**–**	**138,085**	153,133	–	153,133
Liquid funds and other listed investments	**16,103**	**–**	**16,103**	8,227	–	8,227
Total cash, liquid funds and other listed investments	**154,188**	**–**	**154,188**	161,360	–	161,360
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	**287,297**	**(1,067)**	**286,230**	329,529	(1,276)	328,253
Interest bearing loans from non-controlling shareholders	**2,567**	**–**	**2,567**	759	–	759
Net debt	**135,676**	**(1,067)**	**134,609**	168,928	(1,276)	167,652
Interest bearing loans from non-controlling shareholders	**(2,567)**	**–**	**(2,567)**	(759)	–	(759)
Net debt (excluding interest bearing loans from non-controlling shareholders)	**133,109**	**(1,067)**	**132,042**	168,169	(1,276)	166,893

6 Directors' emoluments

	2022 HK$ million	2021 HK$ million
Directors' emoluments	537	500

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses and are included in "Staff costs" and "Other expenses and losses" in the consolidated income statement.

As at 31 December 2022 and 31 December 2021, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2021: nil).

In 2022, the five individuals whose emoluments were the highest for the year were four (2021: four) directors of the Company and one (2021: one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK$4.66 million (2021: HK$4.56 million); provident fund contribution of HK$0.37 million (2021: HK$0.36 million) and discretionary bonus of HK$23.85 million (2021: HK$26.68 million).

Further details of the directors' emoluments are set out in table below:

(a) Directors' emolument expenses recognised in the Group's consolidated income statement:

	2022					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.31	5.01	69.84	–	–	75.16
Paid by CKI	0.13	–	30.65	–	–	30.78
	0.44	5.01	100.49	–	–	105.94
FOK Kin Ning, Canning [3]	0.22	11.88	191.03	1.07	–	204.20
Frank John SIXT [3] [4]	0.28	9.03	65.96	0.77	–	76.04
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.67	9.93	–	–	11.82
Paid by CKI	0.10	1.80	12.45	–	–	14.35
	0.32	3.47	22.38	–	–	26.17
KAM Hing Lam						
Paid by the Company	0.22	2.47	9.24	–	–	11.93
Paid by CKI	0.08	4.20	11.42	–	–	15.70
	0.30	6.67	20.66	–	–	27.63
LAI Kai Ming, Dominic [3]	0.22	6.09	63.58	0.49	–	70.38
Edith SHIH [3] [4]	0.28	4.71	18.03	0.34	–	23.36
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHENG Hoi Chuen, Vincent [6]	0.29	–	–	–	–	0.29
Michael David KADOORIE [7]	0.21	–	–	–	–	0.21
Philip Lawrence KADOORIE [8] [9]	0.01	–	–	–	–	0.01
LEE Wai Mun, Rose [9] [10]	0.26	–	–	–	–	0.26
LEUNG LAU Yau Fun, Sophie [1] [9]	0.23	–	–	–	–	0.23
Paul Joseph TIGHE [9] [10]						
Paid by the Company	0.35	–	–	–	–	0.35
Paid by CKI	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam [2] [9] [10]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [9]	0.37	–	–	–	–	0.37
Total	5.35	46.86	482.13	2.67	–	537.01

6 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's consolidated income statement (continued):

	2021					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.31	4.89	63.50	–	–	68.70
Paid by CKI	0.13	–	29.55	–	–	29.68
	0.44	4.89	93.05	–	–	98.38
FOK Kin Ning, Canning [3]	0.22	11.57	178.97	1.04	–	191.80
Frank John SIXT [3] [4]	0.28	8.74	59.95	0.75	–	69.72
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	9.03	–	–	10.87
Paid by CKI	0.10	1.80	11.70	–	–	13.60
	0.32	3.42	20.73	–	–	24.47
KAM Hing Lam						
Paid by the Company	0.22	2.42	8.40	–	–	11.04
Paid by CKI	0.08	4.20	10.73	–	–	15.01
	0.30	6.62	19.13	–	–	26.05
LAI Kai Ming, Dominic [3]	0.22	5.93	57.79	0.48	–	64.42
Edith SHIH [3] [4]	0.28	4.58	16.39	0.33	–	21.58
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
LEUNG Siu Hon [11]	0.08	–	–	–	–	0.08
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-li, Stanley [12]	0.13	–	–	–	–	0.13
CHENG Hoi Chuen, Vincent [1] [2] [9] [10]	0.44	–	–	–	–	0.44
Michael David KADOORIE [9]	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose [9]	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie [9] [13]	–	–	–	–	–	–
Paul Joseph TIGHE [9] [10]						
Paid by the Company	0.30	–	–	–	–	0.30
Paid by CKI	0.20	–	–	–	–	0.20
	0.50	–	–	–	–	0.50
WONG Kwai Lam [2] [9] [10]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [9]	0.37	–	–	–	–	0.37
Total	5.39	45.75	446.01	2.60	–	499.75

(1) Member of the Nomination Committee.

(2) Member of the Remuneration Committee.

(3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.

(4) Member of the Sustainability Committee.

(5) Non-executive Director.

(6) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Passed away on 28 August 2022.

(7) Former Independent Non-executive Director. Resigned on 16 December 2022.

(8) Appointed on 16 December 2022.

(9) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.33 million (2021: HK$2.29 million).

(10) Member of the Audit Committee.

(11) Former Non-executive Director. Resigned on 13 May 2021.

(12) Former Independent Non-executive Director and member of the Audit Committee. Retired on 13 May 2021.

(13) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains

This note provides additional details in respect of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains.

	2022 HK$ million	2021 HK$ million
Cost of goods sold:		
included in "Cost of inventories sold"	**101,724**	104,266
included in "Expensed customer acquisition and retention costs"	**8,879**	10,487
	110,603	114,753

	2022 HK$ million	2021 HK$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	**17,515**	18,186
Right-of-use assets (see note 13(b))	**14,582**	18,153
Telecommunications licences (see note 14)	**919**	1,514
Brand names and other rights (see note 15)	**3,308**	3,603
Customer acquisition and retention costs (see note 21(a))	**3,464**	3,800
	39,788	45,256

	2022 HK$ million	2021 HK$ million
Other expenses and losses:		
Cost of providing services [(a)]	**(29,678)**	(26,148)
Office and general administrative expenses and others	**(3,762)**	(7,475)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	**(3,802)**	(4,103)
Advertising and promotion expenses	**(4,677)**	(5,109)
Legal and professional fees	**(1,404)**	(1,611)
Auditors' remuneration [(b)]	**(328)**	(326)
Impairment loss [(c)]		
Against goodwill on telecommunications business in Italy	**(11,039)**	(15,472)
Against goodwill and other assets on telecommunications business in Sri Lanka	**(1,000)**	–
Foreign exchange reclassification adjustment [(d)]	**–**	(3,514)
Losses on disposal of a subsidiary company [#]		
Other businesses	**(37)**	–
	(55,727)	(63,758)

[#] See note 34(d)

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

	2022 HK$ million	2021 HK$ million
Other income and gains:		
Rent concessions [e]	**188**	497
Employment and other subsidies [f]	**225**	941
Gains on disposals of unlisted investments	**515**	–
Gains on disposals of interests in associated companies and joint ventures	**947**	751
Gains on disposal of subsidiaries [g] #		
European telecommunications tower assets	**19,060**	25,316
Indonesia telecommunications businesses	**7,245**	–
	28,180	27,505

(a) Cost of providing services of HK$29,678 million (2021: HK$26,148 million) includes telecommunication network related costs of HK$17,395 million (2021: HK$14,106 million), repair and maintenance of HK$5,861 million (2021: HK$5,977 million) and others of HK$6,422 million (2021: HK$6,065 million).

(b) Auditors' remuneration of HK$328 million (2021: HK$326 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$224 million (2021: HK$241 million) and performed by other auditors of HK$12 million (2021: HK$14 million), and for non-audit work, including tax compliance and other tax related services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$56 million (2021: HK$33 million) and performed by other auditors of HK$36 million (2021: HK$38 million).

(c) Impairment loss

(i) For the current year, an impairment loss of HK$11,039 million arose in the telecommunications business in Italy ("Wind Tre"), which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

In late Q3 to Q4 2022, Italy has seen a series of downgrades in medium-term growth prospects for its economy from rating agency, the Bank of Italy, Italy's National Institute of Statistics, the Organisation for Economic Cooperation and Development, and the European Commission. Management has taken into consideration the decelerating outlooks of the Italian economy when it conducted the 2022 annual impairment testing. For the 2022 annual impairment testing for Wind Tre, the recoverable amount was determined based on the value-in-use ("VIU") calculations, as it was higher than the fair value less costs of disposal ("FVLCD") calculations. The VIU is measured using a discounted cash flow projection for the period covered by the forecast and a calculated terminal value at the end of the forecast period. The calculations used cash flow projections based on the latest financial budget covering a five-year 2023 – 2027 period and business plan approved by Wind Tre's management in Q4 2022, reflecting a lowered expectation on growth and reported service revenues, and heightened competition in the Italian market. As a result, the forecasted revenue and margin, including the future 5G revenue contribution, was lower as compared to the last financial budget covering the five year 2022 – 2026 period. The key assumptions and estimates used in preparing the discounted cash flow projection for the 2022 annual impairment testing have also been updated with caution to take into account the deteriorating growth prospects in the Italian economy, including a pre-tax discount rate of 8.3% (31 December 2021: 7.7%). Cash flows beyond the five-year period had been extrapolated using a growth rate of 1.3% (31 December 2021: 1%) to estimate the terminal value at the end of the five-year period. The results of the impairment testing showed that the carrying amount exceeded the estimated recoverable amount by HK$11,039 million. As a result, the Group recognised an impairment loss of HK$11,039 million against goodwill. No class of asset other than goodwill was impaired. An adverse change in a key assumption could result in a further impairment loss in the future periods. For illustration purposes, if the pre-tax discount rate applied to the cash flows used in the 2022 VIU calculations had been 10 basis points higher and all other variables remain unchanged, the impairment loss will increase by approximately HK$2,000 million, and if the growth rate used to estimate the terminal value at the end of the five-year period in the 2022 VIU calculations had been 10 basis points lower and all other variables remain unchanged, the impairment loss will increase by approximately HK$1,600 million. The sensitivity analysis is for illustration purposes only and it should be noted that in practice assumptions and estimates used in preparing discounted cash flow projection including those used in the 2022 VIU calculations do not necessarily change in isolation. Actual results in the future may differ materially from the sensitivity analyses.

See note 34(d)

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

(c) Impairment loss (continued)

(ii) For the current year, an impairment loss of HK$1,000 million arose in the telecommunications business in Sri Lanka, which is included as part of the Telecommunications segment under Hutchison Asia Telecommunications in note 5.

During the year, Sri Lanka was in the midst of a deep and unprecedented economic crisis and facing rampant fuel and food shortages. These external events led the Group to carry out an impairment test on this business at 30 June 2022 and as a result the Group recognised an impairment loss of HK$1,000 million in the first half of 2022, of which HK$174 million against goodwill and HK$826 million against telecommunications licences, tangible and other assets. The impairment loss was primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. An annual impairment testing on the telecommunications business in Sri Lanka was conducted at 31 December 2022. The results of the 2022 annual impairment test indicated that, saved for the impairment loss of HK$1,000 million already recorded in the first half of 2022, there were no impairment at 31 December 2022. The recoverable amount of this business was determined based on the VIU calculations, as it was not practical to arrive at the FVLCD calculations under the current circumstances. The VIU used discounted cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management. Key assumptions and estimates used to prepare the discounted cash flow model include a pre-tax discount rate of 20.6% for 2023 and 2024 to reflect the prevailing high interest rate in Sri Lanka and 12.2% in the outer years to reflect the expected economic recovery (31 December 2021: 8.3%), and a long term growth rate of 1% (31 December 2021: 3%) to estimate the terminal value at the end of the five-year period. An adverse change in a key assumption could result in a further impairment loss in the future periods. For illustration purposes, if the pre-tax discount rate applied to the cash flows used in the 2022 VIU calculations had been 10 basis points higher and all other variables remain unchanged, the impairment loss will increase by approximately HK$2 million, and if the growth rate used to estimate the terminal value at the end of the five-year period in the 2022 VIU calculations had been 10 basis points lower and all other variables remain unchanged, the impairment loss will increase by approximately HK$1 million. The sensitivity analysis is for illustration purposes only. It should be noted that in practice assumptions and estimates used in preparing discounted cash flow projection including those used in the 2022 VIU calculations do not necessarily change in isolation. Actual results in the future may differ materially from the sensitivity analyses.

(iii) For the comparative year, the impairment loss of HK$15,472 million arose in Wind Tre, which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

Following the completion of the disposal of telecommunications tower assets supporting the Group's mobile telecommunications businesses in Sweden and Italy in the first half of 2021, the Group reviewed whether there was any indication that its mobile telecommunications businesses may be impaired at 30 June 2021. With the exception of Wind Tre, the review had not identified any indication of possible impairment. Goodwill and intangible assets with indefinite useful life related to Wind Tre were tested for impairment at 30 June 2021, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the Group recognised an impairment loss of HK$15,472 million against goodwill in the first half of 2021, primarily resulted from the lowered expectation on 5G led growth and service revenues and heightened competition in the Italian market. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on the VIU calculations, as it was higher than the FVLCD calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 7.7% (31 December 2020: 7.7%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2020: 1%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2020 annual impairment test on this business. An annual impairment testing on Wind Tre was conducted at 31 December 2021. The results of the 31 December 2021 annual impairment tests indicated that, saved for the HK$15,472 million impairment loss against goodwill already recorded in the first half of 2021, there was no impairment at 31 December 2021.

7 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

(d) The comparative year balance represents foreign exchange losses previously recognised in reserves reclassified from equity to profit or loss as a reclassification adjustment upon completion of the merger of Husky and Cenovus Energy in the comparative year.

(e) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.

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

(g) Current year balance includes a gain arising from the disposal of telecommunications tower assets in the UK of HK$19,060 million and a gain arising from the merger of the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") of HK$7,245 million.

Comparative year balance mainly represented the gains on disposal of telecommunications tower assets in Sweden and Italy of HK$25,316 million.

8 Interest expenses and other finance costs

	2022 HK$ million	2021 HK$ million
Bank loans and overdrafts	**1,834**	1,156
Other loans	**4**	5
Notes and bonds	**4,809**	5,494
Interest bearing loans from non-controlling shareholders	**37**	11
Other finance costs	**149**	363
Amortisation of loan facilities fees and premiums or discounts relating to debts	**243**	329
Other non-cash interest adjustments [(a)]	**(242)**	(298)
	6,834	7,060
Less: interest capitalised	**(52)**	(29)
Interest on lease liabilities (see note 13(b))	**2,270**	3,577
	9,052	10,608

(a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK$420 million (2021: HK$709 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

9 Tax

	2022 HK$ million	2021 HK$ million
Current tax charge		
Hong Kong	**243**	179
Outside Hong Kong	**5,192**	3,850
	5,435	4,029
Deferred tax charge (credit)		
Hong Kong	**75**	34
Outside Hong Kong	**2,764**	(1,833)
	2,839	(1,799)
	8,274	2,230

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

During the comparative year ended 31 December 2021, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which was substantively enacted for HKFRS purposes on 24 May 2021. Deferred tax credit outside Hong Kong recognised during the comparative year includes the one-off impacts on re-measuring the deferred tax assets balances of subsidiary companies using this new enacted tax rate.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the jurisdiction concerned, and the Group's tax charge (credit) for the years were as follows:

	2022 HK$ million	2021 HK$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**4,883**	4,995
Tax effect of:		
Tax losses not recognised	**1,976**	2,855
Income not subject to tax	**(1,080)**	(1,637)
Expenses not deductible for tax purposes	**1,322**	885
Recognition of previously unrecognised tax losses	**(208)**	(69)
Utilisation of previously unrecognised tax losses	**(48)**	(93)
Under (over) provision in prior years	**223**	(176)
Other temporary differences	**1,037**	(2,094)
Effect of change in tax rate	**169**	(2,436)
Total tax for the year	**8,274**	2,230

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$36,680 million (2021: HK$33,484 million) and on weighted average number of 3,834,106,390 shares outstanding during the year of 2022 (2021: weighted average number of 3,847,582,641 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2022 and 31 December 2021. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2022 and 31 December 2021. The employee share options of these associated companies outstanding as at 31 December 2022 and 31 December 2021 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2022 HK$ million	2021 HK$ million
Distribution paid on perpetual capital securities	**316**	491

(b) Dividends

	2022 HK$ million	2021 HK$ million
Interim dividend, paid of HK$0.84 per share (2021: HK$0.80 per share)	**3,221**	3,072
Final dividend, proposed of HK$2.086 per share (2021: HK$1.86 per share)	**7,989**	7,132
	11,210	10,204

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2022. The amount of the 2022 proposed final dividend is expected to be paid on 8 June 2023 out of retained profit.

12 Fixed assets

	Land and buildings HK$ million	Telecom-munications network assets HK$ million	Other assets[(a)] HK$ million	Total HK$ million
Cost				
At 1 January 2021	29,239	81,084	83,150	193,473
Additions	1,189	3,866	22,001	27,056
Relating to subsidiaries acquired (see note 34(c))	263	–	526	789
Disposals	(74)	(773)	(1,391)	(2,238)
Relating to subsidiaries disposed (see note 34(d))	(104)	(9,237)	(46)	(9,387)
Transfer between categories	31	10,873	(10,904)	–
Exchange translation differences	(879)	(3,388)	(3,314)	(7,581)
At 31 December 2021 and 1 January 2022	**29,665**	**82,425**	**90,022**	**202,112**
Additions	**702**	**1,479**	**21,704**	**23,885**
Disposals	**(49)**	**(1,423)**	**(3,266)**	**(4,738)**
Relating to subsidiaries disposed (see note 34(d))	**–**	**(14,083)**	**(2,265)**	**(16,348)**
Transfer between categories	**80**	**11,250**	**(11,330)**	**–**
Exchange translation differences	**(1,417)**	**(5,357)**	**(5,830)**	**(12,604)**
Transfer to assets classified as held for sale (see note 25)	**–**	**(3,786)**	**(200)**	**(3,986)**
At 31 December 2022	**28,981**	**70,505**	**88,835**	**188,321**
Accumulated depreciation and impairment				
At 1 January 2021	5,401	26,632	29,339	61,372
Charge for the year	1,095	9,340	7,751	18,186
Disposals	(40)	(537)	(1,170)	(1,747)
Relating to subsidiaries disposed (see note 34(d))	(6)	(4,547)	(2)	(4,555)
Transfer between categories	6	(115)	109	–
Exchange translation differences	(113)	(1,073)	(1,057)	(2,243)
At 31 December 2021 and 1 January 2022	**6,343**	**29,700**	**34,970**	**71,013**
Charge for the year	**1,108**	**8,785**	**7,622**	**17,515**
Impairment recognised	**1**	**318**	**158**	**477**
Disposals	**(38)**	**(1,251)**	**(2,917)**	**(4,206)**
Relating to subsidiaries disposed (see note 34(d))	**–**	**(3,777)**	**(319)**	**(4,096)**
Transfer between categories	**6**	**–**	**(6)**	**–**
Exchange translation differences	**(210)**	**(1,991)**	**(1,990)**	**(4,191)**
Transfer to assets classified as held for sale (see note 25)	**–**	**(841)**	**–**	**(841)**
At 31 December 2022	**7,210**	**30,943**	**37,518**	**75,671**
Net book value				
At 31 December 2022	**21,771**	**39,562**	**51,317**	**112,650**
At 31 December 2021	23,322	52,725	55,052	131,099
At 1 January 2021	23,838	54,452	53,811	132,101

(a) Net book value of other assets of HK$51,317 million (2021: HK$55,052 million) primarily relate to fixed assets used in business of Ports and related services of HK$18,984 million (2021: HK$18,341 million), Telecommunications of HK$23,327 million (2021: HK$26,658 million), and Infrastructure of HK$1,376 million (2021: HK$1,554 million).

As at 31 December 2022, other assets with a net book value of HK$18,753 million (2021: HK$18,865 million) are assets under construction.

12 Fixed assets (continued)

(b) The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year	**95**	134
Between 1 and 2 years	**31**	65
Between 2 and 3 years	**11**	22
Between 3 and 4 years	**11**	14
Between 4 and 5 years	**3**	11
After 5 years	**6**	10
	157	256

13 Leases

(a) Group as a lessee – amounts recognised in the consolidated statement of financial position

	2022 HK$ million	2021 HK$ million
Right-of-use assets		
Container terminals	**15,225**	17,020
Retail stores	**20,715**	23,399
Telecommunications network infrastructure sites	**13,085**	25,275
Leasehold land	**6,129**	6,717
Other assets	**4,183**	4,441
	59,337	76,852
Lease liabilities		
Current	**12,128**	16,085
Non-current	**53,931**	68,994
	66,059	85,079

On leases that commenced during the year, the Group has recognised HK$6,539 million (2021: HK$11,266 million) of right-of-use assets, and HK$6,528 million (2021: HK$11,223 million) of lease liabilities.

13 Leases (continued)

(b) Group as a lessee – amounts recognised in the consolidated income statement

	2022 HK$ million	2021 HK$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	**714**	659
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	**649**	948
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	**2,439**	2,496
	3,802	4,103
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	**1,179**	1,244
Retail stores	**6,919**	7,807
Telecommunications network infrastructure sites	**4,885**	7,430
Leasehold land	**351**	362
Other assets	**1,248**	1,310
	14,582	18,153
Interest on lease liabilities (included in "Interest expenses and other finance costs")	**2,270**	3,577
Total charges recognised in profit or loss for leases	**20,654**	25,833

(c) Group as a lessee – amounts recognised in the consolidated statement of cash flows

	2022 HK$ million	2021 HK$ million
Within operating cash flows	**5,716**	7,500
Within financing cash flows (see note 34(e))	**14,307**	17,407
Total cash outflows for leases	**20,023**	24,907

(d) Group as lessee – other lease disclosure

Variable lease payments

Some retail store leases contain variable payment terms that are linked to sales generated from a store. There is a wide range of sales percentages applied to such leases. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$22 million (2021: approximately 0.1% or HK$28 million).

13 Leases (continued)

(d) Group as lessee – other lease disclosure (continued)

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2022, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$8,385 million (2021: HK$12,290 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2022, residual value guarantee of HK$11 million (2021: HK$12 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2022, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK$87 million (2021: HK$131 million). This amount has not been included in calculating the lease liabilities as at 31 December 2022.

Restriction or covenants imposed by leases

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.

(e) Group as lessor

	2022 HK$ million	2021 HK$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	**159**	139

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2022 HK$ million	2021 HK$ million
Within 1 year	**150**	120
Between 1 and 2 years	**86**	50
Between 2 and 3 years	**60**	36
Between 3 and 4 years	**41**	28
Between 4 and 5 years	**37**	20
After 5 years	**57**	44
	431	298

In addition, the Group has recognised income of HK$208 million (2021: HK$238 million) from leasing of fixed assets for the year ended 31 December 2022.

14 Telecommunications licences

	2022 HK$ million	2021 HK$ million
Net book value		
At 1 January	**69,985**	66,944
Additions	**160**	8,158
Amortisation for the year	**(919)**	(1,514)
Impairment charge for the year	**(152)**	–
Relating to subsidiaries disposed (see note 34(d))	**(3,836)**	–
Exchange translation differences	**(4,549)**	(3,603)
At 31 December	**60,689**	69,985
Cost	**67,054**	77,304
Accumulated amortisation and impairment	**(6,365)**	(7,319)
	60,689	69,985

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life. At 31 December 2022, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK$18,924 million and HK$32,527 million respectively (2021: HK$20,781 million and HK$34,643 million respectively) have been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK$ million	Other rights HK$ million	Total HK$ million
Net book value			
At 1 January 2021	70,878	20,575	91,453
Additions	–	4,429	4,429
Relating to subsidiaries acquired (see note 34(c))	–	12	12
Amortisation for the year	(12)	(3,591)	(3,603)
Disposal	–	(3)	(3)
Relating to subsidiaries disposed (see note 34(d))	–	(333)	(333)
Exchange translation differences	(1,786)	(1,150)	(2,936)
At 31 December 2021 and 1 January 2022	**69,080**	**19,939**	**89,019**
Additions	**–**	**1,807**	**1,807**
Amortisation for the year	**(12)**	**(3,296)**	**(3,308)**
Impairment charge for the year	**–**	**(11)**	**(11)**
Disposal	**–**	**(2)**	**(2)**
Exchange translation differences	**(2,169)**	**(1,642)**	**(3,811)**
At 31 December 2022	**66,899**	**16,795**	**83,694**
Cost	**66,985**	**31,825**	**98,810**
Accumulated amortisation	**(86)**	**(15,030)**	**(15,116)**
	66,899	**16,795**	**83,694**

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2022 of HK$49,294 million (2021: HK$50,060 million) and HK$17,424 million (2021: HK$18,812 million) has been attributed to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2022, the carrying value of these rights amounted to HK$10,433 million (2021: HK$12,017 million) and HK$6,362 million (2021: HK$7,922 million) respectively.

16 Goodwill

	2022 HK$ million	2021 HK$ million
Net book value		
At 1 January	**289,340**	319,718
Impairment charge for the year	**(11,213)**	(15,472)
Relating to subsidiaries acquired (see note 34(c))	**–**	623
Relating to subsidiaries disposed (see note 34(d))	**(1,119)**	(7,681)
Transfer to asset classified as held for sale (see note 25)	**(2,012)**	–
Exchange translation differences	**(6,988)**	(7,848)
At 31 December	**268,008**	289,340
Cost	**293,070**	304,094
Accumulated impairment	**(25,062)**	(14,754)
	268,008	289,340

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). As at 31 December 2022, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK$81,771 million (2021: HK$103,097 million), Retail segment of HK$114,098 million (2021: HK$114,104 million), and Infrastructure segment of HK$39,123 million (2021: HK$39,123 million).

Management tests whether goodwill and intangible assets that have an indefinite useful life (including certain telecommunication licences and brand names as set out in notes 14 and 15) have suffered any impairment on an annual basis and when there is an indication these assets may be impaired. The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2022. Results of the 31 December 2022 annual impairment tests indicated that, saved for HK$11,039 million and HK$174 million impairment charges against goodwill allocated to the telecommunication businesses in Italy and Sri Lanka respectively, with details as set out in note 7(c), there was no impairment loss in respect of these assets at 31 December 2022. In performing the impairment tests for these assets, the management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances, save as disclosed in note 7(c), that could cause the carrying amount of these assets to exceed their recoverable amount. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2022 annual impairment tests for the Telecommunications and Retail operations.

16 Goodwill (continued)

The recoverable amounts of the Group's Telecommunications operations at 31 December 2022 were determined based on VIU calculations. VIU is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The VIU amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections and the growth rate used for extrapolation purposes as well as the 5G revenue expectation. A discount rate (pre-tax) ranging from 4.8% to 20.6% (2021: 0.7% to 9.3%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 0% to 2% p.a. (2021: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The recoverable amounts of the Group's Retail operations at 31 December 2022 were determined based on FVLCD calculation. Fair value is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period (a Level 3 fair value hierarchy). The cash flows are based on the latest approved financial budgets for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The FVLCD amount derived from the cash flow projections is sensitive to the discount rate used for the discounted cash flow projections and the growth rate used for extrapolation purposes. A discount rate (post-tax) of 8.4% (2021: 4.9%) has been applied. In estimating the terminal value at the end of the five-year period, a growth rate, for the purpose of impairment testing calculation, of 4.2% p.a. (2021: 2.2% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Please refer to note 46(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

17 Associated companies

	2022 HK$ million	2021 HK$ million
Unlisted shares	**9,071**	9,059
Listed shares, Hong Kong	**62,919**	62,919
Listed shares, outside Hong Kong	**81,012**	81,012
Share of undistributed post acquisition reserves	**(15,264)**	(18,376)
	137,738	134,614
Amounts due from (net with amounts due to) associated companies [(a)]	**2,973**	3,167
	140,711	137,781

The market value of the above listed investments at 31 December 2022 was HK$117,220 million (2021: HK$120,336 million), inclusive of HK$47,735 million (2021: HK$29,965 million) and HK$32,811 million (2021: HK$37,300 million) for associated companies, Cenovus Energy and Power Assets Holdings Limited ("Power Assets") respectively.

There are no material contingent liabilities relating to the Group's interests in associated companies, save for those disclosed in note 37.

(a) Amounts due from (net with amounts due to) associated companies

	2022 HK$ million	2021 HK$ million
Amounts due from associated companies [(i)]		
Interest free	**398**	415
Interest bearing at fixed rates [(ii)]	**2,739**	2,912
Interest bearing at floating rates [(iii)]	**405**	407
	3,542	3,734
Amounts due to associated companies [(iv)]		
Interest free	**569**	567
Amounts due from (net with amounts due to) associated companies	**2,973**	3,167

17 Associated companies (continued)

(a) Amounts due from (net with amounts due to) associated companies (continued)

(i) At 31 December 2022 and 2021, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK$4 million (2021: HK$34 million) which are repayable within one year.

Amounts due from associated companies are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from associated companies. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(ii) At 31 December 2022, HK$2,739 million (2021: HK$2,912 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2021: 4.7% to 11.2%) per annum.

(iii) At 31 December 2022, HK$405 million (2021: HK$407 million) bear interests at floating rates ranging from approximately 3.4% to 4.1% (2021: 1.2% to 1.6%) per annum with reference to Euro Interbank Offered Rate ("EURIBOR") and Hong Kong Interbank Offered Rate, where applicable.

(iv) At 31 December 2022 and 2021, the amounts due to associated companies are unsecured and have no fixed terms of repayment.

(b) Material associated companies

Set out below are additional information in respect of the Group's material associated company:

	2022		2021	
	Cenovus Energy HK$ million	**Power Assets HK$ million**	Cenovus Energy HK$ million	Power Assets HK$ million
Dividends received from associated companies	**866**	**2,164**	171	2,164
Gross amount of the following items of the associated companies [(i)]:				
Total revenue	**403,798**	**1,265**	282,983	1,276
EBITDA	**84,536**	**18,292**	41,584	19,158
EBIT	**57,982**	**12,533**	14,712	13,200
Other comprehensive income (losses)	**(10,721)**	**581**	(1,867)	1,880
Total comprehensive income	**28,252**	**6,230**	1,630	8,019
Current assets	**71,348**	**6,880**	73,127	4,963
Non-current assets	**354,131**	**125,278**	365,429	127,027
Current liabilities	**46,041**	**4,038**	44,561	3,553
Non-current liabilities	**116,287**	**3,632**	141,465	3,983
Net assets (net of preferred shares and non-controlling interests)	**260,097**	**124,488**	249,291	124,454
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	**16.6%**	**36.0%**	15.8%	36.0%
Group's share of net assets	**43,176**	**44,832**	39,488	44,754
Carrying amount	**43,176**	**44,832**	39,488	44,754

17 Associated companies (continued)

(b) Material associated companies (continued)

The carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK$52,703 million (2021: HK$53,539 million).

	2022				2021			
	Cenovus Energy	**Power Assets**	**Other associated companies**	**Total**	Cenovus Energy	Power Assets	Other associated companies	Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Group's share of the following items of the associated companies [(i)]:								
Profits less losses after tax	**6,333**	**2,033**	**3,456**	**11,822**	540	2,208	2,970	5,718
Other comprehensive income (losses)	**(1,778)**	**210**	**(1,010)**	**(2,578)**	(296)	676	(322)	58
Total comprehensive income	**4,555**	**2,243**	**2,446**	**9,244**	244	2,884	2,648	5,776

(i) After translation into Hong Kong dollar and consolidation adjustments.

Particulars regarding the principal associated companies are set forth on pages 263 to 266.

18 Interests in joint ventures

	2022	2021
	HK$ million	HK$ million
Unlisted shares	**118,039**	100,030
Share of undistributed post acquisition reserves	**1,049**	4,079
	119,088	104,109
Amounts due from (net with amounts due to) joint ventures [(a)]	**29,473**	37,235
	148,561	141,344

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save for those disclosed in note 37.

18 Interests in joint ventures (continued)

(a) Amounts due from (net with amounts due to) joint ventures

	2022 HK$ million	2021 HK$ million
Amounts due from joint ventures [(i)]		
Interest free	**2,764**	2,144
Interest bearing at fixed rates [(ii)]	**9,650**	16,607
Interest bearing at floating rates [(iii)]	**17,378**	18,865
	29,792	37,616
Amounts due to joint ventures [(iv)]		
Interest free	**319**	381
Amounts due from (net with amounts due to) joint ventures	**29,473**	37,235

(i) At 31 December 2022 and 2021, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$1,650 million which are repayable within one to three years (2021: HK$49 million which are repayable within one to four years).

Amounts due from joint ventures are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from joint ventures. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(ii) At 31 December 2022, HK$9,650 million (2021: HK$16,607 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2021: 4.4% to 11.0%) per annum.

(iii) At 31 December 2022, HK$17,378 million (2021: HK$18,865 million) bear interests at floating rates ranging from approximately 4.9% to 14.1% (2021: 1.7% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate, London Interbank Offered Rate and Sterling Overnight Index Average rate, where applicable.

(iv) At 31 December 2022 and 2021, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2022 HK$ million	2021 HK$ million
Profits less losses after tax	**7,422**	6,393
Other comprehensive income (losses)	**(4,581)**	(500)
Total comprehensive income	**2,841**	5,893
Capital commitments	**4,811**	4,377

As at 31 December 2022 and 2021, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 263 to 266.

19 Deferred tax

	2022 HK$ million	2021 HK$ million
Deferred tax assets	**18,509**	21,188
Deferred tax liabilities	**19,290**	17,383
Net deferred tax assets (liabilities)	**(781)**	3,805

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**3,805**	2,254
Relating to subsidiaries acquired	**–**	(76)
Relating to subsidiaries disposed	**(33)**	(58)
Transfer to current tax	**(10)**	(22)
Net credit (charge) to other comprehensive income	**(267)**	72
Net credit (charge) to the consolidated income statement		
Tax losses	**337**	2,173
Accelerated depreciation allowances	**(24)**	(233)
Fair value adjustments arising from acquisitions	**(249)**	(211)
Withholding tax on undistributed profits	**(520)**	(50)
Other temporary differences	**(2,383)**	120
Exchange translation differences	**(1,437)**	(164)
At 31 December	**(781)**	3,805

Analysis of net deferred tax assets (liabilities):

	2022 HK$ million	2021 HK$ million
Tax losses	**14,703**	15,695
Accelerated depreciation allowances	**(2,555)**	(2,423)
Fair value adjustments arising from acquisitions	**(11,625)**	(11,536)
Revaluation of investment properties and other investments	**16**	29
Withholding tax on undistributed profits	**(875)**	(371)
Other temporary differences	**(445)**	2,411
	(781)	3,805

19 Deferred tax (continued)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The 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.

At 31 December 2022, the Group has recognised accumulated deferred tax assets amounting to HK$18,509 million (2021: HK$21,188 million) of which HK$15,191 million (2021: HK$18,073 million) relates to **3** Group Europe.

Note 46(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

The Group has not recognised deferred tax assets of HK$29,082 million at 31 December 2022 (2021: HK$39,282 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$131,153 million (2021: HK$176,604 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$91,882 million (2021: HK$112,190 million) can be carried forward indefinitely and the balances expire in the following years:

	2022 **HK$ million**	2021 HK$ million
In the first year	**1,294**	2,503
In the second year	**1,314**	5,896
In the third year	**1,188**	2,847
In the fourth year	**898**	3,911
After the fourth year	**34,577**	49,257
	39,271	64,414

20 Liquid funds and other listed investments

	2022 HK$ million	2021 HK$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong [c]	**40**	41
Financial assets at FVOCI [d]		
Listed equity securities, Hong Kong [e]	**608**	701
Listed equity securities, outside Hong Kong [e]	**9,096**	557
Managed funds – listed equity securities, outside Hong Kong [e]	**–**	260
Managed funds – listed debt securities, outside Hong Kong [b] [f]	**6,359**	6,668
	16,103	8,227

(a) At 31 December, liquid funds and other listed investments totalling HK$16,103 million (2021: HK$8,227 million) are denominated in the following currencies:

	2022		2021	
	Financial assets at amortised cost Percentage	**Financial assets at FVOCI Percentage**	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage
HK dollar	**–**	**4%**	–	9%
US dollar	**60%**	**39%**	56%	83%
Other currencies	**40%**	**57%**	44%	8%
	100%	**100%**	100%	100%

See note 41(a) for further analysis.

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK$6,359 million (2021: HK$6,668 million) presented above are analysed as follows:

	2022	2021
	Financial assets at FVOCI	Financial assets at FVOCI
	Percentage	Percentage
Credit ratings		
Aaa / AAA	**12%**	18%
Aa1 / AA+	**87%**	81%
Other investment grades	**1%**	1%
	100%	100%
Sectorial		
US Treasury notes	**73%**	77%
Government and government guaranteed notes	**23%**	14%
Others	**4%**	9%
	100%	100%
Weighted average maturity	**2.6 years**	1.7 years
Weighted average effective yield	**1.54%**	1.36%

(c) "Managed funds – cash and cash equivalents" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Managed funds – cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.

(d) The fair values are based on quoted market prices.

(e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair values through other comprehensive income. As at 31 December 2022, the Group has collar agreements with banks to hedge fair value of certain of these listed equity securities. The balances of the listed equity securities, outside Hong Kong at 31 December 2022 includes HK$216 million fair values of these collar agreements. The Group considered this FVOCI category to be an appropriate classification.

(f) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2022 and 31 December 2021 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

21 Other non-current assets

	2022 HK$ million	2021 HK$ million
Investment properties (see note 22)	**408**	408
Customer acquisition and retention costs [(a)]	**3,660**	3,775
Contract assets (see note 24(b))	**2,095**	2,746
Unlisted investments		
Financial assets at FVOCI – equity securities [(b)]	**2,451**	2,506
Financial assets at fair value through profit or loss – equity securities	**417**	2,648
Financial assets at fair value through profit or loss – debt securities	**555**	165
Pension assets (see note 30)	**1,311**	1,032
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**84**	42
Cross currency interest rate swaps	**132**	118
Other contracts	**3,081**	52
Net investment hedges		
Cross currency swaps	**1,164**	441
Other derivative financial instruments	**–**	37
Lease receivables [(c)]	**542**	232
	15,900	14,202

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's consolidated income statement of HK$3,464 million (2021: HK$3,800 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(c) Lease receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

22 Investment properties

Investment properties are included in "Other non-current assets" (see note 21) in the consolidated statement of financial position.

	2022 HK$ million	2021 HK$ million
Valuation		
At 1 January	**408**	396
Increase in fair value of investment properties	**–**	12
At 31 December	**408**	408

At 31 December 2022, investment properties amounting to HK$408 million (2021: HK$408 million) were measured at fair value based on value inputs, other than quoted prices, that were observable either directly or indirectly. The fair values of the investment properties at 31 December 2022 and 2021 were determined based on a valuation carried out by Cushman & Wakefield Limited, professional valuers. The valuation which reflected the highest and best use was arrived at by reference to comparable market transactions and also took reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

At 31 December 2022 and 2021, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2022 HK$ million	2021 HK$ million
Cash at bank and in hand	**27,769**	35,004
Short term bank deposits	**110,316**	118,129
	138,085	153,133

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

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of these assets.

See note 41(a) for further analysis.

24 Trade receivables and other current assets

	2022 HK$ million	2021 HK$ million
Trade receivables [a]	**18,650**	20,494
Less: loss allowance provision	**(3,705)**	(3,797)
	14,945	16,697
Other current assets		
Derivative financial instruments		
Fair value hedges – Interest rate swaps	**–**	4
Cash flow hedges		
Interest rate swaps	**153**	–
Cross currency interest rate swaps	**622**	57
Forward foreign exchange contracts	**1**	2
Other contracts	**167**	719
Net investment hedges		
Cross currency interest rate swaps	**112**	–
Forward foreign exchange contracts	**44**	555
Cross currency swaps	**9**	213
Contract assets [b]	**4,219**	4,853
Prepayments	**22,978**	19,415
Other receivables [c]	**13,433**	15,123
Current tax receivables	**128**	93
	56,811	57,731

(a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 45 days. Trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, after netting of provision for estimated impairment losses. Given the profile of the Group's customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 5% of the Group's revenue for the year ended 31 December 2022 (2021: less than 6%).

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2022 HK$ million	2021 HK$ million
Less than 31 days	**10,609**	12,927
Within 31 to 60 days	**1,704**	1,931
Within 61 to 180 days	**1,681**	1,559
Over 180 days	**4,656**	4,077
	18,650	20,494

24 Trade receivables and other current assets (continued)

Movements on the loss allowance provision for trade receivables are as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**3,797**	2,639
Additions	**998**	1,757
Utilisations	**(763)**	(459)
Write back	**(61)**	(20)
Exchange translation differences	**(266)**	(120)
At 31 December	**3,705**	3,797

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing bands are set out below.

	2022			2021		
	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage
Not past due	**9,169**	**95**	**1%**	11,880	255	2%
Past due less than 31 days	**2,918**	**82**	**3%**	2,768	155	6%
Past due within 31 to 60 days	**782**	**79**	**10%**	816	124	15%
Past due within 61 to 180 days	**1,312**	**384**	**29%**	1,118	462	41%
Past due over 180 days	**4,469**	**3,065**	**69%**	3,912	2,801	72%
	18,650	**3,705**		20,494	3,797	

24 Trade receivables and other current assets (continued)

(b) As at 31 December 2022, contract assets of HK$4,219 million (2021: HK$4,853 million) and HK$2,095 million (2021: HK$2,746 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK$1,525 million (2021: HK$1,390 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**1,390**	1,512
Additions	**921**	1,056
Utilisations	**(643)**	(1,033)
Write back	**(55)**	(87)
Exchange translation differences	**(88)**	(58)
At 31 December	**1,525**	1,390

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to trade receivables for similar customer bases. The Group makes reference to the expected credit loss provision rates for trade receivables to measure the contract assets' expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

(c) Other receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of other receivables.

25 Assets and liabilities classified as held for sale

	2022 HK$ million	2021 HK$ million
Assets classified as held for sale		
Disposal group held for sale	**6,096**	–
Liabilities directly associated with assets classified as held for sale	**1,127**	–

Subsequent to the reporting date, Wind Tre, a wholly owned subsidiary, and Iliad Italia S.p.A. ("Iliad") announced in January 2023 the completion of Zefiro Net S.r.l., a 50:50 joint venture whose share capital is equally owned by Wind Tre and Iliad. Both parties will jointly manage their respective mobile phone networks in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into this new joint venture are classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 are as follows:

	2022 HK$ million	2021 HK$ million
Assets		
Fixed assets	**3,145**	–
Right-of-use assets	**918**	–
Goodwill	**2,012**	–
Trade receivables	**21**	–
Assets classified as held for sale	**6,096**	–
Liabilities		
Lease liabilities	**920**	–
Provisions	**205**	–
Other non-current liabilities	**2**	–
Liabilities directly associated with assets classified as held for sale	**1,127**	–
Net assets directly associated with disposal group	**4,969**	–

	2022 HK$ million	2021 HK$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve deficit	**(324)**	–
Reserves of disposal group classified as held for sale	**(324)**	–

Disposal group held for sale is presented within total assets and total liabilities of "Telecommunications: CK Hutchison Group Telecom – **3** Group Europe" segment in note 5(b)(vi), 5(b)(vii) respectively and total assets of "Europe" in note 5(b)(xii).

26 Bank and other debts

	2022			2021		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Principal amounts						
Bank loans	**40,697**	**53,806**	**94,503**	36,309	63,006	99,315
Other loans	**4**	**225**	**229**	4	247	251
Notes and bonds	**29,505**	**159,370**	**188,875**	30,030	195,485	225,515
	70,206	**213,401**	**283,607**	66,343	258,738	325,081
Unamortised fair value adjustments arising from acquisitions	**–**	**2,623**	**2,623**	180	2,992	3,172
Subtotal before the following items	**70,206**	**216,024**	**286,230**	66,523	261,730	328,253
Unamortised loan facilities fees and premiums or discounts related to debts	**(76)**	**(1,828)**	**(1,904)**	(66)	(2,292)	(2,358)
Adjustments to carrying amounts pursuant to unrealised losses on interest rate swap contracts	**–**	**–**	**–**	(96)	–	(96)
	70,130	**214,196**	**284,326**	66,361	259,438	325,799

26 Bank and other debts (continued)

Details of the bank and other debts by principal amounts are as follows:

	2022			2021		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	**40,697**	**53,806**	**94,503**	36,309	63,006	99,315
Other loans	**4**	**225**	**229**	4	247	251
Notes and bonds						
HK$2,413 million notes, 3-mth HIBOR^ + 0.32% due 2024	**–**	**2,413**	**2,413**	–	2,413	2,413
HK$260 million notes, 4% due 2027	**–**	**260**	**260**	–	260	260
US$1,500 million notes, 4.625% due 2022	**–**	**–**	**–**	11,700	–	11,700
US$1,000 million notes, 2.875% due 2022	**–**	**–**	**–**	7,800	–	7,800
US$500 million notes, 3.25% due 2022	**–**	**–**	**–**	3,900	–	3,900
US$750 million notes, 2.75% due 2023	**5,850**	**–**	**5,850**	–	5,850	5,850
US$750 million notes, 3.25% due 2024	**–**	**5,850**	**5,850**	–	5,850	5,850
US$1,500 million notes, 3.625% due 2024	**–**	**11,700**	**11,700**	–	11,700	11,700
US$500 million notes, 1.5% due 2026	**–**	**3,900**	**3,900**	–	3,900	3,900
US$500 million notes, 2.75% due 2026	**–**	**3,900**	**3,900**	–	3,900	3,900
US$309 million notes – Series C, 7.5% due 2027	**–**	**2,410**	**2,410**	–	2,410	2,410
US$500 million notes, 3.25% due 2027	**–**	**3,900**	**3,900**	–	3,900	3,900
US$800 million notes, 3.5% due 2027	**–**	**6,240**	**6,240**	–	6,240	6,240
US$500 million notes, 2.75% due 2029	**–**	**3,900**	**3,900**	–	3,900	3,900
US$750 million notes, 3.625% due 2029	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 2.5% due 2030	**–**	**5,850**	**5,850**	–	5,850	5,850
US$850 million notes, 2.5% due 2031	**–**	**6,630**	**6,630**	–	6,630	6,630
US$1,039 million notes, 7.45% due 2033	**–**	**8,107**	**8,107**	–	8,107	8,107
US$25 million notes – Series D, 6.988% due 2037	**–**	**196**	**196**	–	196	196
US$650 million notes, 3.125% due 2041	**–**	**5,070**	**5,070**	–	5,070	5,070
US$750 million notes, 3.375% due 2049	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 3.375% due 2050	**–**	**5,850**	**5,850**	–	5,850	5,850
EUR750 million notes, 3.625% due 2022	**–**	**–**	**–**	6,630	–	6,630
EUR1,350 million notes, 1.25% due 2023	**11,205**	**–**	**11,205**	–	11,934	11,934
EUR1,500 million notes, 0.375% due 2023	**12,450**	**–**	**12,450**	–	13,260	13,260
EUR600 million bonds, 1% due 2024	**–**	**4,980**	**4,980**	–	5,304	5,304
EUR1,000 million notes, 0.875% due 2024	**–**	**8,300**	**8,300**	–	8,840	8,840
EUR750 million notes, 1.25% due 2025	**–**	**6,225**	**6,225**	–	6,630	6,630
EUR1,000 million notes, 0.75% due 2026	**–**	**8,300**	**8,300**	–	8,840	8,840
EUR650 million notes, 2% due 2028	**–**	**5,395**	**5,395**	–	5,746	5,746
EUR1,000 million notes, 1.125% due 2028	**–**	**8,300**	**8,300**	–	8,840	8,840
EUR500 million notes, 0.75% due 2029	**–**	**4,150**	**4,150**	–	4,420	4,420
EUR500 million notes, 2% due 2030	**–**	**4,150**	**4,150**	–	4,420	4,420
EUR750 million notes, 1.5% due 2031	**–**	**6,225**	**6,225**	–	6,630	6,630
EUR500 million notes, 1% due 2033	**–**	**4,150**	**4,150**	–	4,420	4,420
GBP303 million notes, 5.625% due 2026	**–**	**2,866**	**2,866**	–	3,147	3,147
GBP500 million notes, 2% due 2027	**–**	**4,730**	**4,730**	–	5,195	5,195
GBP300 million notes, 2.625% due 2034	**–**	**2,837**	**2,837**	–	3,117	3,117
JPY15,000 million notes, 2.6% due 2027	**–**	**886**	**886**	–	1,016	1,016
	29,505	**159,370**	**188,875**	30,030	195,485	225,515
	70,206	**213,401**	**283,607**	66,343	258,738	325,081

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2022			2021		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans						
Within a year	**40,697**	**–**	**40,697**	36,309	–	36,309
After 1 year, but within 2 years	**–**	**13,007**	**13,007**	–	41,824	41,824
After 2 years, but within 5 years	**–**	**40,799**	**40,799**	–	21,182	21,182
	40,697	**53,806**	**94,503**	36,309	63,006	99,315
Other loans						
Within a year	**4**	**–**	**4**	4	–	4
After 1 year, but within 2 years	**–**	**156**	**156**	–	4	4
After 2 years, but within 5 years	**–**	**10**	**10**	–	178	178
After 5 years	**–**	**59**	**59**	–	65	65
	4	**225**	**229**	4	247	251
Notes and bonds						
Within a year	**29,505**	**–**	**29,505**	30,030	–	30,030
After 1 year, but within 2 years	**–**	**33,243**	**33,243**	–	31,044	31,044
After 2 years, but within 5 years	**–**	**43,617**	**43,617**	–	60,524	60,524
After 5 years	**–**	**82,510**	**82,510**	–	103,917	103,917
	29,505	**159,370**	**188,875**	30,030	195,485	225,515
	70,206	**213,401**	**283,607**	66,343	258,738	325,081

(b) By secured and unsecured borrowings

	2022			2021		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Secured borrowings	**1**	**1,524**	**1,525**	1,442	3	1,445
Unsecured borrowings	**70,205**	**211,877**	**282,082**	64,901	258,735	323,636
	70,206	**213,401**	**283,607**	66,343	258,738	325,081

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(c) By borrowings at fixed and floating interest rate

	2022			2021		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**29,509**	**157,183**	**186,692**	30,043	193,320	223,363
Borrowings at floating rate	**40,697**	**56,218**	**96,915**	36,300	65,418	101,718
	70,206	**213,401**	**283,607**	66,343	258,738	325,081

(d) By borrowings at fixed and floating interest rate (adjusted for the effect of hedging transactions)

	2022			2021		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**47,449**	**160,603**	**208,052**	26,935	214,110	241,045
Borrowings at floating rate	**22,757**	**52,798**	**75,555**	39,408	44,628	84,036
	70,206	**213,401**	**283,607**	66,343	258,738	325,081

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures.

The Group has entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2022, the notional amount of the outstanding interest rate swap agreements and cross currency interest rate swap agreements amounted to HK$11,220 million and HK$10,140 million respectively (2021: HK$13,002 million and HK$10,140 million respectively) (See note 41(i)(ii)).

At 31 December 2021, the Group had also entered into interest rate swap agreements with banks and other financial institutions to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. The notional amount of the outstanding interest rate swap agreements amounted to HK$5,460 million (See note 41(i)(i)).

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(e) By currency

	2022			2021		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollar	**9%**	**40%**	**49%**	12%	37%	49%
Euro	**12%**	**23%**	**35%**	2%	32%	34%
HK dollar	**1%**	**1%**	**2%**	1%	2%	3%
British Pound	**1%**	**4%**	**5%**	–	5%	5%
Other currencies	**2%**	**7%**	**9%**	5%	4%	9%
	25%	**75%**	**100%**	20%	80%	100%

(f) By currency (adjusted for the effect of hedging transactions)

	2022			2021		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollar	**4%**	**39%**	**43%**	10%	31%	41%
Euro	**17%**	**25%**	**42%**	5%	37%	42%
HK dollar	**1%**	**1%**	**2%**	1%	2%	3%
British Pound	**1%**	**3%**	**4%**	–	5%	5%
Other currencies	**2%**	**7%**	**9%**	5%	4%	9%
	25%	**75%**	**100%**	21%	79%	100%

As at 31 December 2022, the Group had currency swap agreements with banks to swap US dollar principal amount of borrowings equivalent to HK$15,990 million (2021: HK$23,790 million) and British Pound principal amount of borrowings equivalent to HK$4,730 million (2021: nil) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. For information, the Hong Kong dollar equivalent amount of HK$15,990 million (2021: HK$23,790 million) mentioned in the preceding sentence includes the Hong Kong dollar equivalent amount of HK$10,140 million (2021: HK$10,140 million) disclosed under item (d) above.

27 Trade payables and other current liabilities

	2022 HK$ million	2021 HK$ million
Trade payables [(a)]	**21,356**	23,382
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**–**	77
Forward foreign exchange contracts	**2**	–
Other contracts	**151**	–
Net investment hedges		
Forward foreign exchange contracts	**891**	68
Cross currency swaps	**–**	17
Other derivative financial instruments	**795**	14
Interest free loans from non-controlling shareholders	**472**	427
Contract liabilities	**6,027**	6,933
Obligations for telecommunications licences and other rights	**680**	4,526
Provisions (see note 28)	**1,341**	2,710
Expenses and other accruals	**35,995**	40,636
Other payables	**21,419**	17,775
	89,129	96,565

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2022 HK$ million	2021 HK$ million
Less than 31 days	**13,566**	14,172
Within 31 to 60 days	**2,912**	2,956
Within 61 to 90 days	**1,427**	1,605
Over 90 days	**3,451**	4,649
	21,356	23,382

(b) The Group's five largest suppliers accounted for less than 17% of the Group's cost of purchases for the year ended 31 December 2022 (2021: less than 16%).

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligation HK$ million	Assets retirement obligation HK$ million	Others HK$ million	Total HK$ million
At 1 January 2021	23,513	92	2,163	1,402	27,170
Additions	–	57	115	273	445
Interest accretion	–	–	65	–	65
Utilisations	(1,339)	(8)	(92)	(210)	(1,649)
Write back	–	(25)	–	(72)	(97)
Relating to subsidiaries disposed (see note 34(d))	–	–	(441)	(19)	(460)
Exchange translation differences	(502)	(6)	(85)	(92)	(685)
At 31 December 2021 and 1 January 2022	**21,672**	**110**	**1,725**	**1,282**	**24,789**
Additions	**–**	**43**	**1**	**305**	**349**
Interest accretion	**–**	**–**	**10**	**–**	**10**
Utilisations	**(656)**	**(10)**	**(90)**	**(162)**	**(918)**
Write back	**–**	**(59)**	**–**	**(78)**	**(137)**
Relating to subsidiaries disposed (see note 34(d))	**(2,175)**	**–**	**(13)**	**–**	**(2,188)**
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	**–**	**–**	**(205)**	**–**	**(205)**
Exchange translation differences	**(364)**	**(4)**	**(156)**	**(58)**	**(582)**
At 31 December 2022	**18,477**	**80**	**1,272**	**1,289**	**21,118**

Provisions are analysed as:

	2022 HK$ million	2021 HK$ million
Current portion (see note 27)	**1,341**	2,710
Non-current portion (see note 31)	**19,777**	22,079
	21,118	24,789

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

29 Interest bearing loans from non-controlling shareholders

	2022 HK$ million	2021 HK$ million
Interest bearing loans from non-controlling shareholders	**2,567**	759

At 31 December 2022, these loans bear interest at rates at EURIBOR+2.0% and Stockholm Interbank Offered Rate +0.7% (2021: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2022 HK$ million	2021 HK$ million
Defined benefit assets (see note 21)	**1,311**	1,032
Defined benefit liabilities	**2,730**	3,466
Net defined benefit liabilities	**1,419**	2,434

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 major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2022	2021
Discount rates	**3.2% – 4.8%**	0.2% – 2.0%
Future salary increases	**2.3% – 3.5%**	1.7% – 3.5%
Interest credited on two principal plans in Hong Kong	**5.0% – 6.0%**	5.0% – 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2022 HK$ million	2021 HK$ million
Present value of defined benefit obligations	**15,163**	23,686
Fair value of plan assets	**13,750**	21,255
	1,413	2,431
Restrictions on assets recognised	**6**	3
Net defined benefit liabilities	**1,419**	2,434

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2022	23,686	(21,255)	3	2,434
Net charge (credit) to the consolidated income statement				
Current service cost	561	18	–	579
Past service cost and gains and losses on settlements	8	–	–	8
Interest cost (income)	358	(326)	–	32
	927	(308)	–	619
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in financial assumptions	(6,700)	–	–	(6,700)
Actuarial loss arising from experience adjustment	32	–	–	32
Return on plan assets excluding interest income	–	6,047	–	6,047
Change in asset ceiling	–	–	3	3
Exchange translation differences	(1,933)	1,750	–	(183)
	(8,601)	7,797	3	(801)
Contributions paid by the employer	–	(711)	–	(711)
Contributions paid by the employee	103	(103)	–	–
Benefits paid	(783)	783	–	–
Relating to subsidiaries disposed (see note 34(d))	(119)	3	–	(116)
Transfer from (to) other liabilities	(50)	44	–	(6)
At 31 December 2022	15,163	(13,750)	6	1,419

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows (continued):

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2021	24,502	(20,859)	3	3,646
Net charge (credit) to the consolidated income statement				
Current service cost	612	17	–	629
Past service cost and gains and losses on settlements	57	–	–	57
Interest cost (income)	241	(194)	–	47
	910	(177)	–	733
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	58	–	–	58
Actuarial gain arising from change in financial assumptions	(124)	–	–	(124)
Actuarial gain arising from experience adjustment	(127)	–	–	(127)
Return on plan assets excluding interest income	–	(814)	–	(814)
Exchange translation differences	(769)	607	–	(162)
	(962)	(207)	–	(1,169)
Contributions paid by the employer	–	(741)	–	(741)
Contributions paid by the employee	108	(108)	–	–
Benefits paid	(859)	859	–	–
Relating to subsidiaries acquired (see note 34(c))	66	(101)	–	(35)
Transfer from (to) other liabilities	(79)	79	–	–
At 31 December 2021	23,686	(21,255)	3	2,434

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 "Employee Benefits" ("HKAS 19") and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the "accounting actuarial valuations"). The realisation of the deficit disclosed above 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. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. 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. Funding requirements of the Group's major defined benefit pension plans are detailed below.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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 2022, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$21 million (2021: HK$22 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2022 (2021: HK$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2018 reported a funding level of 89% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP8.5 million in 2020, GBP9.0 million in 2021 and GBP9.5 million in 2022 and will make further aggregate additional contributions of GBP15.2 million until 31 January 2024 to eliminate the shortfall by 31 January 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 5.3% per annum; post-retirement discount rate of 2.3% per annum; pensionable earnings increases of 2.65% per annum; Retail Price Index ("RPI") inflation of 3.4% per annum; Consumer Price Index ("CPI") inflation of 2.4% per annum; and pension increases of 1.9% to 3.3% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. The last triennial valuation was undertaken on 31 March 2021. This was an independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 which reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. A schedule of contributions was agreed with GBP10 million to pay in 2022 and 2023, and GBP0.3 million in 2024 to eliminate the shortfall by February 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.14% to 2.35% per annum and pension increases of 1.74% to 3.64% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP. The sponsoring employers have since made contributions of GBP10.0 million in 2022 (2021: GBP10.4 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2022 Percentage	2021 Percentage
Equity instruments		
Consumer markets and manufacturing	**6%**	8%
Energy and utilities	**2%**	2%
Financial institutions and insurance	**4%**	6%
Telecommunications and information technology	**6%**	7%
Units trust and equity instrument funds	**4%**	5%
Others	**8%**	9%
	30%	37%
Debt instruments		
US Treasury notes	**1%**	1%
Government and government guaranteed notes	**19%**	15%
Financial institutions notes	**7%**	5%
Others	**8%**	5%
	35%	26%
Qualifying insurance policies	**26%**	31%
Other assets	**9%**	6%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2022 Percentage	2021 Percentage
Aaa / AAA	**7%**	8%
Aa1 / AA+	**20%**	20%
Aa2 / AA	**41%**	36%
Aa3 / AA–	**2%**	1%
A1 / A+	**3%**	3%
A2 / A	**4%**	3%
Other investment grades	**17%**	24%
No investment grades	**6%**	5%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

Fair value of plan assets of HK$13,750 million (2021: HK$21,255 million) includes investments in the Company's shares with a fair value of HK$11 million (2021: HK$16 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2022 is 17 years (2021: 19 years).

The Group expects to make contributions of HK$1,282 million (2021: HK$727 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 2.8% or increase by 3.0% respectively (2021: decrease by 3.2% or increase by 3.5% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.8% or decrease by 0.5% respectively (2021: increase by 0.6% or decrease by 0.6% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,420 million (2021: HK$1,430 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$15 million (2021: HK$15 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2022 (2021: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2022 HK$ million	2021 HK$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	–	133
Cross currency interest rate swaps	–	399
Net investment hedges		
Cross currency swaps	**314**	31
Other derivative financial instruments	–	105
Obligations for telecommunications licences and other rights	**3,309**	7,032
Other non-current liabilities	**6,333**	5,873
Liabilities relating to the economic benefits agreements [(a)]	**2,166**	2,166
Provisions (see note 28)	**19,777**	22,079
	31,899	37,818

(a) In October 2018, the Group completed the divesture of an aggregated 90% economic benefits in Australian Gas Networks. As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

32 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
Authorised:				
Ordinary shares of HK$1 each	**8,000,000,000**	**8,000**	**–**	**8,000**
Issued and fully paid:				
Ordinary shares				
At 1 January 2021	3,856,240,500	3,856	244,377	248,233
Cancellation of issued shares [(i)]	(21,606,000)	(22)	(1,208)	(1,230)
At 31 December 2021 and 1 January 2022	**3,834,634,500**	**3,834**	**243,169**	**247,003**
Cancellation of issued shares [(i)]	**(100,000)**	**–**	**(5)**	**(5)**
Cancellation of issued shares [(ii)]	**(4,490,000)**	**(4)**	**(192)**	**(196)**
At 31 December 2022	**3,830,044,500**	**3,830**	**242,972**	**246,802**

(i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. The total amount paid to acquire these 21,706,000 shares was approximately HK$1,239 million, of which approximately HK$22 million and HK$1,208 million have been deducted from share capital and share premium respectively, and the remaining balance of HK$9 million has been charged to retained profit. Upon the cancellation of the 100,000 shares on 18 January 2022, HK$5 million have been deducted from share premium with a corresponding credit to retained profit.

(ii) During the year ended 31 December 2022, the Company acquired a total of 4,490,000 of its own ordinary shares through purchases on the Stock Exchange. The purchased shares were cancelled before the reporting date of 31 December 2022. The total amount paid to acquire these shares was approximately HK$197 million, of which approximately HK$4 million and HK$192 million have been deducted from share capital and share premium respectively, and the remaining balance of HK$1 million has been charged to retained profit.

(b) Perpetual capital securities

	2022 HK$ million	2021 HK$ million
US$1,000 million issued in 2017	**–**	7,842
EUR500 million issued in 2018	**4,561**	4,572
	4,561	12,414

In May 2017 and December 2018, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amounts of US$1,000 million (approximately HK$7,800 million) and EUR500 million (approximately HK$4,475 million) respectively for cash.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

In May 2022, the Group had redeemed US$1,000 million (approximately HK$7,800 million) nominal amount of the perpetual capital securities that were originally issued in May 2017 for US$1,000 million (approximately HK$7,800 million).

32 Share capital, share premium, perpetual capital securities and capital management (continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2022, total equity amounted to HK$647,309 million (2021: HK$644,255 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$132,042 million (2021: HK$166,893 million). The Group's net debt to net total capital ratio decreased to 16.9% from 20.5% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios [(i)] at 31 December:

	2022	2021
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**16.9%**	20.5%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**18.4%**	21.8%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**17.2%**	20.6%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**18.8%**	21.9%

(i) Net debt is defined in the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

33 Reserves

	2022				
	Attributable to ordinary shareholders				
	Retained profit HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total HK$ million
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the year	36,680	–	–	–	36,680
Other comprehensive income (losses) [c]					
Equity securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(1,493)	(1,493)
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(369)	(369)
Valuation losses previously in reserves recognised in income statement	–	–	–	2	2
Remeasurement of defined benefit obligations recognised directly in reserves	569	–	–	–	569
Gains on cash flow hedges recognised directly in reserves	–	–	2,127	–	2,127
Gains on net investment hedges recognised directly in reserves	–	3,380	–	–	3,380
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(14,538)	–	–	(14,538)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint venture disposed during the year recognised in income statement	–	2,035	55	–	2,090
Share of other comprehensive income (losses) of associated companies	(38)	(3,981)	1,539	(96)	(2,576)
Share of other comprehensive income (losses) of joint ventures	(385)	(6,174)	2,998	(17)	(3,578)
Tax relating to components of other comprehensive income (losses)	(209)	–	(9)	–	(218)
Other comprehensive income (losses), net of tax	(63)	(19,278)	6,710	(1,973)	(14,604)
Impact of hyperinflation	(23)	–	–	–	(23)
Transfer of gains on disposal of equity securities at FVOCI to retained profit	17	–	–	(17)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	–	–	–	(7,132)
Dividends paid relating to 2022	(3,221)	–	–	–	(3,221)
Buy-back and cancellation of issued shares (see note 32(a)(ii))	4	–	–	–	4
Relating to purchase of non-controlling interests [b]	–	–	–	(1,133)	(1,133)
Relating to partial disposal of subsidiary companies	–	–	–	(9)	(9)
At 31 December 2022	657,443	(40,203)	5,332	(345,861)	276,711

33 Reserves (continued)

	2021				
	Attributable to ordinary shareholders				
	Retained profit HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total HK$ million
At 1 January 2021	604,451	(12,162)	(3,321)	(342,905)	246,063
Profit for the year	33,484	–	–	–	33,484
Other comprehensive income (losses) [c]					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	266	266
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(60)	(60)
Valuation gains previously in reserves recognised in income statement	–	–	–	(7)	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	845	–	–	–	845
Gains on cash flow hedges recognised directly in reserves	–	–	954	–	954
Gains on net investment hedges recognised directly in reserves	–	1,337	–	–	1,337
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(9,603)	–	–	(9,603)
Losses (gains) previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	–	2,941	(25)	(3)	2,913
Share of other comprehensive income (losses) of associated companies	634	(1,397)	654	24	(85)
Share of other comprehensive income (losses) of joint ventures	1,274	(2,041)	366	21	(380)
Tax relating to components of other comprehensive income (losses)	56	–	(6)	–	50
Other comprehensive income (losses), net of tax	2,809	(8,763)	1,943	241	(3,770)
Impact of hyperinflation	5	–	–	–	5
Transfer of gains on disposal of equity securities at FVOCI to retained profit	65	–	–	(65)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2020	(6,555)	–	–	–	(6,555)
Dividends paid relating to 2021	(3,072)	–	–	–	(3,072)
Transaction costs in relation to equity contribution from non-controlling interests	(24)	–	–	–	(24)
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)	–	–	–	(9)
Unclaimed dividends write back of a subsidiary	27	–	–	–	27
At 31 December 2021	631,181	(20,925)	(1,378)	(342,729)	266,149

33 Reserves (continued)

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2022, revaluation reserve deficit amounted to HK$3,472 million (1 January 2022: HK$1,574 million and 1 January 2021: HK$1,712 million), and other capital reserves deficit amounted to HK$342,389 million (1 January 2022: HK$341,155 million and 1 January 2021: HK$341,193 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the year, the Group had acquired the remaining 25% interests in an intermediate holding company which holds certain of the Group's attributable interests in the port division from the non-controlling interests shareholder. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.

(c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2022		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Equity securities at FVOCI			
Valuation losses recognised directly in reserves	**(1,493)**	**–**	**(1,493)**
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	**(369)**	**–**	**(369)**
Valuation losses previously in reserves recognised in income statement	**2**	**–**	**2**
Remeasurement of defined benefit obligations recognised directly in reserves	**701**	**(255)**	**446**
Gains on cash flow hedges recognised directly in reserves	**2,201**	**(12)**	**2,189**
Gains on net investment hedges recognised directly in reserves	**4,433**	**–**	**4,433**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(16,078)**	**–**	**(16,078)**
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**2,220**	**–**	**2,220**
Share of other comprehensive income (losses) of associated companies	**(2,578)**	**–**	**(2,578)**
Share of other comprehensive income (losses) of joint ventures	**(4,581)**	**–**	**(4,581)**
	(15,542)	**(267)**	**(15,809)**

	2021		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	265	–	265
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	(60)	–	(60)
Valuation gains previously in reserves recognised in income statement	(7)	–	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	1,034	80	1,114
Gains on cash flow hedges recognised directly in reserves	1,020	(8)	1,012
Gains on net investment hedges recognised directly in reserves	1,767	–	1,767
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(10,567)	–	(10,567)
Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	2,913	–	2,913
Share of other comprehensive income of associated companies	58	–	58
Share of other comprehensive income (losses) of joint ventures	(500)	–	(500)
	(4,077)	72	(4,005)

34 Notes to the consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2022 HK$ million	2021 HK$ million
Profit after tax	**43,659**	40,472
Less: share of profits less losses of		
Associated companies	**(11,822)**	(5,718)
Joint ventures	**(7,422)**	(6,393)
	24,415	28,361
Adjustments for:		
Current tax charge	**5,435**	4,029
Deferred tax charge (credit)	**2,839**	(1,799)
Interest expenses and other finance costs	**9,052**	10,608
Depreciation and amortisation	**39,788**	45,256
EBITDA of Company and subsidiaries [(i)]	**81,529**	86,455
Dividends received from associated companies and joint ventures	**12,783**	11,102
Impairment loss against goodwill and other assets on telecommunications business in Sri Lanka (see note 7(c))	**1,000**	–
Impairment loss against goodwill on telecommunications business in Italy (see note 7(c))	**11,039**	15,472
Foreign exchange reclassification adjustment (see note 7(d))	**–**	3,514
Loss on disposal of fixed assets	**196**	51
Gains on disposals of unlisted investments (see note 7)	**(515)**	–
Gains on disposals of interests in associated companies and joint ventures (see note 7)	**(947)**	(751)
Losses (gains) on disposal of subsidiaries (see note 7(g))		
European telecommunications tower assets	**(19,060)**	(25,316)
Indonesia telecommunications businesses	**(7,245)**	–
Other businesses	**37**	–
Customer acquisition and retention costs capitalised in the year	**(3,586)**	(3,725)
Other non-cash items	**(1,334)**	(869)
	73,897	85,933

34 Notes to the consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2022 HK$ million	2021 HK$ million
EBITDA of Company and subsidiaries	**81,529**	86,455
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**11,822**	5,718
Joint ventures	**7,422**	6,393
Adjustments for:		
Depreciation and amortisation	**24,355**	21,853
Interest expenses and other finance costs	**9,346**	8,233
Current tax charge	**3,983**	3,600
Deferred tax charge	**3,923**	3,731
Non-controlling interests	**608**	654
	61,459	50,182
EBITDA (see note 5(b)(ii))	**142,988**	136,637

(b) Changes in working capital

	2022 HK$ million	2021 HK$ million
Increase in inventories	**(1,401)**	(46)
Increase in trade receivables and other current assets	**(493)**	(5,736)
Decrease in trade payables and other current liabilities	**(2,581)**	(11,485)
Other non-cash items	**(105)**	(1,813)
	(4,580)	(19,080)

34 Notes to the consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years:

	2022 HK$ million	2021 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	–	461
Non-cash consideration	–	358
	–	819
Fair value		
Fixed assets	–	789
Right-of-use assets	–	494
Brand names and other rights	–	12
Pension assets	–	35
Cash and cash equivalents	–	323
Trade receivables and other current assets	–	474
Inventories	–	27
Trade payables and other current liabilities and current tax liabilities	–	(628)
Bank and other debts	–	(997)
Lease liabilities	–	(252)
Interest bearing loans from non-controlling shareholders	–	(17)
Deferred tax liabilities	–	(76)
Net identifiable assets acquired	–	184
Non-controlling interests	–	12
	–	196
Goodwill	–	623
Total consideration	–	819
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	–	461
Cash and cash equivalents acquired	–	(323)
Total net cash outflow	–	138

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the year ended 31 December 2021, the acquisition related cost and the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition are not material.

34 Notes to the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2022 HK$ million	2021 HK$ million
Equity securities received	**24,089**	–
Net cash consideration	**14,077**	38,425
Carrying amount of net assets (excluding cash and cash equivalents) disposed	**(10,015)**	(13,696)
Cumulative exchange gain (loss) in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	**(1,883)**	587
Gains on disposal	**26,268**	25,316
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	**18,607**	38,425
Less: Cash and cash equivalents disposed	**(1,511)**	–
Sub-total [(i)]	**17,096**	38,425
Cash and cash equivalents paid [(ii)]	**(3,019)**	–
Net cash consideration	**14,077**	38,425
Analysis of assets and liabilities over which control was lost		
Fixed assets	**12,252**	4,832
Right-of-use assets	**9,564**	4,238
Telecommunications licences	**3,836**	–
Goodwill	**1,119**	7,681
Brand names and other rights	**–**	333
Deferred tax assets	**266**	58
Trade receivables and other current assets	**2,252**	446
Inventories	**78**	–
Assets classified as held for sale	**–**	1,241
Trade payables and other current liabilities and current tax liabilities	**(4,089)**	–
Bank and other debts	**(356)**	–
Lease liabilities	**(10,315)**	(4,389)
Deferred tax liabilities	**(233)**	–
Pension obligations	**(116)**	–
Other non-current liabilities	**(4,243)**	(460)
Liabilities directly associated with assets classified as held for sale	**–**	(284)
Net assets (excluding cash and cash equivalents) disposed	**10,015**	13,696
Cash and cash equivalents disposed	**1,511**	–
Net assets disposed	**11,526**	13,696

Disposal of subsidiary companies for the year ended 31 December 2022 mainly related to the disposal of the Group's former subsidiary H3I and the disposal of interests in tower assets in the UK (see note 5(b)(xvi) and 5(b)(xvii)). For comparative year ended 31 December 2021, amount mainly related to the disposal of interests in tower assets in Sweden and Italy (see note 5(b)(xvi)). The gains on disposals for both years were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 7(g).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the year are not material for the years ended 31 December 2022 and 2021.

(i) Presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows.

(ii) Included in "Purchase of and advances to associated companies and joint ventures" in the consolidated statement of cash flows.

34 Notes to the consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts	Lease liabilities	Interest bearing loans from non-controlling shareholders	Interest free loans from non-controlling shareholders	Liabilities relating to the economic benefits agreements	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
1 January 2021	349,071	94,265	798	380	2,166	446,680
Financing cash flows						
New borrowings	70,901	–	–	–	–	70,901
Repayment of borrowings	(83,546)	–	–	–	–	(83,546)
Principal elements of lease payments (see note 13(c))	–	(17,407)	–	–	–	(17,407)
Net loans from non-controlling shareholders	–	–	–	47	–	47
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	329	–	–	–	–	329
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(104)	–	–	–	–	(104)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(709)	–	–	–	–	(709)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	11,223	–	–	–	11,223
Interest on lease liabilities (see note 8)	–	3,577	–	–	–	3,577
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(3,536)	–	–	–	(3,536)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(497)	–	–	–	(497)
Others	–	5,808	–	–	–	5,808
Relating to subsidiaries acquired (see note 34(c))	997	252	17	–	–	1,266
Relating to subsidiaries disposed (see note 34(d))	–	(4,389)	–	–	–	(4,389)
Exchange translation differences	(11,140)	(4,217)	(56)	–	–	(15,413)
At 31 December 2021 and 1 January 2022	**325,799**	**85,079**	**759**	**427**	**2,166**	**414,230**
Financing cash flows						
New borrowings	**37,147**	**–**	**–**	**–**	**–**	**37,147**
Repayment of borrowings	**(68,063)**	**–**	**–**	**–**	**–**	**(68,063)**
Principal elements of lease payments (see note 13(c))	**–**	**(14,307)**	**–**	**–**	**–**	**(14,307)**
Net loans from non-controlling shareholders	**–**	**–**	**2,073**	**45**	**–**	**2,118**
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	**243**	**–**	**–**	**–**	**–**	**243**
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	**(4)**	**–**	**–**	**–**	**–**	**(4)**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	**(420)**	**–**	**–**	**–**	**–**	**(420)**
Increase in lease liabilities from entering into new leases (see note 13(a))	**–**	**6,528**	**–**	**–**	**–**	**6,528**
Interest on lease liabilities (see note 8)	**–**	**2,270**	**–**	**–**	**–**	**2,270**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	**–**	**(2,071)**	**–**	**–**	**–**	**(2,071)**
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	**–**	**(188)**	**–**	**–**	**–**	**(188)**
Others	**–**	**4,182**	**–**	**–**	**–**	**4,182**
Relating to subsidiaries disposed (see note 34(d))	**(356)**	**(10,315)**	**–**	**–**	**–**	**(10,671)**
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	**–**	**(920)**	**–**	**–**	**–**	**(920)**
Exchange translation differences	**(10,020)**	**(4,199)**	**(265)**	**–**	**–**	**(14,484)**
At 31 December 2022	**284,326**	**66,059**	**2,567**	**472**	**2,166**	**355,590**

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2022 and 31 December 2021. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2022, assets of the Group totalling HK$1,442 million (2021: HK$1,440 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2022, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$4,856 million (2021: HK$5,058 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2022 HK$ million	2021 HK$ million
To associated companies	**3,527**	3,367
To joint ventures	**1,096**	1,235

At 31 December 2022, the Group had provided performance and other guarantees of HK$5,033 million (2021: HK$8,353 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2022, where material, not provided for in the consolidated financial statements at 31 December 2022 are as follows:

Capital commitments

(a) Ports and Related Services: HK$582 million (2021: HK$157 million)
(b) **3** Group Europe: HK$183 million (2021: HK$423 million)
(c) Telecommunications, Hong Kong and Asia: HK$308 million (2021: HK$1,088 million)

39 Related parties transactions

Saved as disclosed elsewhere in these financial statements, transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 17 and 18. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

No transactions have 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 compensation).

40 Legal proceedings

As at 31 December 2022, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's 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. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. 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 the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivatives instruments to hedge the Group's earnings were entered during the year or remain outstanding at the end of the year. 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, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("Liquid assets") amounted to HK$154,188 million at 31 December 2022 (2021: HK$161,360 million). The decrease was mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, redemption of perpetual capital securities, capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 15% in HK dollar, 55% in US dollar, 3% in Renminbi, 14% in Euro, 7% in British Pound and 6% in other currencies (2021: 18% were denominated in HK dollar, 60% in US dollar, 4% in Renminbi, 9% in Euro, 4% in British Pound and 5% in other currencies).

Cash and cash equivalents represented 90% (2021: 95%) of the liquid assets, US Treasury notes and other listed debt securities 4% (2021: 4%) and listed equity securities 6% (2021: 1%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 73% (2021: 77%), government and government guaranteed notes of 23% (2021: 14%), and others of 4% (2021: 9%). Of these US Treasury notes and listed debt securities, 99% (2021: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 2.6 years (2021: 1.7 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

41 Financial risk management (continued)

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 31 December 2022, approximately 34% (2021: approximately 31%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2021: approximately 69%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$21,360 million (2021: HK$23,142 million) principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. For the year ended December 2021, the Group further swap approximately HK$5,460 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. After taking into consideration these interest rate swaps, approximately 27% (2021: approximately 26%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 73% (2021: approximately 74%) were at fixed rates at 31 December 2022. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For subsidiaries, associated companies, joint arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flows and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations, except in relation to certain infrastructure investments. At 31 December 2022, the Group had cross currency interest rate swaps, foreign exchange forward contracts and cross currency swaps with banks to hedge these investments. The total notional amount of the net investment hedges amounted to HK$53,725 million (2021: HK$52,103 million).

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong dollar and the Group's reported results in Hong Kong dollar are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2022, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollar, 35% in Euro, 2% in HK dollar, 5% in British Pound and 9% in other currencies (2021: 49% in US dollar, 34% in Euro, 3% in HK dollar, 5% in British Pound and 9% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$15,990 million (2021: HK$23,790 million) and British Pound principal amount of borrowings equivalent to HK$4,730 million (2021: nil) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 43% in US dollar, 42% in Euro, 2% in HK dollar, 4% in British Pound and 9% in other currencies (2021: 41% in US dollar, 42% in Euro, 3% in HK dollar, 5% in British Pound and 9% in other currencies).

41 Financial risk management (continued)

(d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 10% (2021: approximately 5%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analysis

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires the disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates that would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that, in practice, market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in the consolidated income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 20) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 20) that bear interest at floating rate
- some of the bank and other debts (see note 26) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (2021: 100 basis points) increase in market interest rate at 31 December 2022, with all other variables held constant:

– profit for the year would increase by HK$656 million due to the increase in interest income (2021: HK$671 million);
– total equity would increase by HK$656 million due to the increase in interest income (2021: HK$671 million); and
– total equity would increase by HK$85 million due to the change in fair value of derivative financial instruments (2021: HK$596 million).

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in the consolidated income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 20)
- some of the bank and other debts (see note 26)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below:

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

	2022		2021	
	Hypothetical increase (decrease) in profit for the year	**Hypothetical increase (decrease) in total equity**	Hypothetical increase (decrease) in profit for the year	Hypothetical increase (decrease) in total equity
	HK$ million	**HK$ million**	HK$ million	HK$ million
Euro	**60**	**(356)**	39	(421)
British Pound	**356**	**(807)**	105	(1,207)
Australian dollar	**33**	**(371)**	40	(435)
Renminbi	**63**	**63**	75	75
US dollar	**2,921**	**2,921**	2,240	2,251
Japanese Yen	**(89)**	**(89)**	(102)	(102)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- financial assets at FVOCI (see note 20)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

– no impact to profit for the year (2021: nil), and consequently no impact to total equity for the year (2021: nil); and
– other comprehensive income would increase by HK$803 million (2021: HK$409 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for both years.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2022						
Trade payables	21,356	–	–	21,356	–	21,356
Expenses and other accruals	35,995	–	–	35,995	–	35,995
Other payables	21,419	–	–	21,419	–	21,419
Interest free loans from non-controlling shareholders	472	–	–	472	–	472
Lease liabilities	13,063	30,683	39,922	83,668	(17,609)	66,059
Bank loans	40,697	53,806	–	94,503	(235)	94,268
Other loans	4	166	59	229	–	229
Notes and bonds	29,505	76,860	82,510	188,875	954	189,829
Interest bearing loans from non-controlling shareholders	743	1,824	–	2,567	–	2,567
Obligations for telecommunications licences and other rights	682	1,585	2,128	4,395	(406)	3,989
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	569	–	–	569	–	569
Amounts due to joint ventures	319	–	–	319	–	319
	164,824	167,090	124,619	456,533	(17,296)	439,237

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$7,129 million in "within 1 year" maturity band, HK$16,905 million in "after 1 year, but within 5 years" maturity band, and HK$17,046 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2022				
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(151)	–	–	(151)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	22,223	–	–	22,223
Outflow	(23,187)	–	–	(23,187)
Cross currency swaps				
Inflow	48	3,494	–	3,542
Outflow	–	(3,735)	–	(3,735)
Other derivative financial instruments				
Net outflow	(821)	–	–	(821)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2021						
Trade payables	23,382	–	–	23,382	–	23,382
Expenses and other accruals	40,636	–	–	40,636	–	40,636
Other payables	17,775	–	–	17,775	–	17,775
Interest free loans from non-controlling shareholders	427	–	–	427	–	427
Lease liabilities	17,688	42,075	51,213	110,976	(25,897)	85,079
Bank loans	36,309	63,006	–	99,315	(349)	98,966
Other loans	4	182	65	251	–	251
Notes and bonds	30,030	91,568	103,917	225,515	1,067	226,582
Interest bearing loans from non-controlling shareholders	759	–	–	759	–	759
Obligations for telecommunications licences and other rights	4,587	4,818	3,824	13,229	(1,671)	11,558
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	567	–	–	567	–	567
Amounts due to joint ventures	381	–	–	381	–	381
	172,545	203,815	159,019	535,379	(26,850)	508,529

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$5,618 million in "within 1 year" maturity band, HK$15,968 million in "after 1 year, but within 5 years" maturity band, and HK$20,428 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2021				
Cash flow hedges				
Interest rate swaps				
Net outflow	(97)	(163)	–	(260)
Cross currency interest rate swaps				
Net outflow	–	(418)	–	(418)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	9,222	–	–	9,222
Outflow	(9,369)	–	–	(9,369)
Cross currency swaps				
Inflow	1,522	674	–	2,196
Outflow	(1,526)	(701)	–	(2,227)
Other derivative financial instruments				
Net outflow	(108)	(53)	(3)	(164)

41 Financial risk management (continued)

(h) In accordance with the disclosure requirement of HKFRS 7, the Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated income statement:

	2022 HK$ million	2021 HK$ million
Dividends from equity securities at FVOCI – related to investments held at the end of the reporting period	**119**	87
Interest from debt securities at FVOCI	**94**	101
Interest from assets held at amortised cost	**2,017**	658
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	**(6)**	(329)
Fair value gains (losses) on debt securities at FVPL	**(15)**	52
Net impairment expense recognised on trade receivables	**(937)**	(1,737)
Losses arising on derivatives in a designated fair value hedge	**(4)**	(104)
Gains arising on adjustment for hedged items in a designated fair value hedge	**4**	104

(i) Hedge accounting

(i) Fair value hedges

	2022			
Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedging instrument is included
Collar agreements	32.4	216	216	Liquid funds and other listed investments

	2022		
Hedged items	Carrying amount of the hedged item HK$ million	Change in value used for calculating hedge ineffectiveness HK$ million	Line item in the statement of financial position in which the hedged item is included
Listed equity securities, outside Hong Kong	8,317	(1,409)	Liquid funds and other listed investments

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

	2021							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swap								
– receive fixed and pay floating maturing in								
2022	4.63%	5.28%	US$700	5,460	4	–	–	–
				5,460	4	–	–	–

	2021		
Hedged items	Carrying amount of the hedged item HK$ million	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million	Line item in the statement of financial position in which the hedged item is included
USD Fixed rate debts	5,444	4	Bank and other debts

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2022							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.95%	0.94%	US$ 1,000	7,800	153	–	–	–
2025	3.81%	3.58%	AUD 509	2,682	–	64	–	–
2025	5.43%	5.13%	NZD 150	738	–	20	–	–
				11,220	153	84	–	–
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.37%	0.05%	US$ 1,300	10,140	277	–	–	–
– receive fixed and pay fixed maturing in								
2023	2.75%	0.03%	US$ 750	5,850	345	–	–	–
2027	2.00%	0.05%	GBP 500	4,730	–	132	–	–
				20,720	622	132	–	–

	2022						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2023	0.94	EUR 85	709	1	–	–	–
2023	1.01	US$ 4	35	–	–	(2)	–
			744	1	–	(2)	–

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	(362)	(226)	–
Foreign exchange risk	(1,107)	(886)	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

	2021							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2022	0.67%	2.47%	GBP 150	1,558	–	–	(75)	–
2022	1.68%	1.96%	NZD 150	794	–	–	(2)	–
2023	0.74%	0.94%	US$ 1,000	7,800	–	42	–	–
2025	0.85%	3.58%	AUD 509	2,850	–	–	–	(133)
				13,002	–	42	(77)	(133)
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	0.62%	0.05%	US$ 1,300	10,140	–	–	–	(399)
– receive fixed and pay fixed maturing in								
2022 – 2023	2.82%	0.01%	US$ 1,750	13,650	57	118	–	–
				23,790	57	118	–	(399)

	2021						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2022	0.95	US$13	101	2	–	–	–

	2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	(267)	136	–
Foreign exchange risk	(2,220)	221	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

	2022						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Cross currency interest rate swaps maturing in							
2023	9.57	GBP 583	5,518	112	–	–	–
			5,518	112	–	–	–
Forward foreign exchange contracts maturing in							
2023	5.79	CAD 677	3,884	27	–	(13)	–
2023	4.89	AUD 159	840	–	–	(65)	–
2023	4.64	NZD 280	1,378	–	–	(81)	–
2023	9.13	GBP 2,487	23,531	15	–	(732)	–
2023	8.42	EUR 65	540	2	–	–	–
			30,173	44	–	(891)	–
Cross currency swaps maturing in							
2023 – 2027	6.07	CAD 447	2,568	9	112	–	–
2024 – 2027	8.31	EUR 965	8,010	–	470	–	(314)
2027	5.86	AUD 1,415	7,456	–	582	–	–
			18,034	9	1,164	–	(314)

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	(4,333)	(8,703)	(716)

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

			2021				
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2022	6.10	CAD 277	1,688	4	–	(5)	–
2022	5.60	AUD 159	892	20	–	–	–
2022	5.29	NZD 280	1,481	59	–	–	–
2022	10.68	GBP 2,487	25,845	425	–	(63)	–
2022	8.84	EUR 65	574	47	–	–	–
			30,480	555	–	(68)	–
Cross currency swaps maturing in							
2022 – 2027	9.23	EUR 965	8,531	199	266	–	–
2022 – 2025	6.10	CAD 847	5,169	14	22	(17)	(31)
2027	5.86	AUD 1,415	7,923	–	153	–	–
			21,623	213	441	(17)	(31)

	2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	(1,750)	(4,370)	(716)

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

			2022		2021	
	Note	Classification under HKFRS 9 *	**Carrying amounts HK$ million**	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	**40**	**40**	41	41
Listed equity securities, Hong Kong	20	FVOCI	**608**	**608**	701	701
Listed equity securities, outside Hong Kong	20	FVOCI	**8,880**	**8,880**	557	557
Fair value hedges - Collar agreements	20	Fair value - hedges	**216**	**216**	–	–
Listed equity securities (included in Managed funds)	20	FVOCI	**–**	**–**	260	260
Listed debt securities (included in Managed funds)	20	FVOCI	**6,359**	**6,359**	6,668	6,668
Unlisted investments						
Unlisted equity securities	21	FVOCI	**2,451**	**2,451**	2,506	2,506
Unlisted equity securities	21	FVPL	**417**	**417**	2,648	2,648
Unlisted debt securities	21	FVPL	**555**	**555**	165	165
Derivative financial instruments						
Fair value hedges - Interest rate swaps	24	Fair value - hedges	**–**	**–**	4	4
Cash flow hedges						
Interest rate swaps	21 & 24	Fair value - hedges	**237**	**237**	42	42
Cross currency interest rate swaps	21 & 24	Fair value - hedges	**754**	**754**	175	175
Forward foreign exchange contracts	24	Fair value - hedges	**1**	**1**	2	2
Other contracts	21 & 24	Fair value - hedges	**3,248**	**3,248**	771	771
Net investment hedges						
Cross currency interest rate swaps	24	Fair value - hedges	**112**	**112**	–	–
Forward foreign exchange contracts	24	Fair value - hedges	**44**	**44**	555	555
Cross currency swaps	21 & 24	Fair value - hedges	**1,173**	**1,173**	654	654
Other derivative financial instruments	21	FVPL	**–**	**–**	37	37
Lease receivables	21	Amortised cost	**542**	**542**	232	232
Cash and cash equivalents	23	Amortised cost	**138,085**	**138,085**	153,133	153,133
Trade receivables	24	Amortised cost	**14,945**	**14,945**	16,697	16,697
Other receivables	24	Amortised cost	**13,433**	**13,433**	15,123	15,123
Amounts due from associated companies	17	Amortised cost	**3,542**	**3,542**	3,734	3,734
Amounts due from joint ventures	18	Amortised cost	**29,792**	**29,792**	37,616	37,616
			225,434	**225,434**	242,321	242,321

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	Note	Classification under HKFRS 9 *	2022 Carrying amounts HK$ million	2022 Fair values HK$ million	2021 Carrying amounts HK$ million	2021 Fair values HK$ million
Financial liabilities						
Bank and other debts (i)	26	Amortised cost	**284,326**	**265,418**	325,799	336,283
Trade payables	27	Amortised cost	**21,356**	**21,356**	23,382	23,382
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value - hedges	**–**	**–**	210	210
Cross currency interest rate swaps	31	Fair value - hedges	**–**	**–**	399	399
Forward foreign exchange contracts	27	Fair value - hedges	**2**	**2**	–	–
Other contracts	27	Fair value - hedges	**151**	**151**	–	–
Net investment hedges						
Forward foreign exchange contracts	27	Fair value - hedges	**891**	**891**	68	68
Cross currency swaps	27 & 31	Fair value - hedges	**314**	**314**	48	48
Other derivative financial instruments	27 & 31	FVPL	**795**	**795**	119	119
Interest free loans from non-controlling shareholders	27	Amortised cost	**472**	**472**	427	427
Expenses and other accruals	27	Amortised cost	**35,995**	**35,995**	40,636	40,636
Other payables	27	Amortised cost	**21,419**	**21,419**	17,775	17,775
Lease liabilities	13	Amortised cost	**66,059**	**66,059**	85,079	85,079
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**2,567**	**2,567**	759	759
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**3,989**	**3,989**	11,558	11,558
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**569**	**569**	567	567
Amounts due to joint ventures	18	Amortised cost	**319**	**319**	381	381
			441,390	**422,482**	509,373	519,857

* see note 47(n).

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2022		2021	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Representing:				
Financial assets measured at				
Amortised cost	**200,379**	**200,379**	226,576	226,576
FVOCI	**18,298**	**18,298**	10,692	10,692
FVPL	**972**	**972**	2,850	2,850
Fair value - hedges	**5,785**	**5,785**	2,203	2,203
	225,434	**225,434**	242,321	242,321
Financial liabilities measured at				
Amortised cost	**439,237**	**420,329**	508,529	519,013
FVPL	**795**	**795**	119	119
Fair value - hedges	**1,358**	**1,358**	725	725
	441,390	**422,482**	509,373	519,857

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

		2022				2021			
	Note	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	608	–	–	608	701	–	–	701
Listed equity securities, outside Hong Kong	20	8,880	–	–	8,880	557	–	–	557
Fair value hedges - Collar agreement	20	–	–	216	216	–	–	–	–
Listed equity securities (included in Managed funds)	20	–	–	–	–	260	–	–	260
Listed debt securities (included in Managed funds)	20	6,359	–	–	6,359	6,668	–	–	6,668
Unlisted investments									
Unlisted equity securities - FVOCI	21	–	–	2,451	2,451	–	–	2,506	2,506
Unlisted equity securities - FVPL	21	–	46	371	417	–	2,262	386	2,648
Unlisted debt securities	21	–	–	555	555	–	–	165	165
Derivative financial instruments									
Fair value hedges - Interest rate swaps	24	–	–	–	–	–	4	–	4
Cash flow hedges									
Interest rate swaps	21 & 24	–	237	–	237	–	42	–	42
Cross currency interest rate swaps	21 & 24	–	754	–	754	–	175	–	175
Forward foreign exchange contracts	24	–	1	–	1	–	2	–	2
Other contracts	21 & 24	–	3,248	–	3,248	–	771	–	771
Net investment hedges									
Cross currency interest rate swaps	24	–	112	–	112	–	–	–	-
Forward foreign exchange contracts	24	–	44	–	44	–	555	–	555
Cross currency swaps	21 & 24	–	1,173	–	1,173	–	654	–	654
Other derivative financial instruments	21	–	–	–	–	–	37	–	37
		15,847	5,615	3,593	25,055	8,186	4,502	3,057	15,745
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	27 & 31	–	–	–	–	–	210	–	210
Cross currency interest rate swaps	31	–	–	–	–	–	399	–	399
Forward foreign exchange contracts	27	–	2	–	2	–	–	–	–
Other contracts	27	–	151	–	151	–	–	–	–
Net investment hedges									
Forward foreign exchange contracts	27	–	891	–	891	–	68	–	68
Cross currency swaps	27 & 31	–	314	–	314	–	48	–	48
Other derivative financial instruments	27 & 31	–	795	–	795	–	119	–	119
		–	2,153	–	2,153	–	844	–	844

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2022 and 2021, there were no transfer between the Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2022 HK$ million	2021 HK$ million
At 1 January	**3,057**	3,003
Total gains (losses) recognised in		
Income statement	**(21)**	(329)
Other comprehensive income	**44**	97
Additions	**561**	325
Disposals	**–**	(14)
Exchange translation differences	**(48)**	(25)
At 31 December	**3,593**	3,057
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(21)**	(329)

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 41(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2022				
Bank and other debts	**167,251**	**98,167**	**–**	**265,418**
At 31 December 2021				
Bank and other debts	233,152	103,131	–	336,283

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(l) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

(1) are offset in the Group's consolidated statement of financial position; or

(2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2022						
Financial assets						
Trade receivables	314	(314)	–	–	–	–
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	42	–	42	(42)	–	–
Cross currency swaps	168	–	168	(168)	–	–
Other receivables and prepayments	11	(11)	–	–	–	–
	535	(325)	210	(210)	–	–
Financial liabilities						
Trade payables	(941)	314	(627)	–	–	(627)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(543)	–	(543)	42	–	(501)
Cross currency swaps	(314)	–	(314)	168	–	(146)
Other payables and accruals	(97)	11	(86)	–	–	(86)
	(1,895)	325	(1,570)	210	–	(1,360)
At 31 December 2021						
Financial assets						
Trade receivables	46	(30)	16	(7)	–	9
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	422	–	422	(68)	–	354
Cross currency swaps	27	–	27	(31)	–	(4)
Other receivables and prepayments	496	(24)	472	–	–	472
	991	(54)	937	(106)	–	831
Financial liabilities						
Trade payables	(502)	30	(472)	–	–	(472)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(68)	–	(68)	68	–	–
Cross currency swaps	(31)	–	(31)	31	–	–
Other payables and accruals	(31)	24	(7)	7	–	–
	(632)	54	(578)	106	–	(472)

42 Statement of financial position of the Company, as at 31 December 2022

	2022 HK$ million	2021 HK$ million
Non-current assets		
Subsidiary companies - Unlisted shares [a]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [b]	**15,575**	13,139
Other receivables	**1**	11
Cash	**8**	2
Current liabilities		
Other payables and accruals	**101**	97
Net current assets	**15,483**	13,055
Net assets	**370,647**	368,219
Capital and reserves		
Share capital (see note 32(a))	**3,830**	3,834
Share premium (see note 32(a))	**242,972**	243,169
Reserves - Retained profit [c]	**123,845**	121,216
Shareholders' funds	**370,647**	368,219

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2022 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 263 to 266.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves – Retained profit

	HK$ million
At 1 January 2021	117,934
Profit for the year	12,918
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)
Dividends paid relating to 2020	(6,555)
Dividends paid relating to 2021	(3,072)
At 31 December 2021	**121,216**
Profit for the year	**12,978**
Buy-back and cancellation of issued shares (see note 32(a)(ii))	**4**
Dividends paid relating to 2021	**(7,132)**
Dividends paid relating to 2022	**(3,221)**
At 31 December 2022	**123,845**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK$12,978 million (2021: HK$12,918 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2022, the Company's share premium and retained profit amounted to HK$242,972 million (2021: HK$243,169 million) and HK$123,845 million (2021: HK$121,216 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

Saved as disclosed elsewhere in the Annual Financial Statements, no event occurring up to the date of approval of the Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the year ended, 31 December 2022, is for convenience only and has been made at the rate of HK$7.8 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

45 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

46 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 47, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates experience and other contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if the Group has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements, the practical ability to exercise control.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

46 Significant accounting judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iii) Determination of lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Business combinations

As disclosed in note 47(c), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the consolidated income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is an indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value in use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) 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 and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions 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. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment assessment on investment accounted for using equity method

Investments accounted for using equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. Goodwill recognised on acquisitions of an equity-accounted investee is not subject to annual impairment test. Instead, after applying equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in HKAS 28 "Investments in Associates and Joint Ventures" is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in HKAS 36 "Impairment of Assets".

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment in an equity-accounted investee, discounted cash flow models will be used to estimate (i) the Group's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and from the ultimate disposal of the investment; or (ii) the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and from its ultimate disposal.

Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and the ultimate disposal of the investment. Other key estimates and assumptions, where applicable, include estimates of the investee's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and, where applicable, dividend yield, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the investment in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iv) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide 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 and tax credits 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, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the consolidated income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vii) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. 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 income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the consolidated income statement.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(viii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with HKFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the consolidated income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the consolidated income statement.

47 Significant accounting policies

In the current year, the Group has adopted the below amendments as well as the annual improvements to HKFRS issued by HKICPA.

(i) Reference to the Conceptual Framework – Amendments to HKFRS 3 "Business Combinations"

The amendments replace a reference to a previous version of the Conceptual Framework for Financial Reporting with a reference to the current version issued in June 2018 without significantly changing its requirements. Minor amendments were made to HKFRS 3 to update the references to the Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(ii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16 "Property, Plant and Equipment"

The amendments to HKAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(iii) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

The amendments to HKAS 37 clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

47 Significant accounting policies (continued)

(iv) Annual Improvements to HKFRS Standards 2018–2020

- HKFRS 9 "Financial Instruments" – clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- HKFRS 16 "Leases" – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

- HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.

- HKAS 41 "Agriculture" – removes the requirement in paragraph 22 of HKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of HKAS 41.

The adoption of these amendments as well as annual improvement to HKFRS does not have a material impact on the Group's 2022 financial statements. Other than these changes the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2021 Annual Financial Statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

These new accounting standards and interpretations are effective for annual periods beginning after 1 January 2022 and include:

- Amendments to HKAS 1 Presentation of Financial Statements clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- Amendments to HKAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  – right-of-use assets and lease liabilities, and

  – decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

47 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

- Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements require companies to disclose their material rather than their significant accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to HKFRS 16 Leases (Lease Liability in a Sale and Leaseback) provide a requirement for the seller-lessee to determine "lease payments" or "revised lease payments" in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee.

- Amendments to HKAS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants) clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date. The amendments also introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period.

The Group is continuing to assess the implications of the adoption of these new standards and amendments to standards. Based on information currently available to the Group, the application of these standards in the future would not be expected to have a material impact on the financial position and / or financial performance of the Group.

Set out below is a summary of the accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Subsidiary companies

Subsidiaries are 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

47 Significant accounting policies (continued)

(b) Associated companies and joint arrangements

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of associated companies and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

Under the equity method, an investment in an associated company or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(c) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition-date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

47 Significant accounting policies (continued)

(c) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

(d) Goodwill

Goodwill is initially recognised and measured as set out in note 47(c) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is an indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in note 47(b) above.

(e) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

47 Significant accounting policies (continued)

(e) Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(f) Fixed assets

Fixed assets other than freehold lands, are stated at cost less depreciation and any impairment loss. Freehold lands included in land and buildings are not depreciated. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(g) Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. 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 payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

47 Significant accounting policies (continued)

(g) Leases (continued)

(i) Group as a lessee (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(h) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the consolidated statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the consolidated income statement.

47 Significant accounting policies (continued)

(i) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the consolidated statement of financial position as leasehold land prior to 1 January 2019 and are grouped as part of right-of-use assets with effect from 1 January 2019. Leasehold land are expensed in the consolidated income statement on a straight-line basis over the period of the lease.

(j) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is an indication that they may be impaired.

(k) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the consolidated income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

(l) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(m) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 and the carry forward of unused tax losses and tax credits can be utilised.

47 Significant accounting policies (continued)

(n) Liquid funds and other listed investments and unlisted investments

"Liquid funds and other listed investments" are investments in listed debt securities, listed equity securities and cash and cash equivalents. "Unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(i) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

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, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(ii) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under HKFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in other comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item (if applicable) and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(p) 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.

(q) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(r) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

47 Significant accounting policies (continued)

(s) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(t) Trade and other payables, and contract liabilities

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

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the ordinary shareholders.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Such impairment loss is recognised in the consolidated income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

47 Significant accounting policies (continued)

(y) 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.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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.

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2022 and 31 December 2021 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollar using the year end rates of exchange for the consolidated statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the consolidated income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the consolidated income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the consolidated statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 1,115 in December 2022 (2021: 582) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollar. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the consolidated income statement.

(ab) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Ports and Related Services

Revenue from the provision of ports and related services is recognised over time when the services are rendered and the Group's performance provides the benefits received and consumed simultaneously by the customer.

Retail

Revenue from the sale of retail goods is recognised at point of sale less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually settled in cash or by credit card and debit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

Infrastructure

Operating lease income from the rental of rolling stock assets is recognised on a straight-line basis over the lease term.

Contributions related to the connection of new properties to the Group's networks, comprising infrastructure charges, new connection charges, requisitioned mains and sewers and adopted assets, are recognised as deferred income and amortised to the consolidated income statement over the expected useful life of the connection, and other contributions to capital investment, most significantly mains and sewer diversions. The contributions are recognised in full in the consolidated income statement upon completion of the investment, which are typically the point at which the associated asset is brought into use.

Revenue from the provision of waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations is recognised when a performance obligation is satisfied, which is recognised at a point of time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

Telecommunications services

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Abu Qir Container Terminal Company S.A.E.	Egypt	USD	157,000,000	49	Container terminal operating
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
	Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	9,156,288,581	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal Sp. z o.o.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	100	Ship repairing, general engineering and tug operations
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
	Hutchison Ajman International Terminals Limited – F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ ❋ #	Hutchison Port Holdings Trust	Singapore/China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands/ Hong Kong	USD	74,870,807	80	Holding company
	Hutchison Port Jazan Limited	Saudi Arabia	SAR	18,750,000	48	Container terminal operating
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands/United Arab Emirates	USD	10,000	48	Container terminal operating
	Hutchison Ports Sweden AB	Sweden	SEK	100,000	80	Container terminal operating
	Hutchison Ports UAQ Limited	British Virgin Islands/United Arab Emirates	USD	36,320	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
Ports and related services (continued)					
Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡ + PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡ River Trade Terminal Co. Ltd.	British Virgin Islands/ Hong Kong	USD	1	40	River trade terminal operation
Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘ 上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	24	Container terminal operating
South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
Star Classic Investments Limited	British Virgin Islands/ Hong Kong	USD	22,796	80	Operation, management and development of ports and container terminals, and investment holding
Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
✱ # + Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ + Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ + Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
Retail					
A.S. Watson Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,000,000	75	Holding company
A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
A. S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ + Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘ 廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
✱ PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡ Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
✦ 武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
Infrastructure					
✡ Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Gas distribution
✡ + AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
✱ + CK Infrastructure Holdings Limited	Bermuda/ Hong Kong	HKD	2,519,610,945	76	Holding company
✡ + CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ + CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Infrastructure (continued)					
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
✡ +	Eversholt UK Rails Limited	United Kingdom	GBP	102	54	Leasing of rolling stock
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
✡ +	Northumbrian Water Group Limited	United Kingdom	GBP	40	33	Water supply, sewage and waste water businesses
❖ ✱ # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment in energy and utility-related businesses
✡ +	Trionista SE	Germany	EUR	120,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	610,000,000	30	Electricity distribution
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands/ Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
✱	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
✡	Ooredoo Hutchison Asia Pte. Limited	Singapore	SGD	435,492	50	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands/ Hong Kong	USD	2	100	Holding company
✱ # +	Cenovus Energy Inc.	Canada	CAD	16,320,000,000	17	Oil and gas business
✱ # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands/ Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
✱	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
✱ #	HUTCHMED (China) Limited	Cayman Islands/ Hong Kong	USD	86,477,534	38	Holding company of biopharmaceutical business
	Marionnaud Parfumeries S.A.S.	France	EUR	960,683,969	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
✱ #	TOM Group Limited	Cayman Islands/ Hong Kong	HKD	395,851,056	36	Technology and media
✱ #	TPG Telecom Limited	Australia	AUD	18,399,043,754	22	Telecommunications services

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

* Company listed on The Stock Exchange of Hong Kong Limited except Hutchison Port Holdings Trust which is listed on the Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, PT Duta Intidaya Tbk is listed on the Indonesia Stock Exchange, Cenovus Energy Inc. which is listed on the New York Stock Exchange and Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, TPG Telecom Limited which is listed on the Australian Securities Exchange and HUTCHMED (China) Limited which is listed on The Stock Exchange of Hong Kong Limited, AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

Ⓕ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

❖ Power Assets Holdings Limited indirectly holds 33.37% equity interest in HK Electric Investments and HK Electric Investments Limited, which are listed on The Stock Exchange of Hong Kong Limited.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 29% of the Group's respective items.

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 124 to 262, comprise:

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

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the 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 brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Goodwill and brand names with an indefinite useful life *Refer to notes 5(b)(xvi), 15, 16 and 46 to the consolidated financial statements*	
The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2021, goodwill amounted to approximately HK$289 billion and brand names with an indefinite useful life amounted to approximately HK$69 billion. Goodwill and brand names with an indefinite useful life are 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 recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates to extrapolate the cash flows beyond the budget period and the discount rates to bring the future cash flows back to their present values. The Group recognised the impairment of goodwill of approximately HK$15.5 billion relating to the mobile telecommunications business in Italy for the year ended 31 December 2021. Refer to notes 5(b)(xvi) and 16 to the consolidated financial statements for details. Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned impairment charge of approximately HK$15.5 billion, there is no impairment of goodwill and brand names with an indefinite useful life. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amounts of the respective business units including goodwill, brand names with an indefinite useful life and other operating assets. The significant assumptions are disclosed in notes 15, 16 and 46 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and brand names with an indefinite useful life and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Assessing the appropriateness of the valuation methodologies used; • Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of these budgets; • Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the relevant businesses and industries and with the involvement of our valuations specialists; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matter

Investments in associated companies and joint ventures

Refer to notes 5(b)(xvii), 17, 18 and 46 to the consolidated financial statements

The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2021, investments in associated companies and joint ventures amounted to approximately HK$279 billion.

Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures, taking into consideration the share of the associated companies' and the joint ventures' future cash flows and a number of other assumptions, including the growth rates to prepare the associated companies' and joint ventures' cash flow projections, and the discount rates to bring the future cash flows back to their present values.

Cenovus Energy Inc. ("Cenovus Energy"), a listed associated company of the Group, recorded an impairment charge for the year ended 31 December 2021 as the carrying values of certain of its refinery assets exceeded their recoverable amounts. The Group therefore recognised its share of the impairment charge of Cenovus Energy of approximately HK$1.4 billion for the year ended 31 December 2021. Refer to note 5(b)(xvii) to the consolidated financial statements for details.

Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned share of impairment charge of Cenovus Energy of approximately HK$1.4 billion, there is no impairment of the Group's investments in associated companies and joint ventures. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.

How our audit addressed the Key Audit Matter

The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included:

- Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of investments in associated companies and joint ventures 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;
- Evaluating the Group's assessments as to whether any indication of impairment exists in respect of investments in associated companies and joint ventures;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the growth rates and discount rates; and comparing cash flow projections to supporting evidence, such as approved budgets; and
- Performing sensitivity analyses on the key assumptions, including the growth rates and discount rates, to evaluate the potential impacts on the recoverable amounts.

We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

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

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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 HKSAs 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 HKSAs, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 Luk Lai Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2022

Consolidated Income Statement

for the year ended 31 December 2021

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
36,006	Revenue	4, 5	**280,847**	266,396
(13,367)	Cost of inventories sold	7	**(104,266)**	(95,549)
(4,803)	Staff costs		**(37,462)**	(35,495)
(2,104)	Expensed customer acquisition and retention costs		**(16,411)**	(16,362)
(5,802)	Depreciation and amortisation	7	**(45,256)**	(41,658)
(8,174)	Other expenses and losses	7	**(63,758)**	(42,482)
3,526	Other income and gains	7	**27,505**	31,274
	Share of profits less losses of:			
733	Associated companies		**5,718**	(18,529)
820	Joint ventures		**6,393**	4,954
6,835			**53,310**	52,549
(1,360)	Interest expenses and other finance costs	8	**(10,608)**	(10,850)
5,475	**Profit before tax**		**42,702**	41,699
(517)	Current tax	9	**(4,029)**	(3,985)
231	Deferred tax credit (charge)	9	**1,799**	(317)
5,189	**Profit after tax**		**40,472**	37,397
(896)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(6,988)**	(8,254)
4,293	**Profit attributable to ordinary shareholders**		**33,484**	29,143
US$1.12	**Earnings per share for profit attributable to ordinary shareholders**	10	**HK$ 8.70**	HK$ 7.56

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid and proposed final dividend payable to the ordinary shareholders are set out in note 11.

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
5,189	**Profit after tax**		**40,472**	37,397
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss			
133	Remeasurement of defined benefit obligations recognised directly in reserves		**1,034**	(664)
	Equity securities at fair value through other comprehensive income ("FVOCI")			
34	Valuation gains recognised directly in reserves		**265**	1,461
98	Share of other comprehensive income (losses) of associated companies		**766**	(540)
216	Share of other comprehensive income (losses) of joint ventures		**1,684**	(1,815)
10	Tax relating to items that will not be reclassified to profit or loss	33 (c)	**80**	169
491			**3,829**	(1,389)
	Items that may be reclassified to profit or loss			
	Debt securities at FVOCI			
(8)	Valuation gains (losses) recognised directly in reserves		**(60)**	44
(1)	Valuation losses (gains) previously in reserves recognised in income statement		**(7)**	89
131	Gains (losses) on cash flow hedges recognised directly in reserves		**1,020**	(65)
227	Gains (losses) on net investment hedges recognised directly in reserves		**1,767**	(2,229)
(1,355)	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		**(10,567)**	13,004
373	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		**2,913**	2,093
(91)	Share of other comprehensive income (losses) of associated companies		**(708)**	2,227
(280)	Share of other comprehensive income (losses) of joint ventures		**(2,184)**	3,535
(1)	Tax relating to items that may be reclassified to profit or loss	33 (c)	**(8)**	9
(1,005)			**(7,834)**	18,707
(514)	Other comprehensive income (losses), net of tax		**(4,005)**	17,318
4,675	**Total comprehensive income**		**36,467**	54,715
(866)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		**(6,753)**	(9,588)
3,809	**Total comprehensive income attributable to ordinary shareholders**		**29,714**	45,127

See note 44.

Consolidated Statement of Financial Position

at 31 December 2021

2021# US$ million		Note	2021 HK$ million	2020 HK$ million
	Non-current assets			
16,807	Fixed assets	12	**131,099**	132,101
9,853	Right-of-use assets	13	**76,852**	83,805
8,972	Telecommunications licences	14	**69,985**	66,944
11,413	Brand names and other rights	15	**89,019**	91,453
37,095	Goodwill	16	**289,340**	319,718
17,664	Associated companies	17	**137,781**	136,076
18,121	Interests in joint ventures	18	**141,344**	141,465
2,716	Deferred tax assets	19	**21,188**	19,926
1,055	Liquid funds and other listed investments	20	**8,227**	10,588
1,821	Other non-current assets	21	**14,202**	14,944
125,517			**979,037**	1,017,020
	Current assets			
19,632	Cash and cash equivalents	23	**153,133**	155,951
3,029	Inventories		**23,625**	24,565
7,402	Trade receivables and other current assets	24	**57,731**	55,809
30,063			**234,489**	236,325
–	Assets classified as held for sale	25	**–**	1,251
30,063			**234,489**	237,576
	Current liabilities			
8,508	Bank and other debts	26	**66,361**	48,021
308	Current tax liabilities		**2,402**	2,639
2,062	Lease liabilities	13	**16,085**	18,621
12,380	Trade payables and other current liabilities	27	**96,565**	103,881
23,258			**181,413**	173,162
–	Liabilities directly associated with assets classified as held for sale	25	**–**	284
23,258			**181,413**	173,446
6,805	Net current assets		**53,076**	64,130
132,322	Total assets less current liabilities		**1,032,113**	1,081,150
	Non-current liabilities			
33,261	Bank and other debts	26	**259,438**	301,050
97	Interest bearing loans from non-controlling shareholders	29	**759**	798
8,845	Lease liabilities	13	**68,994**	75,644
2,229	Deferred tax liabilities	19	**17,383**	17,672
444	Pension obligations	30	**3,466**	3,804
4,849	Other non-current liabilities	31	**37,818**	52,119
49,725			**387,858**	451,087
82,597	**Net assets**		**644,255**	630,063

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
	Capital and reserves			
492	Share capital	32 (a)	**3,834**	3,856
31,175	Share premium	32 (a)	**243,169**	244,377
34,122	Reserves	33	**266,149**	246,063
65,789	Total ordinary shareholders' funds		**513,152**	494,296
1,591	Perpetual capital securities	32 (b)	**12,414**	12,415
15,217	Non-controlling interests		**118,689**	123,352
82,597	**Total equity**		**644,255**	630,063

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
80,777	At 1 January 2021	248,233	246,063	494,296	12,415	123,352	630,063
5,189	Profit for the year	–	33,484	33,484	490	6,498	40,472
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
34	Valuation gains recognised directly in reserves	–	266	266	–	(1)	265
	Debt securities at FVOCI						
(8)	Valuation losses recognised directly in reserves	–	(60)	(60)	–	–	(60)
(1)	Valuation gains previously in reserves recognised in income statement	–	(7)	(7)	–	–	(7)
133	Remeasurement of defined benefit obligations recognised directly in reserves	–	845	845	–	189	1,034
131	Gains on cash flow hedges recognised directly in reserves	–	954	954	–	66	1,020
227	Gains on net investment hedges recognised directly in reserves	–	1,337	1,337	–	430	1,767
(1,355)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(9,603)	(9,603)	–	(964)	(10,567)
373	Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	–	2,913	2,913	–	–	2,913
7	Share of other comprehensive income (losses) of associated companies	–	(85)	(85)	–	143	58
(64)	Share of other comprehensive income (losses) of joint ventures	–	(380)	(380)	–	(120)	(500)
9	Tax relating to components of other comprehensive income (losses)	–	50	50	–	22	72
(514)	Other comprehensive income (losses), net of tax	–	(3,770)	(3,770)	–	(235)	(4,005)
4,675	Total comprehensive income	–	29,714	29,714	490	6,263	36,467
1	Impact of hyperinflation	–	5	5	–	1	6
	Transactions with owners in their capacity as owners:						
(840)	Dividends paid relating to 2020	–	(6,555)	(6,555)	–	–	(6,555)
(394)	Dividends paid relating to 2021	–	(3,072)	(3,072)	–	–	(3,072)
(825)	Dividends paid to non-controlling interests	–	–	–	–	(6,437)	(6,437)
(63)	Distribution paid on perpetual capital securities	–	–	–	(491)	–	(491)
627	Equity contribution from non-controlling interests	–	–	–	–	4,890	4,890
(1,200)	Redemption of perpetual capital securities by a subsidiary	–	–	–	–	(9,360)	(9,360)
(4)	Transaction costs in relation to equity contribution from non-controlling interests	–	(24)	(24)	–	(8)	(32)
(159)	Buy-back and cancellation of issued shares (see note 32(a)(i))	(1,230)	(9)	(1,239)	–	–	(1,239)
3	Unclaimed dividends write back of a subsidiary	–	27	27	–	–	27
(1)	Relating to acquisition of subsidiary companies	–	–	–	–	(12)	(12)
(2,855)		(1,230)	(9,628)	(10,858)	(491)	(10,926)	(22,275)
82,597	**At 31 December 2021**	247,003	266,149	513,152	12,414	118,689	644,255

Total equity # US$ million		Attributable to Ordinary shareholders: Share capital and share premium [a] HK$ million	Reserves [b] HK$ million	Total ordinary shareholders' funds HK$ million	Perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
76,534	At 1 January 2020	248,233	216,052	464,285	12,410	120,268	596,963
4,794	Profit for the year	–	29,143	29,143	487	7,767	37,397
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
187	Valuation gains recognised directly in reserves	–	1,211	1,211	–	250	1,461
	Debt securities at FVOCI						
6	Valuation gains recognised directly in reserves	–	44	44	–	–	44
11	Valuation losses previously in reserves recognised in income statement	–	89	89	–	–	89
(85)	Remeasurement of defined benefit obligations recognised directly in reserves	–	(511)	(511)	–	(153)	(664)
(8)	Losses on cash flow hedges recognised directly in reserves	–	(21)	(21)	–	(44)	(65)
(286)	Losses on net investment hedges recognised directly in reserves	–	(1,687)	(1,687)	–	(542)	(2,229)
1,667	Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	11,802	11,802	–	1,202	13,004
268	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	2,038	2,038	–	55	2,093
216	Share of other comprehensive income of associated companies	–	1,565	1,565	–	122	1,687
221	Share of other comprehensive income of joint ventures	–	1,314	1,314	–	406	1,720
23	Tax relating to components of other comprehensive income (losses)	–	140	140	–	38	178
2,220	Other comprehensive income, net of tax	–	15,984	15,984	–	1,334	17,318
7,014	Total comprehensive income	–	45,127	45,127	487	9,101	54,715
	Transactions with owners in their capacity as owners:						
(1,137)	Dividends paid relating to 2019	–	(8,870)	(8,870)	–	–	(8,870)
(304)	Dividends paid relating to 2020	–	(2,368)	(2,368)	–	–	(2,368)
(700)	Dividends paid to non-controlling interests	–	–	–	–	(5,462)	(5,462)
(62)	Distribution paid on perpetual capital securities	–	–	–	(482)	–	(482)
1	Unclaimed dividends write back of a subsidiary	–	7	7	–	–	7
(609)	Relating to purchase of non-controlling interests [c]	–	(3,943)	(3,943)	–	(806)	(4,749)
40	Relating to partial disposal / disposal of subsidiary companies	–	58	58	–	251	309
(2,771)		–	(15,116)	(15,116)	(482)	(6,017)	(21,615)
80,777	At 31 December 2020	248,233	246,063	494,296	12,415	123,352	630,063

See note 44.
(a) See note 32(a) for details on share capital and share premium.
(b) See note 33 for details on reserves.
(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
	Operating activities			
11,017	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	34 (a)	85,933	87,072
(1,356)	Interest expenses and other finance costs paid (net of capitalisation)		(10,577)	(10,789)
(525)	Tax paid		(4,092)	(3,628)
9,136	**Funds from operations (before principal elements of lease payments)**		71,264	72,655
(2,446)	Changes in working capital	34 (b)	(19,080)	516
6,690	**Net cash from operating activities**		52,184	73,171
	Investing activities			
(3,469)	Purchase of fixed assets		(27,056)	(27,104)
(1,046)	Additions to telecommunications licences		(8,158)	(679)
(567)	Additions to brand names and other rights		(4,429)	(1,791)
(18)	Purchase of subsidiary companies, net of cash acquired	34 (c)	(138)	–
(18)	Additions to unlisted investments		(142)	(131)
134	Repayments of loans from associated companies and joint ventures		1,044	1,609
(225)	Purchase of and advances to associated companies and joint ventures		(1,753)	(833)
56	Proceeds from disposal of fixed assets		438	564
4,926	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	38,425	20,780
119	Proceeds from partial disposal / disposal of associated companies and joint ventures		928	2,005
1	Proceeds from disposal of other unlisted investments		11	13
(107)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		(830)	(5,567)
41	Disposal of liquid funds and other listed investments		318	730
(5)	Additions to liquid funds and other listed investments		(38)	(1,627)
(71)	**Cash flows used in investing activities**		(550)	(6,464)
6,619	**Net cash inflow before financing activities**		51,634	66,707
	Financing activities			
9,090	New borrowings	34 (e)	70,901	44,391
(10,711)	Repayment of borrowings	34 (e)	(83,546)	(56,361)
(2,232)	Principal elements of lease payments	34 (e)	(17,407)	(18,010)
6	Net loans from non-controlling shareholders	34 (e)	47	–
12	Issue of equity securities by subsidiary companies to non-controlling shareholders		95	–
(251)	Payments to acquire additional interests in subsidiary companies		(1,955)	(1,048)
–	Proceeds from partial disposal of subsidiary companies		–	309
596	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		4,648	–
(1,200)	Redemption of perpetual capital securities by a subsidiary		(9,360)	–
(159)	Payments for buy-back and cancellation of issued shares		(1,239)	–
(1,234)	Dividends paid to ordinary shareholders		(9,627)	(11,238)
(835)	Dividends paid to non-controlling interests		(6,518)	(5,444)
(63)	Distribution paid on perpetual capital securities		(491)	(482)
(6,981)	**Cash flows used in financing activities**		(54,452)	(47,883)
(362)	Increase (decrease) in cash and cash equivalents		(2,818)	18,824
19,994	Cash and cash equivalents at 1 January		155,951	137,127
19,632	**Cash and cash equivalents at 31 December**		153,133	155,951

2021# US$ million		Note	2021 HK$ million	2020 HK$ million
	Analysis of cash, liquid funds and other listed investments			
19,632	Cash and cash equivalents, as above	23	**153,133**	155,951
1,055	Liquid funds and other listed investments	20	**8,227**	10,588
20,687	**Total cash, liquid funds and other listed investments**		**161,360**	166,539
42,084	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	**328,253**	351,642
97	Interest bearing loans from non-controlling shareholders	29	**759**	798
21,494	**Net debt**		**167,652**	185,901
(97)	Interest bearing loans from non-controlling shareholders		**(759)**	(798)
21,397	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**166,893**	185,103

See note 44.

1 General information

CK Hutchison Holdings Limited (the "Company") is a company incorporated in the Cayman Islands with limited liability and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2021 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 17 March 2022.

The Chairman's Statement, the Operations Review, the Risk Factors, and the Group Capital Resources and Liquidity, issued outside the Annual Financial Statements as part of the announcement of the Group's results for the year ended 31 December 2021 and the Group's 2021 Annual Report, include discussions of the performance of the Group's businesses for the current year, the principal risk and uncertainties affecting the Group's businesses, the important corporate transactions concluded since the end of the 2020 financial year, and the Group's liquidity and financial profile.

2 Use of judgements, assumptions and estimates

The preparation of financial statements under Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Annual Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop. Note 46 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group and Covid-19 mitigating actions which have been and may be taken to reduce discretionary spend and other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

The Annual Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, certain properties, certain financial assets and liabilities (including derivative instruments) are measured at fair values, and non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2021 that had a significant effect on the Group in 2021. A summary of the Group's significant accounting policies, including changes thereto, are included in Note 47.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2021 HK$ million	2020 HK$ million
Sale of goods	**160,701**	148,712
Revenue from services	**116,386**	112,060
Interest	**3,672**	5,398
Dividend income	**88**	226
	280,847	266,396

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15:

(i) By segments *

	Revenue from contracts with customers			Revenue from other sources	2021 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	28,896	28,896	94	28,990
Retail	130,767	75	130,842	–	130,842
Infrastructure	4,267	–	4,267	2,825	7,092
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*13,914*	*73,040*	*86,954*	*6*	*86,960*
Hutchison Telecommunications Hong Kong Holdings	*2,144*	*3,241*	*5,385*	–	*5,385*
Corporate and Others	*3*	*39*	*42*	*62*	*104*
	16,061	76,320	92,381	68	92,449
Hutchison Asia Telecommunications	–	8,786	8,786	–	8,786
Finance & Investments and Others	11,665	169	11,834	854	12,688
	162,760	114,246	277,006	3,841	280,847

	Revenue from contracts with customers			Revenue from other sources	2020 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	–	24,926	24,926	157	25,083
Retail	121,284	64	121,348	–	121,348
Infrastructure	3,866	–	3,866	3,480	7,346
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*13,047*	*72,736*	*85,783*	*4*	*85,787*
Hutchison Telecommunications Hong Kong Holdings	*1,260*	*3,285*	*4,545*	–	*4,545*
Corporate and Others	*2*	*56*	*58*	*143*	*201*
	14,309	76,077	90,386	147	90,533
Hutchison Asia Telecommunications	–	9,146	9,146	1	9,147
Finance & Investments and Others	10,865	162	11,027	1,912	12,939
	150,324	110,375	260,699	5,697	266,396

* See note 5 for operating segment information.

4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued):

(ii) By geographical locations *

	Revenue from contracts with customers			Revenue from other sources	2021 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**29,589**	**3,357**	**32,946**	**31**	**32,977**
Mainland China	**27,201**	**420**	**27,621**	**28**	**27,649**
The People's Republic of China	**56,790**	**3,777**	**60,567**	**59**	**60,626**
Europe	**68,211**	**85,353**	**153,564**	**1,962**	**155,526**
Canada	**–**	**–**	**–**	**256**	**256**
Asia, Australia and Others	**26,094**	**24,947**	**51,041**	**710**	**51,751**
	94,305	**110,300**	**204,605**	**2,928**	**207,533**
	151,095	**114,077**	**265,172**	**2,987**	**268,159**
Finance & Investments and Others	**11,665**	**169**	**11,834**	**854**	**12,688**
	162,760	**114,246**	**277,006**	**3,841**	**280,847**

	Revenue from contracts with customers			Revenue from other sources	2020 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	30,336	3,227	33,563	230	33,793
Mainland China	24,082	359	24,441	17	24,458
The People's Republic of China	54,418	3,586	58,004	247	58,251
Europe	60,430	82,709	143,139	2,540	145,679
Canada	–	–	–	236	236
Asia, Australia and Others	24,611	23,918	48,529	762	49,291
	85,041	106,627	191,668	3,538	195,206
	139,459	110,213	249,672	3,785	253,457
Finance & Investments and Others	10,865	162	11,027	1,912	12,939
	150,324	110,375	260,699	5,697	266,396

* See note 5 for operating segment information.

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of HKFRS 15

Under HKFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of HKFRS 15.

	2021 HK$ million	2020 HK$ million
Trade receivables (see note 24)	**16,697**	16,898
Contract assets (see notes 21 and 24)	**7,599**	8,999
Contract liabilities (see note 27)	**(6,933)**	(6,160)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In 2021, HK$1,757 million (2020: HK$1,577 million) was recognised in the income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2021, HK$1,056 million (2020: HK$1,024 million) was recognised in the income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$4,958 million (2020: HK$5,028 million) was recognised as revenue in 2021 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration variable, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's future performance. The analysis is for compliance with HKFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2021 HK$ million	2020 HK$ million
Within one year	**14,065**	14,801
More than one year	**7,897**	7,707
	21,962	22,508

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

In January 2021, Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of an all-stock combination of Cenovus Energy and the Group's listed associated company Husky Energy Inc. ("Husky"). Following the merger, the Group's share of Cenovus Energy's results in 2021 is reported and included in Finance & Investments and Others (see below) and the energy business no longer constitutes a core business of the Group. Comparative information has been reclassified accordingly to conform to this presentation. At 31 December 2021, the Group owns 15.8% of the issued and outstanding common shares of Cenovus Energy.

As at 31 December 2021, the Group has four core businesses – ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

Ports and Related Services:

This division is the world's leading port network, and has interests in 52 ports comprising 291 operational berths in 26 countries as at 31 December 2021. This division operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 142 million loyalty member base. ASW operated 12 retail brands with 16,398 stores in 28 markets worldwide as at 31 December 2021.

Infrastructure:

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange as well as 10% of the economic benefits derived from the Group's direct holdings in six infrastructure investments co-owned with CKI, comprising of interests in Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities.

Telecommunications:

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, as well as Hutchison Asia Telecommunications.

Finance & Investments and Others is presented to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position. Finance & Investments and Others covers the activities of other areas of the Group that are not presented separately and includes a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 25.05% attributable interest in a listed associated company TPG Telecom Limited ("TPG") (formerly known as Vodafone Hutchison Australia ("VHA")), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated companies Hutchison China MediTech ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy, corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items.

5 Operating segment information (continued)

(a) Description of segments and basis of presentation of segment information (continued)

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resources allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2021 and 31 December 2020.

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated are mainly attributable to Retail of HK$34 million (2020: HK$71 million), Hutchison Telecommunications Hong Kong Holdings of HK$16 million (2020: HK$14 million) and Hutchison Asia Telecommunications of HK$1 million (2020: HK$1 million).

	Revenue							
	Company and Subsidiaries	**Associates and JV**	**2021 Total**		Company and Subsidiaries	Associates and JV	2020 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**28,990**	**13,295**	**42,285**	**9%**	25,083	7,782	32,865	8%
Retail	**130,842**	**42,759**	**173,601**	**39%**	121,348	38,271	159,619	40%
Infrastructure	**7,092**	**49,008**	**56,100**	**13%**	7,346	45,446	52,792	13%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***86,960***	***12***	***86,972***	***20%***	*85,787*	*12*	*85,799*	*21%*
Hutchison Telecommunications Hong Kong Holdings	***5,385***	***–***	***5,385***	***1%***	*4,545*	*–*	*4,545*	*1%*
Corporate and Others	***104***	***114***	***218***	***–***	*201*	*118*	*319*	*–*
	92,449	**126**	**92,575**	**21%**	90,533	130	90,663	22%
Hutchison Asia Telecommunications	**8,786**	**–**	**8,786**	**2%**	9,147	–	9,147	2%
Finance & Investments and Others	**12,688**	**59,348**	**72,036**	**16%**	12,939	45,821	58,760	15%
	280,847	**164,536**	**445,383**	**100%**	266,396	137,450	403,846	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**1,382**	**1,382**		–	1,074	1,074	
Divesture of infrastructure investments	**–**	**938**	**938**		–	857	857	
	280,847	**166,856**	**447,703**		266,396	139,381	405,777	
HKFRS 16 impact	**–**	**–**	**–**		–	–	–	
	280,847	**166,856**	**447,703**		266,396	139,381	405,777	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(xiv)) and EBIT (see note 5(b)(xv)). Analyses of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	**9,021**	**6,136**	**15,157**	**13%**	7,672	3,242	10,914	12%
Retail	**11,633**	**4,401**	**16,034**	**14%**	11,108	3,289	14,397	15%
Infrastructure	**3,345**	**26,291**	**29,636**	**27%**	3,574	25,492	29,066	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***29,892***	**–**	***29,892***	***27%***	*31,377*	*1*	*31,378*	*32%*
Hutchison Telecommunications Hong Kong Holdings	***1,036***	***57***	***1,093***	***1%***	*1,278*	*63*	*1,341*	*1%*
Corporate and Others [xvi]	***12,067***	**–**	***12,067***	***11%***	*15,824*	*(3)*	*15,821*	*17%*
	42,995	**57**	**43,052**	**39%**	48,479	61	48,540	50%
Hutchison Asia Telecommunications	**2,036**	**–**	**2,036**	**2%**	2,034	–	2,034	2%
Finance & Investments and Others [xvii] [xviii] [xix]	**(3,928)**	**9,240**	**5,312**	**5%**	13,143	(21,150)	(8,007)	-9%
EBITDA	**65,102**	**46,125**	**111,227**	**100%**	86,010	10,934	96,944	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**984**	**984**		–	740	740	
EBITDA ^	**65,102 ^**	**47,109 ^**	**112,211 ^**		86,010 ^	11,674 ^	97,684 ^	
Depreciation and amortisation	**(27,617)**	**(19,140)**	**(46,757)**		(23,550)	(19,812)	(43,362)	
Interest expenses and other finance costs	**(7,075)**	**(7,584)**	**(14,659)**		(7,166)	(7,973)	(15,139)	
Current tax	**(4,031)**	**(3,600)**	**(7,631)**		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	**1,771**	**(3,718)**	**(1,947)**		(431)	6,518	6,087	
Non-controlling interests	**(7,063)**	**(654)**	**(7,717)**		(8,240)	(473)	(8,713)	
	21,087	**12,413**	**33,500**		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBITDA ^	**21,353 ^**	**3,073 ^**	**24,426 ^**		22,073 ^	3,331 ^	25,404 ^	
Depreciation and amortisation	**(17,639)**	**(2,713)**	**(20,352)**		(18,108)	(2,846)	(20,954)	
Interest expenses and other finance costs	**(3,533)**	**(649)**	**(4,182)**		(3,684)	(768)	(4,452)	
Current tax	**2**	**–**	**2**		19	–	19	
Deferred tax	**28**	**(13)**	**15**		114	26	140	
Non-controlling interests	**75**	**–**	**75**		(14)	–	(14)	
	21,373	**12,111**	**33,484**		43,019	(13,876)	29,143	
^ Reconciliation to Post-HKFRS 16 basis EBITDA :								
Pre-HKFRS 16 basis EBITDA per above	**65,102**	**47,109**	**112,211**		86,010	11,674	97,684	
HKFRS 16 impact per above	**21,353**	**3,073**	**24,426**		22,073	3,331	25,404	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**86,455**	**50,182**	**136,637**		108,083	15,005	123,088	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2021 Total**		Company and Subsidiaries	Associates and JV	2020 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
Ports and Related Services	**6,058**	**4,679**	**10,737**	**17%**	4,793	1,924	6,717	12%
Retail	**8,899**	**3,561**	**12,460**	**19%**	8,434	2,499	10,933	20%
Infrastructure	**3,013**	**16,082**	**19,095**	**30%**	3,206	15,282	18,488	34%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	**29,892**	**–**	**29,892**		31,377	1	31,378	
Depreciation	**(10,728)**	**–**	**(10,728)**		(9,237)	–	(9,237)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(7,905)**	**–**	**(7,905)**		(5,871)	–	(5,871)	
EBIT – **3** Group Europe	**11,259**	**–**	**11,259**	**17%**	16,269	1	16,270	30%
Hutchison Telecommunications Hong Kong Holdings	**130**	**12**	**142**	**–**	479	17	496	1%
Corporate and Others [xvi]	**12,061**	**–**	**12,061**	**19%**	15,818	(3)	15,815	30%
	23,450	**12**	**23,462**	**36%**	32,566	15	32,581	61%
Hutchison Asia Telecommunications	**209**	**–**	**209**	**–**	544	–	544	1%
Finance & Investments and Others [xvii] [xviii] [xix]	**(4,144)**	**2,925**	**(1,219)**	**-2%**	12,917	(28,326)	(15,409)	-28%
EBIT (LBIT)	**37,485**	**27,259**	**64,744**	**100%**	62,460	(8,606)	53,854	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**710**	**710**		–	468	468	
EBIT (LBIT) ^	**37,485 ^**	**27,969 ^**	**65,454 ^**		62,460 ^	(8,138) ^	54,322 ^	
Interest expenses and other finance costs	**(7,075)**	**(7,584)**	**(14,659)**		(7,166)	(7,973)	(15,139)	
Current tax	**(4,031)**	**(3,600)**	**(7,631)**		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	**1,771**	**(3,718)**	**(1,947)**		(431)	6,518	6,087	
Non-controlling interests	**(7,063)**	**(654)**	**(7,717)**		(8,240)	(473)	(8,713)	
	21,087	**12,413**	**33,500**		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBIT ^	**3,714 ^**	**360 ^**	**4,074 ^**		3,965 ^	485 ^	4,450 ^	
Interest expenses and other finance costs	**(3,533)**	**(649)**	**(4,182)**		(3,684)	(768)	(4,452)	
Current tax	**2**	**–**	**2**		19	–	19	
Deferred tax	**28**	**(13)**	**15**		114	26	140	
Non-controlling interests	**75**	**–**	**75**		(14)	–	(14)	
	21,373	**12,111**	**33,484**		43,019	(13,876)	29,143	
^ Reconciliation to Post-HKFRS 16 basis EBIT (LBIT) :								
Pre-HKFRS 16 basis EBIT (LBIT) per above	**37,485**	**27,969**	**65,454**		62,460	(8,138)	54,322	
HKFRS 16 impact per above	**3,714**	**360**	**4,074**		3,965	485	4,450	
Post-HKFRS 16 basis EBIT (LBIT)	**41,199**	**28,329**	**69,528**		66,425	(7,653)	58,772	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries	**Associates and JV**	**2021 Total**	Company and Subsidiaries	Associates and JV	2020 Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Ports and Related Services	**2,963**	**1,457**	**4,420**	2,879	1,318	4,197
Retail	**2,734**	**840**	**3,574**	2,674	790	3,464
Infrastructure	**332**	**10,209**	**10,541**	368	10,210	10,578
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	***18,633***	**–**	***18,633***	*15,108*	–	*15,108*
Hutchison Telecommunications Hong Kong Holdings	***906***	***45***	***951***	*799*	*46*	*845*
Corporate and Others	***6***	**–**	***6***	*6*	–	*6*
	19,545	**45**	**19,590**	15,913	46	15,959
Hutchison Asia Telecommunications	**1,827**	**–**	**1,827**	1,490	–	1,490
Finance & Investments and Others	**216**	**6,315**	**6,531**	226	7,176	7,402
	27,617	**18,866**	**46,483**	23,550	19,540	43,090
Portion attributable to:						
Non-controlling interests of HPH Trust	**–**	**274**	**274**	–	272	272
	27,617	**19,140**	**46,757**	23,550	19,812	43,362
Divesture of infrastructure investments	**–**	**174**	**174**	–	156	156
	27,617	**19,314**	**46,931**	23,550	19,968	43,518
HKFRS 16 impact	**17,639**	**2,713**	**20,352**	18,108	2,846	20,954
	45,256	**22,027**	**67,283**	41,658	22,814	64,472

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(v) An analysis of capital expenditure by segments

	Capital expenditure [xxiii]							
	Fixed assets	**Telecom-munications licences**	**Brand names and other rights**	**2021 Total**	Fixed assets	Telecom-munications licences	Brand names and other rights	2020 Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**3,263**	**–**	**367**	**3,630**	1,712	–	–	1,712
Retail	**2,525**	**–**	**–**	**2,525**	1,947	–	–	1,947
Infrastructure	**363**	**–**	**4**	**367**	204	–	1	205
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***19,090***	***4,237***	***4,028***	***27,355***	*18,483*	*477*	*1,772*	*20,732*
Hutchison Telecommunications Hong Kong Holdings	***874***	***2,040***	***–***	***2,914***	*593*	*202*	*–*	*795*
Corporate and Others	***1***	***–***	***19***	***20***	*2*	*–*	*13*	*15*
	19,965	**6,277**	**4,047**	**30,289**	19,078	679	1,785	21,542
Hutchison Asia Telecommunications	**2,229**	**1,881**	**–**	**4,110**	4,003	–	–	4,003
Finance & Investments and Others	**144**	**–**	**11**	**155**	174	–	5	179
	28,489	**8,158**	**4,429**	**41,076**	27,118	679	1,791	29,588
HKFRS 16 impact	**(1,433)**	**–**	**–**	**(1,433)**	(14)	–	–	(14)
	27,056	**8,158**	**4,429**	**39,643**	27,104	679	1,791	29,574

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets [xxii]	Deferred tax assets	Investments in associated companies and interests in joint ventures	2021 Total assets	Segment assets [xxii]	Deferred tax assets	Assets classified as held for sale [xxiv]	Investments in associated companies and interests in joint ventures	2020 Total assets
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**75,389**	**204**	**22,668**	**98,261**	73,386	152	–	19,370	92,908
Retail	**200,862**	**1,336**	**15,743**	**217,941**	201,517	1,043	–	16,451	219,011
Infrastructure	**55,611**	**7**	**172,273**	**227,891**	61,119	6	–	171,174	232,299
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***300,201***	***17,925***	***10***	***318,136***	*334,695*	*16,696*	*979*	*10*	*352,380*
Hutchison Telecommunications Hong Kong Holdings	***16,615***	***3***	***215***	***16,833***	*15,730*	*84*	–	*282*	*16,096*
Corporate and Others	***15,534***	**–**	***50***	***15,584***	*30,603*	–	–	*36*	*30,639*
	332,350	**17,928**	**275**	**350,553**	381,028	16,780	979	328	399,115
Hutchison Asia Telecommunications	**19,505**	**–**	**–**	**19,505**	17,508	–	–	–	17,508
Finance & Investments and Others	**163,972**	**45**	**69,574**	**233,591**	147,044	34	–	71,349	218,427
	847,689	**19,520**	**280,533**	**1,147,742**	881,602	18,015	979	278,672	1,179,268
HKFRS 16 impact	**65,524**	**1,668**	**(1,408)**	**65,784**	74,276	1,911	272	(1,131)	75,328
	913,213	**21,188**	**279,125**	**1,213,526**	955,878	19,926	1,251	277,541	1,254,596

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vii) An analysis of total liabilities by segments

	Total liabilities								
	Segment liabilities (xxi)	Current & non-current borrowings (xxii) and other non-current liabilities	Current & deferred tax liabilities	2021 Total liabilities	Segment liabilities (xxi)	Current & non-current borrowings (xxii) and other non-current liabilities	Liabilities directly associated with assets classified as held for sale (xxiv)	Current & deferred tax liabilities	2020 Total liabilities
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	10,702	14,734	4,625	30,061	9,138	15,342	–	4,165	28,645
Retail	25,599	14,333	10,523	50,455	26,315	16,840	–	10,404	53,559
Infrastructure	6,260	30,043	617	36,920	6,359	33,973	–	669	41,001
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	*39,827*	*17,240*	*399*	*57,466*	*39,493*	*22,506*	*1*	*899*	*62,899*
Hutchison Telecommunications Hong Kong Holdings	*1,840*	*2,358*	–	*4,198*	*1,662*	*565*	–	–	*2,227*
Corporate and Others	*2,073*	*54,426*	*4*	*56,503*	*4,443*	*80,171*	–	*11*	*84,625*
	43,740	74,024	403	118,167	45,598	103,242	1	910	149,751
Hutchison Asia Telecommunications	4,972	6,132	2	11,106	11,999	13,075	–	2	25,076
Finance & Investments and Others	10,199	226,385	4,599	241,183	9,971	219,718	–	5,069	234,758
	101,472	365,651	20,769	487,892	109,380	402,190	1	21,219	532,790
HKFRS 16 impact	83,638	(1,275)	(984)	81,379	92,570	(202)	283	(908)	91,743
	185,110	364,376	19,785	569,271	201,950	401,988	284	20,311	624,533

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of revenue by geographical locations

	Revenue [xx]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Hong Kong	**32,977**	**4,945**	**37,922**	**8%**	33,793	4,475	38,268	9%
Mainland China	**27,649**	**10,462**	**38,111**	**9%**	24,458	5,489	29,947	7%
The People's Republic of China	**60,626**	**15,407**	**76,033**	**17%**	58,251	9,964	68,215	16%
Europe	**155,526**	**71,508**	**227,034**	**51%**	145,679	64,792	210,471	52%
Canada	**256**	**2,969**	**3,225**	**1%**	236	2,121	2,357	1%
Asia, Australia and Others	**51,751**	**15,304**	**67,055**	**15%**	49,291	14,752	64,043	16%
	207,533	**89,781**	**297,314**	**67%**	195,206	81,665	276,871	69%
	268,159	**105,188**	**373,347**	**84%**	253,457	91,629	345,086	85%
Finance & Investments and Others	**12,688**	**59,348**	**72,036**	**16%**	12,939	45,821	58,760	15%
	280,847	**164,536**	**445,383 ****	**100%**	266,396	137,450	403,846 **	100%

** see note 5(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Hong Kong	**2,251**	**2,223**	**4,474**	**4%**	2,374	2,055	4,429	5%
Mainland China	**3,124**	**4,330**	**7,454**	**7%**	3,806	1,792	5,598	6%
The People's Republic of China	**5,375**	**6,553**	**11,928**	**11%**	6,180	3,847	10,027	11%
Europe	**51,630**	**20,309**	**71,939**	**65%**	56,471	18,912	75,383	78%
Canada	**261**	**1,557**	**1,818**	**1%**	238	1,047	1,285	1%
Asia, Australia and Others	**11,764**	**8,466**	**20,230**	**18%**	9,978	8,278	18,256	19%
	63,655	**30,332**	**93,987**	**84%**	66,687	28,237	94,924	98%
	69,030	**36,885**	**105,915**	**95%**	72,867	32,084	104,951	109%
Finance & Investments and Others	**(3,928)**	**9,240**	**5,312**	**5%**	13,143	(21,150)	(8,007)	-9%
	65,102	**46,125**	**111,227 ##**	**100%**	86,010	10,934	96,944 ##	100%

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) [xv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Hong Kong	**984**	**1,218**	**2,202**	**3%**	1,164	1,049	2,213	4%
Mainland China	**2,093**	**3,610**	**5,703**	**9%**	2,726	1,228	3,954	7%
The People's Republic of China	**3,077**	**4,828**	**7,905**	**12%**	3,890	2,277	6,167	11%
Europe	**30,909**	**13,524**	**44,433**	**69%**	39,458	11,917	51,375	95%
Canada	**261**	**857**	**1,118**	**2%**	238	459	697	1%
Asia, Australia and Others	**7,382**	**5,125**	**12,507**	**19%**	5,957	5,067	11,024	21%
	38,552	**19,506**	**58,058**	**90%**	45,653	17,443	63,096	117%
	41,629	**24,334**	**65,963**	**102%**	49,543	19,720	69,263	128%
Finance & Investments and Others	**(4,144)**	**2,925**	**(1,219)**	**-2%**	12,917	(28,326)	(15,409)	-28%
	37,485	**27,259**	**64,744 @@**	**100%**	62,460	(8,606)	53,854 @@	100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure [xxiii]							
	Fixed assets	**Telecom-munications licences**	**Brand names and other rights**	**2021 Total**	Fixed assets	Telecom-munications licences	Brand names and other rights	2020 Total
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**1,538**	**2,040**	**–**	**3,578**	1,075	202	–	1,277
Mainland China	**643**	**–**	**–**	**643**	670	–	–	670
The People's Republic of China	**2,181**	**2,040**	**–**	**4,221**	1,745	202	–	1,947
Europe	**21,126**	**4,237**	**4,048**	**29,411**	19,537	477	1,772	21,786
Asia, Australia and Others	**5,038**	**1,881**	**370**	**7,289**	5,662	–	14	5,676
	26,164	**6,118**	**4,418**	**36,700**	25,199	477	1,786	27,462
	28,345	**8,158**	**4,418**	**40,921**	26,944	679	1,786	29,409
Finance & Investments and Others	**144**	**–**	**11**	**155**	174	–	5	179
	28,489	**8,158**	**4,429**	**41,076**	27,118	679	1,791	29,588
HKFRS 16 impact	**(1,433)**	**–**	**–**	**(1,433)**	(14)	–	–	(14)
	27,056	**8,158**	**4,429**	**39,643**	27,104	679	1,791	29,574

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xii) An analysis of total assets by geographical locations

	Total assets								
	Segment assets[xxi]	**Deferred tax assets**	**Investments in associated companies and interests in joint ventures**	**2021 Total assets**	Segment assets[xxi]	Deferred tax assets	Assets classified as held for sale[xxiv]	Investments in associated companies and interests in joint ventures	2020 Total assets
	HK$ million	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	**51,757**	**107**	**10,202**	**62,066**	52,168	119	–	9,782	62,069
Mainland China	**46,039**	**570**	**17,206**	**63,815**	43,312	551	–	14,176	58,039
The People's Republic of China	**97,796**	**677**	**27,408**	**125,881**	95,480	670	–	23,958	120,108
Europe	**452,007**	**18,395**	**114,633**	**585,035**	498,704	16,942	979	115,899	632,524
Canada	**4,030**	**7**	**12,995**	**17,032**	3,430	6	–	11,568	15,004
Asia, Australia and Others	**129,884**	**396**	**55,923**	**186,203**	136,944	363	–	55,898	193,205
	585,921	**18,798**	**183,551**	**788,270**	639,078	17,311	979	183,365	840,733
	683,717	**19,475**	**210,959**	**914,151**	734,558	17,981	979	207,323	960,841
Finance & Investments and Others	**163,972**	**45**	**69,574**	**233,591**	147,044	34	–	71,349	218,427
	847,689	**19,520**	**280,533**	**1,147,742**	881,602	18,015	979	278,672	1,179,268
HKFRS 16 impact	**65,524**	**1,668**	**(1,408)**	**65,784**	74,276	1,911	272	(1,131)	75,328
	913,213	**21,188**	**279,125**	**1,213,526**	955,878	19,926	1,251	277,541	1,254,596

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations

The Group's EBITDA and EBIT for the current year included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2021 of HK$25,259 million (see note 5(b)(xvi)). This gain was partly offset by impairment of Wind Tre's goodwill of HK$15,472 million (see note 5(b)(xvi)), foreign exchange reclassification adjustment charge of HK$3,514 million (see note 5(b)(xvii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK$1,494 million (see note 5(b)(xvii)).

For the comparative year, the Group's EBITDA and EBIT for the year ended 31 December 2020 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2020 of HK$16,583 million (see note 5(b)(xvi)), as well as a dilution gain from the merger of VHA with TPG Corporation Limited of HK$10,105 million (see note 5(b)(xviii)). These gains were partly offset by the Group's share of Husky's impairments and other charges of HK$24,909 million (see note 5(b)(xix)) in 2020.

An analysis of EBITDA by segments

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries	**Associates and JV**	**2021 Total**		Company and Subsidiaries	Associates and JV	2020 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBITDA before the following one-off items								
Ports and Related Services	**9,021**	**6,136**	**15,157**	**14%**	7,672	3,242	10,914	11%
Retail	**11,633**	**4,401**	**16,034**	**15%**	11,108	3,289	14,397	15%
Infrastructure	**3,345**	**26,291**	**29,636**	**28%**	3,574	25,492	29,066	31%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***29,892***	**–**	***29,892***	***28%***	*31,377*	*1*	*31,378*	*33%*
Hutchison Telecommunications Hong Kong Holdings	***1,036***	***57***	***1,093***	***1%***	*1,278*	*63*	*1,341*	*2%*
Corporate and Others	***2,280***	**–**	***2,280***	***2%***	*(759)*	*(3)*	*(762)*	*-1%*
	33,208	**57**	**33,265**	**31%**	31,896	61	31,957	34%
Hutchison Asia Telecommunications	**2,036**	**–**	**2,036**	**2%**	2,034	–	2,034	2%
Finance & Investments and Others	**(414)**	**10,734**	**10,320**	**10%**	3,038	3,759	6,797	7%
	58,829	**47,619**	**106,448**	**100%**	59,322	35,843	95,165	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**25,259**	**–**	**25,259**		16,583	–	16,583	
Impairment of Wind Tre's goodwill [xvi]	**(15,472)**	**–**	**(15,472)**		–	–	–	
Foreign exchange reclassification adjustment [xvii]	**(3,514)**	**–**	**(3,514)**		–	–	–	
Share of Cenovus Energy's impairment charges [xvii]	**–**	**(1,494)**	**(1,494)**		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited [xviii]	**–**	**–**	**–**		10,105	–	10,105	
Share of Husky's impairments and other charges [xix]	**–**	**–**	**–**		–	(24,909)	(24,909)	
	65,102	**46,125**	**111,227** ###		86,010	10,934	96,944 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
EBITDA before the following one-off items								
Hong Kong	**2,251**	**2,223**	**4,474**	**4%**	2,374	2,055	4,429	5%
Mainland China	**3,124**	**4,330**	**7,454**	**7%**	3,806	1,792	5,598	6%
The People's Republic of China	**5,375**	**6,553**	**11,928**	**11%**	6,180	3,847	10,027	11%
Europe	**41,843**	**20,309**	**62,152**	**58%**	39,888	18,912	58,800	62%
Canada	**261**	**1,557**	**1,818**	**2%**	238	1,047	1,285	1%
Asia, Australia and Others	**11,764**	**8,466**	**20,230**	**19%**	9,978	8,278	18,256	19%
	53,868	**30,332**	**84,200**	**79%**	50,104	28,237	78,341	82%
	59,243	**36,885**	**96,128**	**90%**	56,284	32,084	88,368	93%
Finance & Investments and Others	**(414)**	**10,734**	**10,320**	**10%**	3,038	3,759	6,797	7%
	58,829	**47,619**	**106,448**	**100%**	59,322	35,843	95,165	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**25,259**	**–**	**25,259**		16,583	–	16,583	
Impairment of Wind Tre's goodwill [xvi]	**(15,472)**	**–**	**(15,472)**		–	–	–	
Foreign exchange reclassification adjustment [xvii]	**(3,514)**	**–**	**(3,514)**		–	–	–	
Share of Cenovus Energy's impairment charges [xvii]	**–**	**(1,494)**	**(1,494)**		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited [xviii]	**–**	**–**	**–**		10,105	–	10,105	
Share of Husky's impairments and other charges [xix]	**–**	**–**	**–**		–	(24,909)	(24,909)	
	65,102	**46,125**	**111,227** ##		86,010	10,934	96,944 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2021 Total**		Company and Subsidiaries	Associates and JV	2020 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBIT before the following one-off items								
Ports and Related Services	**6,058**	**4,679**	**10,737**	**18%**	4,793	1,924	6,717	13%
Retail	**8,899**	**3,561**	**12,460**	**21%**	8,434	2,499	10,933	21%
Infrastructure	**3,013**	**16,082**	**19,095**	**32%**	3,206	15,282	18,488	35%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***11,259***	**–**	***11,259***	***19%***	*16,269*	*1*	*16,270*	*31%*
Hutchison Telecommunications Hong Kong Holdings	***130***	***12***	***142***	**–**	*479*	*17*	*496*	*1%*
Corporate and Others	***2,274***	**–**	***2,274***	***4%***	*(765)*	*(3)*	*(768)*	*-1%*
	13,663	**12**	**13,675**	**23%**	15,983	15	15,998	31%
Hutchison Asia Telecommunications	**209**	**–**	**209**	**–**	544	–	544	1%
Finance & Investments and Others	**(630)**	**4,419**	**3,789**	**6%**	2,812	(3,417)	(605)	-1%
	31,212	**28,753**	**59,965**	**100%**	35,772	16,303	52,075	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**25,259**	**–**	**25,259**		16,583	–	16,583	
Impairment of Wind Tre's goodwill [xvi]	**(15,472)**	**–**	**(15,472)**		–	–	–	
Foreign exchange reclassification adjustment [xvii]	**(3,514)**	**–**	**(3,514)**		–	–	–	
Share of Cenovus Energy's impairment charges [xviii]	**–**	**(1,494)**	**(1,494)**		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited [xviii]	**–**	**–**	**–**		10,105	–	10,105	
Share of Husky's impairments and other charges [xix]	**–**	**–**	**–**		–	(24,909)	(24,909)	
	37,485	**27,259**	**64,744** [@@]		62,460	(8,606)	53,854 [@@]	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by geographical locations

	EBIT (LBIT) [xv]							
	Company and Subsidiaries	**Associates and JV**	**2021 Total**		Company and Subsidiaries	Associates and JV	2020 Total	
	HK$ million	**HK$ million**	**HK$ million**	**%**	HK$ million	HK$ million	HK$ million	%
EBIT before the following one-off items								
Hong Kong	**984**	**1,218**	**2,202**	**4%**	1,164	1,049	2,213	4%
Mainland China	**2,093**	**3,610**	**5,703**	**9%**	2,726	1,228	3,954	8%
The People's Republic of China	**3,077**	**4,828**	**7,905**	**13%**	3,890	2,277	6,167	12%
Europe	**21,122**	**13,524**	**34,646**	**58%**	22,875	11,917	34,792	67%
Canada	**261**	**857**	**1,118**	**2%**	238	459	697	1%
Asia, Australia and Others	**7,382**	**5,125**	**12,507**	**21%**	5,957	5,067	11,024	21%
	28,765	**19,506**	**48,271**	**81%**	29,070	17,443	46,513	89%
	31,842	**24,334**	**56,176**	**94%**	32,960	19,720	52,680	101%
Finance & Investments and Others	**(630)**	**4,419**	**3,789**	**6%**	2,812	(3,417)	(605)	-1%
	31,212	**28,753**	**59,965**	**100%**	35,772	16,303	52,075	100%
One-off items								
Gains from disposal of European telecommunications tower assets [xvi]	**25,259**	**–**	**25,259**		16,583	–	16,583	
Impairment of Wind Tre's goodwill [xvi]	**(15,472)**	**–**	**(15,472)**		–	–	–	
Foreign exchange reclassification adjustment [xvii]	**(3,514)**	**–**	**(3,514)**		–	–	–	
Share of Cenovus Energy's impairment charges [xvii]	**–**	**(1,494)**	**(1,494)**		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited [xviii]	**–**	**–**	**–**		10,105	–	10,105	
Share of Husky's impairments and other charges [xix]	**–**	**–**	**–**		–	(24,909)	(24,909)	
	37,485	**27,259**	**64,744** [@@]		62,460	(8,606)	53,854 [@@]	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

(xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(xvi) Included in the current year balance are disposal gains of HK$25,259 million (HK$25,316 million at Post-HKFRS 16 basis) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of HK$15,472 million (HK$15,472 million at Post-HKFRS 16 basis) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, the disposal gains are reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See notes 7(g) and 16.

During the comparative year ended 31 December 2020, the Group completed the disposal of interests in telecommunications tower assets in Denmark, Austria and Ireland, and recognised a disposal gain of approximately HK$16,583 million (HK$16,763 million at Post-HKFRS 16 basis). The amount of gain was HK$16,583 million at the EBITDA and EBIT levels, and was reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results and was included in "Other income and gains" in the consolidated income statement. See note 7(g).

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xvii) Included in the current year balance are a charge of HK$3,514 million (HK$3,514 million at Post-HKFRS 16 basis) arising from the merger of Husky and Cenovus Energy completed in January 2021 and the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$1,494 million (HK$1,494 million at Post-HKFRS 16 basis). The former amount represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This charge is recorded at the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results and is included in "Other expenses and losses" in the consolidated income statement. See note 7(c). The latter amount represents the Group's share of impairment on Cenovus Energy's U.S. refinery assets. The Group's share of these charges is HK$1,494 million (HK$1,494 millionat Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) is HK$1,352 million (HK$1,352 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies" in the consolidated income statement.

(xviii) During the comparative year ended 31 December 2020, joint venture VHA and TPG Corporation Limited have completed the merger of their telecommunications businesses in Australia. As a result, the Group's attributable interest in VHA had been diluted from 43.93% to 22.01%. The Group recognised a gain arising from the dilution during the comparative year. The amount of the gain was HK$10,105 million (HK$10,186 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels and was reported under "Finance & Investments and Others" in the segment results and was included in "Other income and gains" in the consolidated income statement. The gains attributable to ordinary shareholders amounted to HK$9,177 million (HK$9,247 million at Post-HKFRS 16 basis). Pursuant to the merger, VHA was renamed as TPG.

(xix) During the comparative year ended 31 December 2020, the Group's 40.19% owned listed associated company, Husky recognised non-cash after-tax impairments and other charges of C$8.6 billion. These were primarily related to declines in forecasted long-term commodity prices, reduced capital investment and delayed future development plans, as well as market indicators including the merger with Cenovus Energy. The Group's share of these charges, after consolidation adjustments, is HK$24,909 million (HK$24,909 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and was reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) was HK$18,724 million (HK$18,724 million at Post-HKFRS 16 basis) and was included in "Share of profits less losses of associated companies" in the consolidated income statement.

(xx) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xxi) Segment assets and segment liabilities are measured in the same way as in the financial statements.

Segment assets are assets other than deferred tax assets, assets classified as held for sale, and investments in associated companies and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loans from non-controlling shareholders, tax liabilities (including deferred tax liabilities), liabilities directly associated with assets classified as held for sale and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

Geographical analysis of the Group's non-current assets (based on Post-HKFRS 16 basis) other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts is as follows:

	2021 HK$ million	2020 HK$ million
Hong Kong	**74,941**	74,264
Mainland China	**72,148**	79,034
The People's Republic of China	**147,089**	153,298
Europe	**546,439**	591,099
Canada	**56,502**	41,431
Asia, Australia and Others	**192,551**	193,953
	795,492	826,483
	942,581	979,781

(xxii) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(xxiii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

(xxiv) See note 25.

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics

(i) Consolidated Income Statement

	2021			2020		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Revenue	**280,847**	**–**	**280,847**	266,396	–	266,396
Cost of inventories sold	**(104,300)**	**34**	**(104,266)**	(95,579)	30	(95,549)
Staff costs	**(37,462)**	**–**	**(37,462)**	(35,495)	–	(35,495)
Expensed customer acquisition and retention costs	**(16,878)**	**467**	**(16,411)**	(16,830)	468	(16,362)
Depreciation and amortisation	**(27,617)**	**(17,639)**	**(45,256)**	(23,550)	(18,108)	(41,658)
Other expenses and losses	**(84,553)**	**20,795**	**(63,758)**	(63,693)	21,211	(42,482)
Other income and gains	**27,448**	**57**	**27,505**	30,910	364	31,274
Share of profits less losses of:						
Associated companies	**5,808**	**(90)**	**5,718**	(18,463)	(66)	(18,529)
Joint ventures	**6,605**	**(212)**	**6,393**	5,145	(191)	4,954
	49,898	**3,412**	**53,310**	48,841	3,708	52,549
Interest expenses and other finance costs	**(7,075)**	**(3,533)**	**(10,608)**	(7,166)	(3,684)	(10,850)
Profit before tax	**42,823**	**(121)**	**42,702**	41,675	24	41,699
Current tax	**(4,031)**	**2**	**(4,029)**	(4,004)	19	(3,985)
Deferred tax credit (charge)	**1,771**	**28**	**1,799**	(431)	114	(317)
Profit after tax	**40,563**	**(91)**	**40,472**	37,240	157	37,397
Profit attributable to non-controlling interests and holders of perpetual capital securities	**(7,063)**	**75**	**(6,988)**	(8,240)	(14)	(8,254)
Profit attributable to ordinary shareholders	**33,500**	**(16)**	**33,484**	29,000	143	29,143
Earnings per share for profit attributable to ordinary shareholders	**HK$ 8.71**	**(HK$ 0.01)**	**HK$ 8.70**	HK$ 7.52	HK$ 0.04	HK$ 7.56

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	2021			2020		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Profit after tax	**40,563**	**(91)**	**40,472**	37,240	157	37,397
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit obligations recognised directly in reserves	**1,034**	**–**	**1,034**	(664)	–	(664)
Equity securities at FVOCI						
Valuation gains recognised directly in reserves	**265**	**–**	**265**	1,461	–	1,461
Share of other comprehensive income (losses) of associated companies	**766**	**–**	**766**	(540)	–	(540)
Share of other comprehensive income (losses) of joint ventures	**1,684**	**–**	**1,684**	(1,815)	–	(1,815)
Tax relating to items that will not be reclassified to profit or loss	**80**	**–**	**80**	169	–	169
	3,829	**–**	**3,829**	(1,389)	–	(1,389)
Items that may be reclassified to profit or loss						
Debt securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	**(60)**	**–**	**(60)**	44	–	44
Valuation losses (gains) previously in reserves recognised in income statement	**(7)**	**–**	**(7)**	89	–	89
Gains (losses) on cash flow hedges recognised directly in reserves	**1,020**	**–**	**1,020**	(65)	–	(65)
Gains (losses) on net investment hedges recognised directly in reserves	**1,767**	**–**	**1,767**	(2,229)	–	(2,229)
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	**(11,453)**	**886**	**(10,567)**	13,592	(588)	13,004
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**2,913**	**–**	**2,913**	2,093	–	2,093
Share of other comprehensive income (losses) of associated companies	**(716)**	**8**	**(708)**	2,231	(4)	2,227
Share of other comprehensive income (losses) of joint ventures	**(2,201)**	**17**	**(2,184)**	3,528	7	3,535
Tax relating to items that may be reclassified to profit or loss	**(8)**	**–**	**(8)**	9	–	9
	(8,745)	**911**	**(7,834)**	19,292	(585)	18,707
Other comprehensive income (losses), net of tax	**(4,916)**	**911**	**(4,005)**	17,903	(585)	17,318
Total comprehensive income	**35,647**	**820**	**36,467**	55,143	(428)	54,715
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	**(6,551)**	**(202)**	**(6,753)**	(9,705)	117	(9,588)
Total comprehensive income attributable to ordinary shareholders	**29,096**	**618**	**29,714**	45,438	(311)	45,127

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	2021			2020		
	Pre-HKFRS 16 basis	**Effect on adoption of HKFRS 16**	**Post-HKFRS 16 basis**	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Non-current assets						
Fixed assets	**133,174**	**(2,075)**	**131,099**	132,920	(819)	132,101
Right-of-use assets	**–**	**76,852**	**76,852**	–	83,805	83,805
Leasehold land	**6,717**	**(6,717)**	**–**	6,940	(6,940)	–
Telecommunications licences	**69,985**	**–**	**69,985**	66,944	–	66,944
Brand names and other rights	**89,019**	**–**	**89,019**	91,766	(313)	91,453
Goodwill	**289,340**	**–**	**289,340**	319,718	–	319,718
Associated companies	**138,116**	**(335)**	**137,781**	136,329	(253)	136,076
Interests in joint ventures	**142,417**	**(1,073)**	**141,344**	142,343	(878)	141,465
Deferred tax assets	**19,520**	**1,668**	**21,188**	18,015	1,911	19,926
Liquid funds and other listed investments	**8,227**	**–**	**8,227**	10,588	–	10,588
Other non-current assets	**13,970**	**232**	**14,202**	14,536	408	14,944
	910,485	**68,552**	**979,037**	940,099	76,921	1,017,020
Current assets						
Cash and cash equivalents	**153,133**	**–**	**153,133**	155,951	–	155,951
Inventories	**23,625**	**–**	**23,625**	24,565	–	24,565
Trade receivables and other current assets	**60,499**	**(2,768)**	**57,731**	57,674	(1,865)	55,809
	237,257	**(2,768)**	**234,489**	238,190	(1,865)	236,325
Assets classified as held for sale	**–**	**–**	**–**	979	272	1,251
	237,257	**(2,768)**	**234,489**	239,169	(1,593)	237,576
Current liabilities						
Bank and other debts	**66,564**	**(203)**	**66,361**	48,096	(75)	48,021
Current tax liabilities	**2,419**	**(17)**	**2,402**	2,646	(7)	2,639
Lease liabilities	**–**	**16,085**	**16,085**	–	18,621	18,621
Trade payables and other current liabilities	**98,006**	**(1,441)**	**96,565**	105,576	(1,695)	103,881
	166,989	**14,424**	**181,413**	156,318	16,844	173,162
Liabilities directly associated with assets classified as held for sale	**–**	**–**	**–**	1	283	284
	166,989	**14,424**	**181,413**	156,319	17,127	173,446
Net current assets	**70,268**	**(17,192)**	**53,076**	82,850	(18,720)	64,130
Total assets less current liabilities	**980,753**	**51,360**	**1,032,113**	1,022,949	58,201	1,081,150
Non-current liabilities						
Bank and other debts	**260,511**	**(1,073)**	**259,438**	301,170	(120)	301,050
Interest bearing loans from non-controlling shareholders	**759**	**–**	**759**	798	–	798
Lease liabilities	**–**	**68,994**	**68,994**	–	75,644	75,644
Deferred tax liabilities	**18,350**	**(967)**	**17,383**	18,573	(901)	17,672
Pension obligations	**3,466**	**–**	**3,466**	3,804	–	3,804
Other non-current liabilities	**37,817**	**1**	**37,818**	52,126	(7)	52,119
	320,903	**66,955**	**387,858**	376,471	74,616	451,087
Net assets	**659,850**	**(15,595)**	**644,255**	646,478	(16,415)	630,063
Capital and reserves						
Share capital	**3,834**	**–**	**3,834**	3,856	–	3,856
Share premium	**243,169**	**–**	**243,169**	244,377	–	244,377
Reserves	**277,795**	**(11,646)**	**266,149**	258,327	(12,264)	246,063
Total ordinary shareholders' funds	**524,798**	**(11,646)**	**513,152**	506,560	(12,264)	494,296
Perpetual capital securities	**12,414**	**–**	**12,414**	12,415	–	12,415
Non-controlling interests	**122,638**	**(3,949)**	**118,689**	127,503	(4,151)	123,352
Total equity	**659,850**	**(15,595)**	**644,255**	646,478	(16,415)	630,063

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	2021			2020		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
	(A)		**(B)**	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**65,644**	**20,289**	**85,933**	66,276	20,796	87,072
Interest expenses and other finance costs paid (net of capitalisation)	**(7,044)**	**(3,533)**	**(10,577)**	(7,105)	(3,684)	(10,789)
Tax paid	**(4,092)**	**–**	**(4,092)**	(3,628)	–	(3,628)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	**54,508**	**16,756**	**71,264**	55,543	17,112	72,655
Changes in working capital	**(19,423)**	**343**	**(19,080)**	(332)	848	516
Net cash from operating activities	**35,085**	**17,099**	**52,184**	55,211	17,960	73,171
Investing activities						
Purchase of fixed assets	**(28,489)**	**1,433**	**(27,056)**	(27,118)	14	(27,104)
Additions to telecommunications licences	**(8,158)**	**–**	**(8,158)**	(679)	–	(679)
Additions to brand names and other rights	**(4,429)**	**–**	**(4,429)**	(1,791)	–	(1,791)
Purchase of subsidiary companies, net of cash acquired	**(138)**	**–**	**(138)**	–	–	–
Additions to unlisted investments	**(142)**	**–**	**(142)**	(131)	–	(131)
Repayments of loans from associated companies and joint ventures	**1,044**	**–**	**1,044**	1,609	–	1,609
Purchase of and advances to associated companies and joint ventures	**(1,753)**	**–**	**(1,753)**	(833)	–	(833)
Proceeds from disposal of fixed assets	**438**	**–**	**438**	564	–	564
Proceeds from disposal of subsidiary companies, net of cash disposed	**38,425**	**–**	**38,425**	20,780	–	20,780
Proceeds from partial disposal / disposal of associated companies and joint ventures	**928**	**–**	**928**	2,005	–	2,005
Proceeds from disposal of other unlisted investments	**11**	**–**	**11**	13	–	13
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	**(2,263)**	**1,433**	**(830)**	(5,581)	14	(5,567)
Disposal of liquid funds and other listed investments	**318**	**–**	**318**	730	–	730
Additions to liquid funds and other listed investments	**(38)**	**–**	**(38)**	(1,627)	–	(1,627)
Cash flows used in investing activities	**(1,983)**	**1,433**	**(550)**	(6,478)	14	(6,464)
Net cash inflow before financing activities	**33,102**	**18,532**	**51,634**	48,733	17,974	66,707
Financing activities						
New borrowings	**72,334**	**(1,433)**	**70,901**	44,405	(14)	44,391
Repayment of borrowings	**(83,854)**	**308**	**(83,546)**	(56,411)	50	(56,361)
Principal elements of lease payments	**–**	**(17,407)**	**(17,407)**	–	(18,010)	(18,010)
Net loans from non-controlling shareholders	**47**	**–**	**47**	–	–	–
Issue of equity securities by subsidiary companies to non-controlling shareholders	**95**	**–**	**95**	–	–	–
Payment to acquire additional interests in subsidiary companies	**(1,955)**	**–**	**(1,955)**	(1,048)	–	(1,048)
Proceeds from partial disposal of subsidiary companies	**–**	**–**	**–**	309	–	309
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	**4,648**	**–**	**4,648**	–	–	–
Redemption of perpetual capital securities by a subsidiary	**(9,360)**	**–**	**(9,360)**	–	–	–
Payments for buy-back and cancellation of issued shares	**(1,239)**	**–**	**(1,239)**	–	–	–
Dividends paid to ordinary shareholders	**(9,627)**	**–**	**(9,627)**	(11,238)	–	(11,238)
Dividends paid to non-controlling interests	**(6,518)**	**–**	**(6,518)**	(5,444)	–	(5,444)
Distribution paid on perpetual capital securities	**(491)**	**–**	**(491)**	(482)	–	(482)
Cash flows used in financing activities	**(35,920)**	**(18,532)**	**(54,452)**	(29,909)	(17,974)	(47,883)
Increase (decrease) in cash and cash equivalents	**(2,818)**	**–**	**(2,818)**	18,824	–	18,824
Cash and cash equivalents at 1 January	**155,951**	**–**	**155,951**	137,127	–	137,127
Cash and cash equivalents at 31 December	**153,133**	**–**	**153,133**	155,951	–	155,951

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows (continued)

	2021			2020		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	**153,133**	**–**	**153,133**	155,951	–	155,951
Liquid funds and other listed investments	**8,227**	**–**	**8,227**	10,588	–	10,588
Total cash, liquid funds and other listed investments	**161,360**	**–**	**161,360**	166,539	–	166,539
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	**329,529**	**(1,276)**	**328,253**	351,837	(195)	351,642
Interest bearing loans from non-controlling shareholders	**759**	**–**	**759**	798	–	798
Net debt	**168,928**	**(1,276)**	**167,652**	186,096	(195)	185,901
Interest bearing loans from non-controlling shareholders	**(759)**	**–**	**(759)**	(798)	–	(798)
Net debt (excluding interest bearing loans from non-controlling shareholders)	**168,169**	**(1,276)**	**166,893**	185,298	(195)	185,103

6 Directors' emoluments

	2021 HK$ million	2020 HK$ million
Directors' emoluments	**500**	487

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses and are included in "Staff costs" and "Other expenses and losses" in the income statement.

As at 31 December 2021 and 31 December 2020, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2020: nil).

In 2021, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK$4.56 million; provident fund contribution of HK$0.36 million and discretionary bonus of HK$26.68 million. In 2020, the five individuals whose emoluments were the highest for the year were directors of the Company.

Further details of the directors' emoluments are set out in table below:

(a) Directors' emolument expenses recognised in the Group's income statement:

	2021					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1][2]						
Paid by the Company	0.31	4.89	63.50	–	–	68.70
Paid by CKI	0.13	–	29.55	–	–	29.68
	0.44	4.89	93.05	–	–	98.38
FOK Kin Ning, Canning [3]	0.22	11.57	178.97	1.04	–	191.80
Frank John SIXT [3][4]	0.28	8.74	59.95	0.75	–	69.72
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	9.03	–	–	10.87
Paid by CKI	0.10	1.80	11.70	–	–	13.60
	0.32	3.42	20.73	–	–	24.47
KAM Hing Lam						
Paid by the Company	0.22	2.42	8.40	–	–	11.04
Paid by CKI	0.08	4.20	10.73	–	–	15.01
	0.30	6.62	19.13	–	–	26.05
LAI Kai Ming, Dominic [3]	0.22	5.93	57.79	0.48	–	64.42
Edith SHIH [3][4]	0.28	4.58	16.39	0.33	–	21.58
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
LEUNG Siu Hon [6]	0.08	–	–	–	–	0.08
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-li, Stanley [7]	0.13	–	–	–	–	0.13
CHENG Hoi Chuen, Vincent [1][2][8][9]	0.44	–	–	–	–	0.44
Michael David KADOORIE [8]	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose [8]	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie [8][10]	–	–	–	–	–	–
Paul Joseph TIGHE [8][9]						
Paid by the Company	0.30	–	–	–	–	0.30
Paid by CKI	0.20	–	–	–	–	0.20
	0.50	–	–	–	–	0.50
WONG Kwai Lam [2][8][9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1][2][4][8]	0.37	–	–	–	–	0.37
Total	5.39	45.75	446.01	2.60	–	499.75

6 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's income statement (continued):

	2020					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.28	4.89	55.21	–	–	60.38
Paid by CKI	0.10	–	25.93	–	–	26.03
	0.38	4.89	81.14	–	–	86.41
FOK Kin Ning, Canning [3]	0.22	11.56	153.22	1.04	–	166.04
Frank John SIXT [3] [4]	0.25	8.66	99.96	0.75	–	109.62
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	7.85	–	–	9.69
Paid by CKI	0.08	1.80	10.26	–	–	12.14
	0.30	3.42	18.11	–	–	21.83
KAM Hing Lam						
Paid by the Company	0.22	2.42	7.30	–	–	9.94
Paid by CKI	0.08	4.20	9.42	–	–	13.70
	0.30	6.62	16.72	–	–	23.64
LAI Kai Ming, Dominic [3]	0.22	5.94	50.25	0.48	–	56.89
Edith SHIH [3] [4]	0.25	4.58	14.25	0.33	–	19.41
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
LEUNG Siu Hon [5]	0.22	–	–	–	–	0.22
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun–li, Stanley [8] [9]	0.35	–	–	–	–	0.35
CHENG Hoi Chuen, Vincent [1] [2] [8] [9]	0.41	–	–	–	–	0.41
Michael David KADOORIE [8]	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose [8]	0.22	–	–	–	–	0.22
William SHURNIAK [11]	0.21	–	–	–	–	0.21
Paul Joseph TIGHE [8] [12]	–	–	–	–	–	–
WONG Chung Hin [13]	0.15	–	–	–	–	0.15
WONG Kwai Lam [2] [8] [9] [14]	0.26	–	–	–	–	0.26
WONG Yick–ming, Rosanna [1] [2] [4] [8]	0.32	–	–	–	–	0.32
Total	5.24	45.67	433.65	2.60	–	487.16

(1) Member of the Nomination Committee.

(2) Member of the Remuneration Committee.

(3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.

(4) Member of the Sustainability Committee.

(5) Non–executive Director.

(6) Former Non–executive Director. Resigned on 13 May 2021.

(7) Former Independent Non–executive Director and member of the Audit Committee. Retired on 13 May 2021.

(8) Independent Non–executive Director. The total emoluments of the Independent Non–executive Directors of the Company are HK$2.29 million (2020: HK$2.14 million).

(9) Member of the Audit Committee.

(10) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.

(11) Former Independent Non–executive Director and member of the Audit Committee and Nomination Committee. Passed away on 9 August 2020.

(12) Appointed on 28 December 2020. The amount of director's fee shown above is a result of rounding.

(13) Former Independent Non–executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Retired on 14 May 2020.

(14) Appointed on 14 May 2020.

7 Presentation of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation

This note provides additional details in respect of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation.

	2021 HK$ million	2020 HK$ million
Other expenses and losses:		
Cost of providing services [(a)]	**(26,148)**	(24,103)
Office and general administrative expenses and others	**(7,475)**	(8,594)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	**(4,103)**	(4,414)
Advertising and promotion expenses	**(5,109)**	(3,782)
Legal and professional fees	**(1,611)**	(1,300)
Auditors' remuneration [(b)]	**(326)**	(289)
Goodwill impairment (see note 16)	**(15,472)**	–
Foreign exchange reclassification adjustment [(c)]	**(3,514)**	–
	(63,758)	(42,482)

	2021 HK$ million	2020 HK$ million
Other income and gains:		
Rent concessions [(d)]	**497**	737
Employment and other subsidies [(e)]	**941**	2,261
Gains on disposals of interests in associated companies and joint ventures [(f)]	**751**	11,517
Gains on disposal of subsidiaries (see note 34(d)) [(g)]	**25,316**	16,759
	27,505	31,274

	2021 HK$ million	2020 HK$ million
Cost of goods sold:		
included in "Cost of inventories sold"	**104,266**	95,549
included in "Expensed customer acquisition and retention costs"	**10,487**	10,536
	114,753	106,085

	2021 HK$ million	2020 HK$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	**18,186**	16,254
Right-of-use assets (see note 13(b))	**18,153**	18,531
Telecommunications licences (see note 14)	**1,514**	1,485
Brand names and other rights (see note 15)	**3,603**	2,665
Customer acquisition and retention costs (see note 21(a))	**3,800**	2,723
	45,256	41,658

7 Presentation of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation (continued)

(a) Cost of providing services of HK$26,148 million (2020: HK$24,103 million) includes telecommunication network related costs of HK$14,106 million (2020: HK$13,222 million), repair and maintenance of HK$5,977 million (2020: HK$5,828 million) and others of HK$6,065 million (2020: HK$5,053 million).

(b) Auditors' remuneration of HK$326 million (2020: HK$289 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$241 million (2020: HK$211 million) and performed by other auditors of HK$14 million (2020: HK$13 million), and for non-audit work, including tax compliance and other tax services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$33 million (2020: HK$24 million) and performed by other auditors of HK$38 million (2020: HK$41 million).

(c) The amount represents foreign exchange losses previously recognised in reserves reclassified from equity to profit or loss as a reclassification adjustment upon completion of the merger of Husky and Cenovus Energy in the current year.

(d) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.

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

(f) Comparative balance included dilution gain of HK$10,186 million arising from the merger of the Group's former joint venture VHA and TPG Corporation Limited completed in the comparative year.

(g) The amount represents gains arising from the disposal of the Group's interests in telecommunications tower assets supporting the Group's mobile telecommunications businesses. Current year amount mainly represents disposal of telecommunications tower assets in Sweden and Italy and comparative balance mainly represented disposal of telecommunications tower assets in Austria, Denmark and Ireland.

8 Interest expenses and other finance costs

	2021 HK$ million	2020 HK$ million
Bank loans and overdrafts	**1,156**	1,660
Other loans	**5**	1
Notes and bonds	**5,494**	5,210
Interest bearing loans from non-controlling shareholders	**11**	11
Other finance costs	**363**	241
Amortisation of loan facilities fees and premiums or discounts relating to debts	**329**	320
Other non-cash interest adjustments [(a)]	**(298)**	(259)
	7,060	7,184
Less: interest capitalised	**(29)**	(37)
Interest on lease liabilities (see note 13(b))	**3,577**	3,703
	10,608	10,850

(a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK$709 million (2020: HK$702 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

9 Tax

	2021 HK$ million	2020 HK$ million
Current tax charge		
Hong Kong	**179**	40
Outside Hong Kong	**3,850**	3,945
	4,029	3,985
Deferred tax charge (credit)		
Hong Kong	**34**	95
Outside Hong Kong	**(1,833)**	222
	(1,799)	317
	2,230	4,302

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

During the current year, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which was substantively enacted for HKFRS purposes on 24 May 2021. Deferred tax credit outside Hong Kong recognised during the current year includes the one-off impacts on re-measuring the deferred tax assets balances of subsidiary companies using this new enacted tax rate.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the jurisdiction concerned, and the Group's tax charge (credit) for the years were as follows:

	2021 HK$ million	2020 HK$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**4,995**	6,055
Tax effect of:		
Tax losses not recognised	**2,855**	3,071
Income not subject to tax	**(1,637)**	(1,900)
Expenses not deductible for tax purposes	**885**	1,132
Recognition of previously unrecognised tax losses	**(69)**	(22)
Utilisation of previously unrecognised tax losses	**(93)**	(103)
Over provision in prior years	**(176)**	(94)
Other temporary differences	**(2,094)**	(3,315)
Effect of change in tax rate	**(2,436)**	(522)
Total tax for the year	**2,230**	4,302

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$33,484 million (2020: HK$29,143 million) and on weighted average number of shares 3,847,582,641 shares outstanding during the year of 2021 (2020: 3,856,240,500 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2021 and 31 December 2020. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2021 and 31 December 2020. The employee share options of these associated companies outstanding as at 31 December 2021 and 31 December 2020 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2021 HK$ million	2020 HK$ million
Distribution paid on perpetual capital securities	**491**	482

(b) Dividends

	2021 HK$ million	2020 HK$ million
Interim dividend, paid of HK$0.80 per share (2020: HK$0.614 per share)	**3,072**	2,368
Final dividend, proposed of HK$1.86 per share (2020: HK$1.70 per share)	**7,132**	6,555
	10,204	8,923

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2021. The amount of the 2021 proposed final dividend is expected to be paid on 9 June 2022 out of retained profit.

12 Fixed assets

	Land and buildings HK$ million	Telecom-munications network assets HK$ million	Other assets[(a)] HK$ million	Total HK$ million
Cost				
At 1 January 2020	27,507	65,638	71,077	164,222
Additions	1,229	5,440	20,435	27,104
Disposals	(193)	(1,494)	(1,040)	(2,727)
Relating to subsidiaries disposed (see note 34(d))	–	(2,425)	(165)	(2,590)
Transfer between categories	174	10,806	(10,970)	10
Exchange translation differences	522	4,516	3,813	8,851
Transfer to assets classified as held for sale (see note 25)	–	(1,397)	–	(1,397)
At 31 December 2020 and 1 January 2021	**29,239**	**81,084**	**83,150**	**193,473**
Additions	**1,189**	**3,866**	**22,001**	**27,056**
Relating to subsidiaries acquired (see note 34(c))	**263**	**–**	**526**	**789**
Disposals	**(74)**	**(773)**	**(1,391)**	**(2,238)**
Relating to subsidiaries disposed (see note 34(d))	**(104)**	**(9,237)**	**(46)**	**(9,387)**
Transfer between categories	**31**	**10,873**	**(10,904)**	**–**
Exchange translation differences	**(879)**	**(3,388)**	**(3,314)**	**(7,581)**
At 31 December 2021	**29,665**	**82,425**	**90,022**	**202,112**
Accumulated depreciation and impairment				
At 1 January 2020	4,357	18,767	21,967	45,091
Charge for the year	1,062	8,359	6,833	16,254
Disposals	(185)	(972)	(829)	(1,986)
Relating to subsidiaries disposed (see note 34(d))	–	(696)	(18)	(714)
Transfer between categories	1	(3)	12	10
Exchange translation differences	166	1,651	1,374	3,191
Transfer to assets classified as held for sale (see note 25)	–	(474)	–	(474)
At 31 December 2020 and 1 January 2021	**5,401**	**26,632**	**29,339**	**61,372**
Charge for the year	**1,095**	**9,340**	**7,751**	**18,186**
Disposals	**(40)**	**(537)**	**(1,170)**	**(1,747)**
Relating to subsidiaries disposed (see note 34(d))	**(6)**	**(4,547)**	**(2)**	**(4,555)**
Transfer between categories	**6**	**(115)**	**109**	**–**
Exchange translation differences	**(113)**	**(1,073)**	**(1,057)**	**(2,243)**
At 31 December 2021	**6,343**	**29,700**	**34,970**	**71,013**
Net book value				
At 31 December 2021	**23,322**	**52,725**	**55,052**	**131,099**
At 31 December 2020	23,838	54,452	53,811	132,101
At 1 January 2020	23,150	46,871	49,110	119,131

(a) Net book value of other assets of HK$55,052 million (2020: HK$53,811 million) primarily relate to fixed assets used in business of Ports and related services of HK$18,341 million (2020: HK$17,970 million), Telecommunications of HK$26,658 million (2020: HK$25,043 million), and Infrastructure of HK$1,554 million (2020: HK$1,521 million).

As at 31 December 2021, other assets with a net book value of HK$18,865 million (2020: HK$17,055 million) are assets under construction.

12 Fixed assets (continued)

(b) The analysis of the Group's aggregate future minimum lease receivable under non–cancellable operating leases of fixed assets is as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year	**134**	151
Between 1 and 2 years	**65**	53
Between 2 and 3 years	**22**	29
Between 3 and 4 years	**14**	6
Between 4 and 5 years	**11**	3
After 5 years	**10**	10
	256	252

13 Leases

(a) Group as a lessee – amounts recognised in the consolidated statement of financial position

	2021 HK$ million	2020 HK$ million
Right-of-use assets		
Container terminals	**17,020**	18,250
Retail stores	**23,399**	25,186
Telecommunications network infrastructure sites	**25,275**	28,818
Leasehold land	**6,717**	6,939
Other assets	**4,441**	4,612
	76,852	83,805
Lease liabilities		
Current	**16,085**	18,621
Non-current	**68,994**	75,644
	85,079	94,265

On leases that commenced during the year, the Group has recognised HK$11,266 million (2020: HK$20,028 million) of right-of-use assets, and HK$11,223 million (2020: HK$20,008 million) of lease liabilities.

13 Leases (continued)

(b) Group as a lessee – amounts recognised in the consolidated income statement

	2021 HK$ million	2020 HK$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	**659**	881
Expense relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	**948**	1,189
Expense relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	**2,496**	2,344
	4,103	4,414
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	**1,244**	1,089
Retail stores	**7,807**	7,895
Telecommunications network infrastructure sites	**7,430**	7,723
Leasehold land	**362**	369
Other assets	**1,310**	1,455
	18,153	18,531
Interest on lease liabilities (included in "Interest expenses and other finance costs")	**3,577**	3,703
Total charges recognised in profit or loss for leases	**25,833**	26,648

(c) Group as a lessee – amounts recognised in the consolidated statement of cash flows

	2021 HK$ million	2020 HK$ million
Within operating cash flows	**7,500**	7,518
Within financing cash flows (see note 34(e))	**17,407**	18,010
Total cash outflows for leases	**24,907**	25,528

(d) Group as lessee – other lease disclosure

Variable lease payments

Some retail stores leases contain variable payment terms that are linked to sales generated from a store. There is a wide range of sales percentages applied to such leases. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$28 million (2020: approximately 0.1% or HK$22 million).

13 Leases (continued)

(d) Group as lessee – other lease disclosure (continued)

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2021, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$12,290 million (2020: HK$17,994 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2021, residual value guarantee of HK$12 million (2020: HK$12 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2021, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK$131 million (2020: HK$404 million). This amount has not been included in calculating the lease liabilities as at 31 December 2021.

Restriction or covenants imposed by leases

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.

(e) Group as lessor

	2021 HK$ million	2020 HK$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	**139**	191

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2021 HK$ million	2020 HK$ million
Within 1 year	**120**	138
Between 1 and 2 years	**50**	83
Between 2 and 3 years	**36**	70
Between 3 and 4 years	**28**	51
Between 4 and 5 years	**20**	45
After 5 years	**44**	209
	298	596

In addition, the Group has recognised income of HK$238 million (2020: HK$258 million) from leasing of fixed assets for the year ended 31 December 2021.

14 Telecommunications licences

	2021 HK$ million	2020 HK$ million
Net book value		
At 1 January	**66,944**	63,387
Additions	**8,158**	679
Amortisation for the year	**(1,514)**	(1,485)
Exchange translation differences	**(3,603)**	4,363
At 31 December	**69,985**	66,944
Cost	**77,304**	73,354
Accumulated amortisation and impairment	**(7,319)**	(6,410)
	69,985	66,944

The Group's telecommunications licences in the UK and Italy (except for a licence with carrying value at 31 December 2021 of nil (2020: HK$133 million)) are considered to have an indefinite useful life. At 31 December 2021, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK$20,781 million and HK$34,643 million respectively (31 December 2020: HK$18,061 million and HK$37,231 million respectively) have been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK$ million	Other rights HK$ million	Total HK$ million
Net book value			
At 1 January 2020	68,463	19,812	88,275
Additions	–	1,791	1,791
Amortisation for the year	(11)	(2,654)	(2,665)
Disposal	–	(13)	(13)
Relating to subsidiaries disposed (see note 34(d))	–	(5)	(5)
Exchange translation differences	2,426	1,644	4,070
At 31 December 2020 and 1 January 2021	**70,878**	**20,575**	**91,453**
Additions	**–**	**4,429**	**4,429**
Relating to subsidiaries acquired (see note 34(c))	**–**	**12**	**12**
Amortisation for the year	**(12)**	**(3,591)**	**(3,603)**
Disposal	**–**	**(3)**	**(3)**
Relating to subsidiaries disposed (see note 34(d))	**–**	**(333)**	**(333)**
Exchange translation differences	**(1,786)**	**(1,150)**	**(2,936)**
At 31 December 2021	**69,080**	**19,939**	**89,019**
Cost	**69,161**	**32,531**	**101,692**
Accumulated amortisation	**(81)**	**(12,592)**	**(12,673)**
	69,080	**19,939**	**89,019**

15 Brand names and other rights (continued)

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2021 of HK$50,060 million (2020: HK$50,741 million) and HK$18,812 million (2020: HK$19,913 million) has been allocated to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2021, the carrying value of these rights amounted to HK$12,017 million (2020: HK$10,135 million) and HK$7,922 million (2020: HK$10,440 million) respectively.

16 Goodwill

	2021 **HK$ million**	2020 HK$ million
Net book value		
At 1 January	**319,718**	308,986
Impairment charge for the year	**(15,472)**	–
Relating to subsidiaries acquired (see note 34(c))	**623**	–
Relating to subsidiaries disposed (see note 34(d))	**(7,681)**	(703)
Exchange translation differences	**(7,848)**	11,435
At 31 December	**289,340**	319,718
Cost	**304,094**	319,718
Accumulated impairment	**(14,754)**	–
	289,340	319,718

As at 31 December 2021, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK$103,097 million (2020: HK$134,096 million), Retail segment of HK$114,104 million (2020: HK$114,106 million), and Infrastructure segment of HK$39,123 million (2020: HK$39,123 million).

Goodwill is monitored by Management at the level of the operating segments identified in note 5. Management tests whether goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) have suffered any impairment on an annual basis and when there is indication that the assets may be impaired.

For the 2021 reporting period, the impairment charge of HK$15,472 million arose in the telecommunications business in Italy, which is included as part of the Telecommunications segment. The impairment charge was recorded within "Other expenses and losses" in the consolidated income statement. Following the completion of the disposal of telecommunications tower assets supporting the Group's mobile telecommunications businesses in Sweden and Italy in the first half of 2021, the Group reviewed whether there was any indication that its mobile telecommunications businesses may be impaired at 30 June 2021. With the exception of the mobile telecommunications business in Italy, the review had not identified any indication of possible impairment. Goodwill and intangible assets with indefinite useful life related to the mobile telecommunications business in Italy were tested for impairment at 30 June 2021, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the Group recognised an impairment charge of HK$15,472 million against goodwill in the first half of 2021, primarily resulted from the lowered expectation on 5G led growth and service revenues and heightened competition in the Italian market. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on value-in-use calculations, as it was higher than fair value less costs of disposal calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 7.7% (31 December 2020: 7.7%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2020: 1%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2020 annual impairment test on this business.

16 Goodwill (continued)

The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2021. Results of the 31 December 2021 annual impairment tests indicated that, saved for the HK$15,472 million impairment charge against goodwill already recorded in the first half of 2021, there was no impairment at 31 December 2021. In performing the impairment tests, Management has considered and assessed reasonably possible changes for key assumptions and, with the exception of the mobile telecommunications business in Italy, has not identified any instances that could cause the carrying amount of the business unit to exceed their recoverable amount and the Group would have to recognise a further impairment charge against goodwill. With respect to the mobile telecommunications business in Italy, if the pre-tax discount rate applied to the cash flows used in the value-in-use calculation had been 30 basis points higher than management's estimates at 31 December 2021 and all other variables remain unchanged, the estimated recoverable amount will reduce by HK$10,016 million to equal to the carrying amount of these assets. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2021 annual impairment tests for the Telecommunications and Retail operations.

The recoverable amounts of the Group's Telecommunications operations at 31 December 2021 were determined based on value-in-use calculations. Value in use is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The value in use amount derived from the cash flow projections is sensitive to the 5G revenue expectations and discount rate used for the cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) ranging from 0.7% to 9.3% (2020: 0.3% to 9.4%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 0% to 2% p.a. (2020: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The recoverable amounts of the Group's Retail operations at 31 December 2021 were determined based on fair value less costs of disposal calculation. Fair value is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, 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. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The fair value less cost of disposal amount derived from the cash flow projections is sensitive to the discount rate used for the discount cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) of 6.2% (2020: 5.7%) has been applied. In estimating the terminal value at the end of the five year period a growth rate, for the purpose of impairment testing calculation, of 2.2% p.a. (2020: 2.1% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Please refer to note 46(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

17 Associated companies

	2021 HK$ million	2020 HK$ million
Unlisted shares	**9,059**	9,420
Listed shares, Hong Kong	**62,919**	61,070
Listed shares, outside Hong Kong	**81,012**	104,123
Share of undistributed post acquisition reserves	**(18,376)**	(42,262)
	134,614	132,351
Amounts due from (net with amounts due to) associated companies [(a)]	**3,167**	3,725
	137,781	136,076

In January 2021, Cenovus Energy, a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of an all-stock combination of Cenovus Energy and the Group's listed associated company Husky. At 31 December 2021, the Group owns 15.8% of the issued and outstanding common shares of Cenovus Energy and two directors of the Company are currently directors of Cenovus Energy.

Amounts due from associated companies are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from associated companies. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

The market value of the above listed investments at 31 December 2021 was HK$120,336 million (2020: HK$99,125 million), inclusive of HK$29,965 million (2020: HK$15,352 million) and HK$37,300 million (2020: HK$32,120 million) for associated companies, Cenovus Energy and Power Assets Holdings Limited ("Power Assets") (2020: Husky and Power Assets) respectively.

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 37.

(a) Amounts due from (net with amounts due to) associated companies

	2021 HK$ million	2020 HK$ million
Amounts due from associated companies [(i)]		
Interest free	**415**	470
Interest bearing at fixed rates [(ii)]	**2,912**	3,064
Interest bearing at floating rates [(iii)]	**407**	908
	3,734	4,442
Amounts due to associated companies [(iv)]		
Interest free	**567**	717
Amounts due from (net with amounts due to) associated companies	**3,167**	3,725

17 Associated companies (continued)

(a) Amounts due from (net with amounts due to) associated companies (continued)

(i) At 31 December 2021 and 2020, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK$34 million which are repayable within one year (2020: HK$711 million which are repayable within one to four years).

(ii) At 31 December 2021, HK$2,912 million (2020: HK$3,064 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2020: 4.7% to 11.2%) per annum.

(iii) At 31 December 2021, HK$407 million (2020: HK$908 million) bear interests at floating rates ranging from approximately 1.2% to 1.6% (2020: 1.6% to 2.1%) per annum with reference to Euro Interbank Offered Rate and Hong Kong Interbank Offered Rate, where applicable.

(iv) At 31 December 2021 and 2020, the amount due to associated companies are unsecured and have no fixed terms of repayment.

(b) Material associated companies

Set out below are additional information in respect of the Group's material associated companies:

	2021	2020	
	Power Assets HK$ million	Husky HK$ million	Power Assets HK$ million
Dividends received from associated companies	**2,164**	633	2,149
Gross amount of the following items of the associated companies [(i)]:			
Total revenue	**1,276**	77,574	1,270
EBITDA (LBITDA)	**19,158**	(56,591)	18,830
EBIT (LBIT)	**13,200**	(69,714)	13,062
Other comprehensive income (losses)	**1,880**	572	(883)
Total comprehensive income (losses)	**8,019**	(54,376)	5,250
Current assets	**4,963**	19,062	6,062
Non-current assets	**127,027**	170,078	125,177
Current liabilities	**3,553**	14,567	7,406
Non-current liabilities	**3,983**	72,136	1,380
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	**124,454**	97,419	122,453
Reconciliation to the carrying amount of the Group's interests in associated companies:			
Group's interest	**36.0%**	40.2%	36.0%
Group's share of net assets	**44,754**	39,150	44,034
Amount due from associated company	**–**	30	–
Carrying amount	**44,754**	39,180	44,034

17 Associated companies (continued)

(b) Material associated companies (continued)

The carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK$93,027 million (2020: HK$52,862 million).

	2021			2020			
	Power Assets	**Other associated companies**	**Total**	Husky	Power Assets	Other associated companies	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Group's share of the following items of the associated companies [(i)]:							
Profits less losses after tax	**2,208**	**3,510**	**5,718**	(22,085)	2,205	1,351	(18,529)
Other comprehensive income (losses)	**676**	**(618)**	**58**	230	(318)	1,775	1,687
Total comprehensive income (losses)	**2,884**	**2,892**	**5,776**	(21,855)	1,887	3,126	(16,842)

(i) After translation into Hong Kong dollars and consolidation adjustments.

Particulars regarding the principal associated companies are set forth on pages 259 to 262.

18 Interests in joint ventures

	2021	2020
	HK$ million	HK$ million
Unlisted shares	**100,030**	98,594
Share of undistributed post acquisition reserves	**4,079**	3,854
	104,109	102,448
Amounts due from (net with amounts due to) joint ventures [(a)]	**37,235**	39,017
	141,344	141,465

Amounts due from joint ventures are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from joint ventures. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 37.

18 Interests in joint ventures (continued)

(a) Amounts due from (net with amounts due to) joint ventures

	2021 HK$ million	2020 HK$ million
Amounts due from joint ventures [(i)]		
Interest free	**2,144**	2,145
Interest bearing at fixed rates [(ii)]	**16,607**	17,402
Interest bearing at floating rates [(iii)]	**18,865**	19,850
	37,616	39,397
Amounts due to joint ventures [(iv)]		
Interest free	**381**	380
Amounts due from (net with amounts due to) joint ventures	**37,235**	39,017

(i) At 31 December 2021 and 2020, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$49 million which are repayable within one to four years (2020: HK$69 million which are repayable within one to five years).

(ii) At 31 December 2021, HK$16,607 million (2020: HK$17,402 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2020: 4.4% to 11.0%) per annum.

(iii) At 31 December 2021, HK$18,865 million (2020: HK$19,850 million) bear interests at floating rates ranging from approximately 1.7% to 14.1% (2020: 1.7% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate and London Interbank Offered Rate, where applicable.

(iv) At 31 December 2021 and 2020, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2021 HK$ million	2020 HK$ million
Profits less losses after tax [(i)]	**6,393**	4,954
Other comprehensive income (losses)	**(500)**	1,720
Total comprehensive income	**5,893**	6,674
Capital commitments	**4,377**	1,880

(i) During the comparative period from the second half of 2012 to 26 June 2020, VHA underwent a shareholder-sponsored restructuring under the leadership of the other shareholder pursuant to the applicable terms of the shareholders' agreement. HTAL's share of VHA's results from 1 January 2020 to 26 June 2020 was a loss of HK$301 million and was reported under "Other expenses and losses" in the consolidated income statement.

As at 31 December 2021 and 2020, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 259 to 262.

19 Deferred tax

	2021 HK$ million	2020 HK$ million
Deferred tax assets	**21,188**	19,926
Deferred tax liabilities	**17,383**	17,672
Net deferred tax assets	**3,805**	2,254

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2021 HK$ million	2020 HK$ million
At 1 January	**2,254**	3,534
Relating to subsidiaries acquired (see note 34(c))	**(76)**	–
Relating to subsidiaries disposed (see note 34(d))	**(58)**	(1,991)
Transfer to current tax	**(22)**	31
Net credit to other comprehensive income	**72**	178
Net credit (charge) to the income statement		
Tax losses	**2,173**	(1,164)
Accelerated depreciation allowances	**(233)**	1,002
Fair value adjustments arising from acquisitions	**(211)**	(561)
Withholding tax on undistributed profits	**(50)**	59
Other temporary differences	**120**	347
Exchange translation differences	**(164)**	878
Transfer to assets classified as held for sale (see note 25)	**–**	(59)
At 31 December	**3,805**	2,254

Analysis of net deferred tax assets (liabilities):

	2021 HK$ million	2020 HK$ million
Tax losses	**15,695**	15,446
Accelerated depreciation allowances	**(2,423)**	(3,700)
Fair value adjustments arising from acquisitions	**(11,536)**	(11,191)
Revaluation of investment properties and other investments	**29**	39
Withholding tax on undistributed profits	**(371)**	(335)
Other temporary differences	**2,411**	1,995
	3,805	2,254

19 Deferred tax (continued)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The 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 amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 31 December 2021, the Group has recognised accumulated deferred tax assets amounting to HK$21,188 million (2020: HK$19,926 million) of which HK$18,073 million (2020: HK$16,856 million) relates to **3** Group Europe.

Note 46(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

The Group has not recognised deferred tax assets of HK$39,282 million at 31 December 2021 (2020: HK$37,268 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$176,604 million (2020: HK$163,468 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$112,190 million (2020: HK$120,370 million) can be carried forward indefinitely and the balances expire in the following years:

	2021 **HK$ million**	2020 HK$ million
In the first year	**2,503**	1,294
In the second year	**5,896**	2,413
In the third year	**2,847**	5,815
In the fourth year	**3,911**	3,357
After the fourth year	**49,257**	30,219
	64,414	43,098

20 Liquid funds and other listed investments

	2021 HK$ million	2020 HK$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong [c]	**41**	50
Financial assets at FVOCI [d]		
Listed equity securities, Hong Kong [e]	**701**	3,423
Listed equity securities, outside Hong Kong [e]	**557**	198
Managed funds – listed equity securities, outside Hong Kong [e]	**260**	226
Managed funds – listed debt securities, outside Hong Kong [b] [f]	**6,668**	6,691
	8,227	10,588

(a) At 31 December, liquid funds and other listed investments totalling HK$8,227 million (2020: HK$10,588 million) are denominated in the following currencies:

	2021		2020	
	Financial assets at amortised cost Percentage	**Financial assets at FVOCI Percentage**	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage
HK dollars	**–**	**9%**	–	32%
US dollars	**56%**	**83%**	69%	65%
Other currencies	**44%**	**8%**	31%	3%
	100%	**100%**	100%	100%

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK$6,668 million (2020: HK$6,691 million) presented above are analysed as follows:

	2021	2020
	Financial assets at FVOCI	Financial assets at FVOCI
	Percentage	Percentage
Credit ratings		
Aaa / AAA	**18%**	30%
Aa1 / AA+	**81%**	69%
Other investment grades	**1%**	1%
	100%	100%
Sectorial		
US Treasury notes	**77%**	67%
Government and government guaranteed notes	**14%**	19%
Others	**9%**	14%
	100%	100%
Weighted average maturity	**1.7 years**	1.2 years
Weighted average effective yield	**1.36%**	1.62%

(c) "Managed funds – cash and cash equivalents" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Managed funds – cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.

(d) The fair values are based on quoted market prices.

(e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification.

(f) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2021 and 31 December 2020 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a results, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

21 Other non-current assets

	2021 HK$ million	2020 HK$ million
Investment properties (see note 22)	**408**	396
Customer acquisition and retention costs [(a)]	**3,775**	4,095
Contract assets (see note 24(b))	**2,746**	3,345
Unlisted investments		
Financial assets at amortised costs – debt securities [(b)]	**–**	179
Financial assets at FVOCI – equity securities [(c)]	**2,506**	2,347
Financial assets at fair value through profit or loss – equity securities	**2,648**	2,614
Financial assets at fair value through profit or loss – debt securities	**165**	358
Pension assets (see note 30)	**1,032**	158
Derivative financial instruments		
Fair value hedges – Interest rate swaps	**–**	108
Cash flow hedges		
Interest rate swaps	**42**	–
Cross currency interest rate swaps	**118**	–
Other contracts	**52**	13
Net investment hedges		
Forward foreign exchange contracts	**–**	85
Cross currency swaps	**441**	40
Other derivative financial instruments	**37**	823
Lease receivables [(d)]	**232**	383
	14,202	14,944

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's income statement of HK$3,800 million (2020: HK$2,723 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) The carrying value of the debt securities approximate their fair values as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates.

"Financial assets at amortised costs – debt securities" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Financial assets at amortised costs – debt securities". The expected credit loss was minimal as these debt securities are subject to the Group's financial and investment requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(c) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(d) Lease receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

22 Investment properties

Investment properties are included in "Other non-current assets" (see note 21) in the statement of financial position.

	2021 HK$ million	2020 HK$ million
Valuation		
At 1 January	**396**	398
Increase (decrease) in fair value of investment properties	**12**	(2)
At 31 December	**408**	396

At 31 December 2021, investment properties amounting to HK$408 million (2020: HK$396 million) were measured at fair value based on value inputs, other than quoted prices, that were observable either directly or indirectly. The fair values of the investment properties at 31 December 2021 and 2020 were determined based on a valuation carried out by DTZ Debenham Tie Leung Limited, professional valuers. The valuation which reflected the highest and best use was arrived at by reference to comparable market transactions and also took reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2021 and 2020, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2021 HK$ million	2020 HK$ million
Cash at bank and in hand	**35,004**	36,463
Short term bank deposits	**118,129**	119,488
	153,133	155,951

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

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a results, insignificant amount of provision for credit loss was made at the reporting date in respect of these assets.

24 Trade receivables and other current assets

	2021 HK$ million	2020 HK$ million
Trade receivables [a]	**20,494**	19,537
Less: loss allowance provision	**(3,797)**	(2,639)
	16,697	16,898
Other current assets		
Derivative financial instruments		
Fair value hedges – Interest rate swaps	**4**	–
Cash flow hedges		
Cross currency interest rate swaps	**57**	–
Forward foreign exchange contracts	**2**	–
Other contracts	**719**	50
Net investment hedges		
Forward foreign exchange contracts	**555**	347
Cross currency swaps	**213**	–
Contract assets [b]	**4,853**	5,654
Prepayments	**19,415**	18,680
Other receivables [c]	**15,123**	13,998
Current tax receivables	**93**	182
	57,731	55,809

(a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 45 days. Trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, after netting of provision for estimated impairment losses. Given the profile of the Group's customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 6% of the Group's revenue for the year ended 31 December 2021 (2020: less than 7%).

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2021 HK$ million	2020 HK$ million
Less than 31 days	**12,927**	12,854
Within 31 to 60 days	**1,931**	1,824
Within 61 to 180 days	**1,559**	1,317
Over 180 days	**4,077**	3,542
	20,494	19,537

24 Trade receivables and other current assets (continued)

Movements on the loss allowance provision for trade receivables are as follows:

	2021 HK$ million	2020 HK$ million
At 1 January	**2,639**	1,810
Additions	**1,757**	1,577
Utilisations	**(459)**	(861)
Write back	**(20)**	(7)
Exchange translation differences	**(120)**	120
At 31 December	**3,797**	2,639

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by aging band are set out below.

	2021			2020		
	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage
Not past due	**11,880**	**255**	**2%**	12,142	148	1%
Past due less than 31 days	**2,768**	**155**	**6%**	2,311	220	10%
Past due within 31 to 60 days	**816**	**124**	**15%**	726	136	19%
Past due within 61 to 180 days	**1,118**	**462**	**41%**	1,028	377	37%
Past due over 180 days	**3,912**	**2,801**	**72%**	3,330	1,758	53%
	20,494	**3,797**		19,537	2,639	

24 Trade receivables and other current assets (continued)

(b) As at 31 December 2021, contract assets of HK$4,853 million (2020: HK$5,654 million) and HK$2,746 million (2020: HK$3,345 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK$1,390 million (2020: HK$1,512 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2021 **HK$ million**	2020 HK$ million
At 1 January	**1,512**	1,052
Additions	**1,056**	1,024
Utilisations	**(1,033)**	(377)
Write back	**(87)**	(257)
Exchange translation differences	**(58)**	70
At 31 December	**1,390**	1,512

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to trade receivables for similar customer bases. The Group makes reference to the expected credit loss provision rates for trade receivables to measure the contract asset's expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

(c) Other receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of other receivables.

25 Assets and liabilities classified as held for sale

	2021 HK$ million	2020 HK$ million
Assets classified as held for sale		
Disposal group held for sale	–	1,251
Liabilities directly associated with assets classified as held for sale	–	284

In November 2020, CK Hutchison Group Telecom entered into agreements to dispose interests in its European telecommunications tower assets in six countries. The Denmark transaction, Austria transaction and Ireland transaction were completed in December 2020, and the Sweden transaction and Italy transaction were completed during the current year. The UK transaction is currently undergoing regulatory approval.

The comparative balances at 31 December 2020 represented the assets and liabilities associated with the Sweden transaction which were classified for accounting purposes as disposal group held for sale as at that date. Following the completion of the Sweden transaction in January 2021, the assets and liabilities associated with the Sweden transaction previously classified as held for sale were de-recognised from the consolidated statement of financial position.

The major classes of assets and liabilities classified as held for sale at 31 December 2020 were as follows:

	2021 HK$ million	2020 HK$ million
Assets		
Fixed assets	–	923
Right-of-use assets	–	269
Deferred tax assets	–	59
Assets classified as held for sale	–	1,251
Liabilities		
Lease liabilities	–	283
Other non-current liabilities	–	1
Liabilities directly associated with assets classified as held for sale	–	284
Net assets directly associated with disposal group	–	967

	2021 HK$ million	2020 HK$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve surplus	–	20
Reserves of disposal group classified as held for sale	–	20

Disposal group held for sale is presented within total assets and total liabilities of "Telecommunications: CK Hutchison Group Telecom – **3** Group Europe" segment in note 5(b)(vi), 5(b)(vii) respectively and total assets of "Europe" in note 5(b)(xii).

26 Bank and other debts

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Principal amounts						
Bank loans	**36,309**	**63,006**	**99,315**	27,222	94,078	121,300
Other loans	**4**	**247**	**251**	4	270	274
Notes and bonds	**30,030**	**195,485**	**225,515**	20,800	205,384	226,184
	66,343	**258,738**	**325,081**	48,026	299,732	347,758
Unamortised fair value adjustments arising from acquisitions	**180**	**2,992**	**3,172**	23	3,861	3,884
Subtotal before the following items	**66,523**	**261,730**	**328,253**	48,049	303,593	351,642
Unamortised loan facilities fees and premiums or discounts related to debts	**(66)**	**(2,292)**	**(2,358)**	(28)	(2,562)	(2,590)
Adjustments to carrying amounts pursuant to unrealised gains (losses) on interest rate swap contracts	**(96)**	**–**	**(96)**	–	19	19
	66,361	**259,438**	**325,799**	48,021	301,050	349,071

26 Bank and other debts (continued)

Details of the bank and other debts by principal amounts are as follows:

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Bank loans	**36,309**	**63,006**	**99,315**	27,222	94,078	121,300
Other loans	**4**	**247**	**251**	4	270	274
Notes and bonds						
HK$400 million notes, 3.45% due 2021	**–**	**–**	**–**	400	–	400
HK$300 million notes, 3.35% due 2021	**–**	**–**	**–**	300	–	300
HK$2,413 million notes, 3-mth HIBOR^ + 0.32% due 2024	**–**	**2,413**	**2,413**	–	–	–
HK$260 million notes, 4% due 2027	**–**	**260**	**260**	–	260	260
US$750 million notes, 1.875% due 2021	**–**	**–**	**–**	5,850	–	5,850
US$1,500 million notes, 4.625% due 2022	**11,700**	**–**	**11,700**	–	11,700	11,700
US$1,000 million notes, 2.875% due 2022	**7,800**	**–**	**7,800**	–	7,800	7,800
US$500 million notes, 3.25% due 2022	**3,900**	**–**	**3,900**	–	3,900	3,900
US$750 million notes, 2.75% due 2023	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 3.25% due 2024	**–**	**5,850**	**5,850**	–	5,850	5,850
US$1,500 million notes, 3.625% due 2024	**–**	**11,700**	**11,700**	–	11,700	11,700
US$500 million notes, 1.5% due 2026	**–**	**3,900**	**3,900**	–	–	–
US$500 million notes, 2.75% due 2026	**–**	**3,900**	**3,900**	–	3,900	3,900
US$309 million notes – Series C, 7.5% due 2027	**–**	**2,410**	**2,410**	–	2,410	2,410
US$500 million notes, 3.25% due 2027	**–**	**3,900**	**3,900**	–	3,900	3,900
US$800 million notes, 3.5% due 2027	**–**	**6,240**	**6,240**	–	6,240	6,240
US$500 million notes, 2.75% due 2029	**–**	**3,900**	**3,900**	–	3,900	3,900
US$750 million notes, 3.625% due 2029	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 2.5% due 2030	**–**	**5,850**	**5,850**	–	5,850	5,850
US$850 million notes, 2.5% due 2031	**–**	**6,630**	**6,630**	–	–	–
US$1,039 million notes, 7.45% due 2033	**–**	**8,107**	**8,107**	–	8,107	8,107
US$25 million notes – Series D, 6.988% due 2037	**–**	**196**	**196**	–	196	196
US$650 million notes, 3.125% due 2041	**–**	**5,070**	**5,070**	–	–	–
US$750 million notes, 3.375% due 2049	**–**	**5,850**	**5,850**	–	5,850	5,850
US$750 million notes, 3.375% due 2050	**–**	**5,850**	**5,850**	–	5,850	5,850
EUR1,500 million notes, 1.375% due 2021	**–**	**–**	**–**	14,250	–	14,250
EUR750 million notes, 3.625% due 2022	**6,630**	**–**	**6,630**	–	7,125	7,125
EUR1,350 million notes, 1.25% due 2023	**–**	**11,934**	**11,934**	–	12,825	12,825
EUR1,500 million notes, 0.375% due 2023	**–**	**13,260**	**13,260**	–	14,250	14,250
EUR600 million bonds, 1% due 2024	**–**	**5,304**	**5,304**	–	5,700	5,700
EUR1,000 million notes, 0.875% due 2024	**–**	**8,840**	**8,840**	–	9,500	9,500
EUR750 million notes, 1.25% due 2025	**–**	**6,630**	**6,630**	–	7,125	7,125
EUR1,000 million notes, 0.75% due 2026	**–**	**8,840**	**8,840**	–	9,500	9,500
EUR650 million notes, 2% due 2028	**–**	**5,746**	**5,746**	–	6,175	6,175
EUR1,000 million notes, 1.125% due 2028	**–**	**8,840**	**8,840**	–	9,500	9,500
EUR500 million notes, 0.75% due 2029	**–**	**4,420**	**4,420**	–	–	–
EUR500 million notes, 2% due 2030	**–**	**4,420**	**4,420**	–	4,750	4,750
EUR750 million notes, 1.5% due 2031	**–**	**6,630**	**6,630**	–	7,125	7,125
EUR500 million notes, 1% due 2033	**–**	**4,420**	**4,420**	–	–	–
GBP303 million notes, 5.625% due 2026	**–**	**3,147**	**3,147**	–	3,180	3,180
GBP500 million notes, 2% due 2027	**–**	**5,195**	**5,195**	–	5,250	5,250
GBP300 million notes, 2.625% due 2034	**–**	**3,117**	**3,117**	–	3,150	3,150
JPY15,000 million notes, 2.6% due 2027	**–**	**1,016**	**1,016**	–	1,116	1,116
	30,030	**195,485**	**225,515**	20,800	205,384	226,184
	66,343	**258,738**	**325,081**	48,026	299,732	347,758

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2021			2020		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans						
Within a year	**36,309**	**–**	**36,309**	27,222	–	27,222
After 1 year, but within 2 years	**–**	**41,824**	**41,824**	–	42,356	42,356
After 2 years, but within 5 years	**–**	**21,182**	**21,182**	–	51,722	51,722
	36,309	**63,006**	**99,315**	27,222	94,078	121,300
Other loans						
Within a year	**4**	**–**	**4**	4	–	4
After 1 year, but within 2 years	**–**	**4**	**4**	–	4	4
After 2 years, but within 5 years	**–**	**178**	**178**	–	191	191
After 5 years	**–**	**65**	**65**	–	75	75
	4	**247**	**251**	4	270	274
Notes and bonds						
Within a year	**30,030**	**–**	**30,030**	20,800	–	20,800
After 1 year, but within 2 years	**–**	**31,044**	**31,044**	–	30,525	30,525
After 2 years, but within 5 years	**–**	**60,524**	**60,524**	–	72,800	72,800
After 5 years	**–**	**103,917**	**103,917**	–	102,059	102,059
	30,030	**195,485**	**225,515**	20,800	205,384	226,184
	66,343	**258,738**	**325,081**	48,026	299,732	347,758

(b) By secured and unsecured borrowings

	2021			2020		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Secured borrowings	**1,442**	**3**	**1,445**	1	1,510	1,511
Unsecured borrowings	**64,901**	**258,735**	**323,636**	48,025	298,222	346,247
	66,343	**258,738**	**325,081**	48,026	299,732	347,758

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(c) By borrowings at fixed and floating interest rate

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**30,043**	**193,320**	**223,363**	20,834	205,653	226,487
Borrowings at floating rate	**36,300**	**65,418**	**101,718**	27,192	94,079	121,271
	66,343	**258,738**	**325,081**	48,026	299,732	347,758

(d) By borrowings at fixed and floating interest rate (adjusted for the effect of hedging transactions)

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	HK$ million	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million
Borrowings at fixed rate	**26,935**	**214,110**	**241,045**	22,550	215,741	238,291
Borrowings at floating rate	**39,408**	**44,628**	**84,036**	25,476	83,991	109,467
	66,343	**258,738**	**325,081**	48,026	299,732	347,758

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures.

The Group has entered into interest rate swap agreements with banks and other financial institutions to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2021, the notional amount of the outstanding interest rate swap agreements amounted to HK$5,460 million (2020: HK$5,460 million) (See note 41(i)(i)).

The Group has also entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2021, the notional amount of the outstanding interest rate swap agreements and cross currency interest rate swap agreements amounted to HK$13,002 million and HK$10,140 million respectively (2020: HK$5,408 million and HK$11,856 million respectively) (See note 41(i)(ii)).

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(e) By currency

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollars	**12%**	**37%**	**49%**	5%	36%	41%
Euro	**2%**	**32%**	**34%**	6%	36%	42%
HK dollars	**1%**	**2%**	**3%**	1%	2%	3%
British Pounds	**–**	**5%**	**5%**	–	5%	5%
Other currencies	**5%**	**4%**	**9%**	1%	8%	9%
	20%	**80%**	**100%**	13%	87%	100%

(f) By currency (adjusted for the effect of hedging transactions)

	2021			2020		
	Current portion	**Non-current portion**	**Total**	Current portion	Non-current portion	Total
	Percentage	**Percentage**	**Percentage**	Percentage	Percentage	Percentage
US dollars	**10%**	**31%**	**41%**	3%	29%	32%
Euro	**5%**	**37%**	**42%**	8%	43%	51%
HK dollars	**1%**	**2%**	**3%**	1%	2%	3%
British Pounds	**–**	**5%**	**5%**	–	5%	5%
Other currencies	**5%**	**4%**	**9%**	1%	8%	9%
	21%	**79%**	**100%**	13%	87%	100%

As at 31 December 2021, the Group had currency swap agreements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,790 million (2020: HK$31,356 million) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The amounts include the cross currency swap agreements disclosed in (d) above with notional amounts of HK$10,140 million (2020: HK$11,856 million).

27 Trade payables and other current liabilities

	2021 HK$ million	2020 HK$ million
Trade payables [(a)]	**23,382**	25,042
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**77**	–
Cross currency interest rate swaps	**–**	481
Forward foreign exchange contracts	**–**	4
Net investment hedges		
Forward foreign exchange contracts	**68**	1,023
Cross currency swaps	**17**	7
Other derivative financial instruments	**14**	4
Interest free loans from non-controlling shareholders	**427**	380
Contract liabilities	**6,933**	6,160
Obligations for telecommunications licences and other rights	**4,526**	1,342
Provisions (see note 28)	**2,710**	3,185
Expenses and other accruals	**40,636**	38,774
Other payables	**17,775**	27,479
	96,565	103,881

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2021 HK$ million	2020 HK$ million
Less than 31 days	**14,172**	16,155
Within 31 to 60 days	**2,956**	3,769
Within 61 to 90 days	**1,605**	2,375
Over 90 days	**4,649**	2,743
	23,382	25,042

(b) The Group's five largest suppliers accounted for less than 16% of the Group's cost of purchases for the year ended 31 December 2021 (2020: less than 16%).

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligation HK$ million	Assets retirement obligation HK$ million	Others HK$ million	Total HK$ million
At 1 January 2020	28,058	226	1,985	1,158	31,427
Additions	–	36	225	387	648
Interest accretion	–	1	27	–	28
Utilisations	(5,617)	(92)	(114)	(221)	(6,044)
Write back	–	(87)	–	(49)	(136)
Relating to subsidiaries disposed (see note 34(d))	–	–	(64)	–	(64)
Exchange translation differences	1,072	8	105	127	1,312
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	–	(1)	–	(1)
At 31 December 2020 and 1 January 2021	**23,513**	**92**	**2,163**	**1,402**	**27,170**
Additions	**–**	**57**	**115**	**273**	**445**
Interest accretion	**–**	**–**	**65**	**–**	**65**
Utilisations	**(1,339)**	**(8)**	**(92)**	**(210)**	**(1,649)**
Write back	**–**	**(25)**	**–**	**(72)**	**(97)**
Relating to subsidiaries disposed (see note 34(d))	**–**	**–**	**(441)**	**(19)**	**(460)**
Exchange translation differences	**(502)**	**(6)**	**(85)**	**(92)**	**(685)**
At 31 December 2021	**21,672**	**110**	**1,725**	**1,282**	**24,789**

Provisions are analysed as:

	2021 HK$ million	2020 HK$ million
Current portion (see note 27)	**2,710**	3,185
Non-current portion (see note 31)	**22,079**	23,985
	24,789	27,170

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. Following the completion of the merger of VHA and TPG Corporation Limited in June 2020, HK$4,567 million provision for commitments and guarantees made in prior year in relation to VHA's telecommunications operations had been released as it was no longer required for the Group to settle the related obligations. The credit was included in the calculation of the HK$10,186 million gains arising from the dilution (see note 5(b)(xviii) and note 7(f)). The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

29 Interest bearing loans from non-controlling shareholders

	2021 HK$ million	2020 HK$ million
Interest bearing loans from non-controlling shareholders	**759**	798

At 31 December 2021, these loans bear interest at rates at EURIBOR+2.0% (2020: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2021 HK$ million	2020 HK$ million
Defined benefit assets (see note 21)	**1,032**	158
Defined benefit liabilities	**3,466**	3,804
Net defined benefit liabilities	**2,434**	3,646

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 major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2021	2020
Discount rates	**0.2% – 2.0%**	0.3% – 1.5%
Future salary increases	**1.7% – 3.5%**	1.0% – 3.5%
Interest credited on two principal plans in Hong Kong	**5.0% – 6.0%**	5.0% – 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2021 HK$ million	2020 HK$ million
Present value of defined benefit obligations	**23,686**	24,502
Fair value of plan assets	**21,255**	20,859
	2,431	3,643
Restrictions on assets recognised	**3**	3
Net defined benefit liabilities	**2,434**	3,646

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2021	24,502	(20,859)	3	3,646
Net charge (credit) to the income statement				
Current service cost	612	17	–	629
Past service cost and gains and losses on settlements	57	–	–	57
Interest cost (income)	241	(194)	–	47
	910	(177)	–	733
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	58	–	–	58
Actuarial gain arising from change in financial assumptions	(124)	–	–	(124)
Actuarial gain arising from experience adjustment	(127)	–	–	(127)
Return on plan assets excluding interest income	–	(814)	–	(814)
Exchange translation differences	(769)	607	–	(162)
	(962)	(207)	–	(1,169)
Contributions paid by the employer	–	(741)	–	(741)
Contributions paid by the employee	108	(108)	–	–
Benefits paid	(859)	859	–	–
Relating to subsidiaries acquired (see note 34(c))	66	(101)	–	(35)
Transfer from (to) other liabilities	(79)	79	–	–
At 31 December 2021	23,686	(21,255)	3	2,434

30 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2020	21,431	(18,412)	3	3,022
Net charge (credit) to the income statement				
Current service cost	608	18	–	626
Past service cost and gains and losses on settlements	(60)	–	–	(60)
Interest cost (income)	353	(305)	–	48
	901	(287)	–	614
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(121)	–	–	(121)
Actuarial loss arising from change in financial assumptions	1,783	–	–	1,783
Actuarial gain arising from experience adjustment	(10)	–	–	(10)
Return on plan assets excluding interest income	–	(1,032)	–	(1,032)
Exchange translation differences	1,185	(954)	–	231
	2,837	(1,986)	–	851
Contributions paid by the employer	–	(839)	–	(839)
Contributions paid by the employee	109	(109)	–	–
Benefits paid	(699)	699	–	–
Transfer from (to) other liabilities	(77)	75	–	(2)
At 31 December 2020	24,502	(20,859)	3	3,646

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 "Employee Benefits" ("HKAS 19") and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the "accounting actuarial valuations"). The realisation of the deficit disclosed above 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. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. 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. Funding requirements of the Group's major defined benefit pension plans are detailed below.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2019 reported a funding level of 134% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2021, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$22 million (2020: HK$10 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2021 (2020: HK$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2018 reported a funding level of 89% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP8.5 million in 2020 and GBP9.0 million in 2021 and will make further aggregate additional contributions of GBP24.7 million until 31 January 2024 to eliminate the shortfall by 31 January 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 5.3% per annum; post-retirement discount rate of 2.3% per annum; pensionable earnings increases of 2.65% per annum; Retail Price Index ("RPI") inflation of 3.4% per annum; Consumer Price Index ("CPI") inflation of 2.4% per annum; and pension increases of 1.9% to 3.3% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP10.4 million in 2021. A schedule of contributions was agreed with GBP10 million to pay in 2022 and 2023, and GBP0.3 million in 2024 to eliminate the shortfall by February 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.14% to 2.35% per annum and pension increases of 1.74% to 3.64% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2021 Percentage	2020 Percentage
Equity instruments		
Consumer markets and manufacturing	**8%**	6%
Energy and utilities	**2%**	2%
Financial institutions and insurance	**6%**	5%
Telecommunications and information technology	**7%**	7%
Units trust and equity instrument funds	**5%**	4%
Others	**9%**	8%
	37%	32%
Debt instruments		
US Treasury notes	**1%**	1%
Government and government guaranteed notes	**15%**	15%
Financial institutions notes	**5%**	5%
Others	**5%**	5%
	26%	26%
Qualifying insurance policies	**31%**	36%
Other assets	**6%**	6%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2021 Percentage	2020 Percentage
Aaa / AAA	**8%**	6%
Aa1 / AA+	**20%**	19%
Aa2 / AA	**36%**	29%
Aa3 / AA-	**1%**	8%
A1 / A+	**3%**	3%
A2 / A	**3%**	4%
Other investment grades	**24%**	22%
No investment grades	**5%**	9%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

Fair value of plan assets of HK$21,255 million (2020: HK$20,859 million) includes investments in the Company's shares with a fair value of HK$16 million (2020: HK$18 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2021 is 19 years (2020: 19 years).

The Group expects to make contributions of HK$727 million (2020: HK$770 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.2% or increase by 3.5% respectively (2020: decrease by 3.0% or increase by 3.3% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.6% respectively (2020: increase by 0.6% or decrease by 0.6% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,430 million (2020: HK$1,314 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$15 million (2020: HK$14 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2021 (2020: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2021 HK$ million	2020 HK$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**133**	436
Cross currency interest rate swaps	**399**	1,956
Net investment hedges		
Cross currency swaps	**31**	773
Other derivative financial instruments	**105**	499
Obligations for telecommunications licences and other rights	**7,032**	7,666
Other non-current liabilities [(a)]	**5,873**	14,638
Liabilities relating to the economic benefits agreements [(b)]	**2,166**	2,166
Provisions (see note 28)	**22,079**	23,985
	37,818	52,119

(a) Includes equipment purchase payables of nil (2020: HK$7,426 million).

(b) In October 2018, the Group completed the divesture of an aggregated 90% economic benefits in Australian Gas Networks. As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

32 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
Authorised:				
Ordinary shares of HK$1 each	**8,000,000,000**	**8,000**	**–**	**8,000**
Issued and fully paid:				
Ordinary shares				
At 1 January 2020, 31 December 2020 and 1 January 2021	**3,856,240,500**	**3,856**	**244,377**	**248,233**
Buy-back and cancellation of issued shares [(i)]	**(21,606,000)**	**(22)**	**(1,208)**	**(1,230)**
At 31 December 2021	**3,834,634,500**	**3,834**	**243,169**	**247,003**

(i) The Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange during the current year. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. The total amount paid to acquire these 21,706,000 shares was approximately HK$1,239 million, of which approximately HK$22 million and HK$1,208 million have been deducted from share capital and share premium respectively, and the remaining balance of HK$9 million has been charged to retained profit.

(b) Perpetual capital securities

	2021 HK$ million	2020 HK$ million
US$1,000 million issued in 2017	**7,842**	7,842
EUR500 million issued in 2018	**4,572**	4,573
	12,414	12,415

In May 2017 and December 2018, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of US$1,000 million (approximately HK$7,800 million) and EUR500 million (approximately HK$4,475 million) respectively for cash.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

32 Share capital, share premium, perpetual capital securities and capital management (continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2021, total equity amounted to HK$644,255 million (2020: HK$630,063 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$166,893 million (2020: HK$185,103 million). The Group's net debt to net total capital ratio decreased to 20.5% from 22.7% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt/Net total capital ratios [(i)] at 31 December:

	2021	2020
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**20.5%**	22.7%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**21.8%**	25.0%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**20.6%**	22.8%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**21.9%**	25.1%

(i) Net debt is defined on the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

33 Reserves

	2021				
	Attributable to ordinary shareholders				
	Retained profit HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total HK$ million
At 1 January 2021	604,451	(12,162)	(3,321)	(342,905)	246,063
Profit for the year	33,484	–	–	–	33,484
Other comprehensive income (losses) [c]					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	266	266
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(60)	(60)
Valuation gains previously in reserves recognised in income statement	–	–	–	(7)	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	845	–	–	–	845
Gains on cash flow hedges recognised directly in reserves	–	–	954	–	954
Gains on net investment hedges recognised directly in reserves	–	1,337	–	–	1,337
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(9,603)	–	–	(9,603)
Losses (gains) previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	–	2,941	(25)	(3)	2,913
Share of other comprehensive income (losses) of associated companies	634	(1,397)	654	24	(85)
Share of other comprehensive income (losses) of joint ventures	1,274	(2,041)	366	21	(380)
Tax relating to components of other comprehensive income (losses)	56	–	(6)	–	50
Other comprehensive income (losses), net of tax	2,809	(8,763)	1,943	241	(3,770)
Impact of hyperinflation	5	–	–	–	5
Transfer of gains on disposal of equity securities at FVOCI to retained profit	65	–	–	(65)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2020	(6,555)	–	–	–	(6,555)
Dividends paid relating to 2021	(3,072)	–	–	–	(3,072)
Transaction costs in relation to equity contribution from non-controlling interests	(24)	–	–	–	(24)
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)	–	–	–	(9)
Unclaimed dividends write back of a subsidiary	27	–	–	–	27
At 31 December 2021	631,181	(20,925)	(1,378)	(342,729)	266,149

33 Reserves (continued)

	2020				
	Attributable to ordinary shareholders				
	Retained profit HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total HK$ million
At 1 January 2020	592,705	(30,760)	(1,513)	(344,380)	216,052
Profit for the year	29,143	–	–	–	29,143
Other comprehensive income (losses) [c]					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	1,211	1,211
Debt securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	44	44
Valuation losses previously in reserves recognised in income statement	–	–	–	89	89
Remeasurement of defined benefit obligations recognised directly in reserves	(511)	–	–	–	(511)
Losses on cash flow hedges recognised directly in reserves	–	–	(21)	–	(21)
Losses on net investment hedges recognised directly in reserves	–	(1,687)	–	–	(1,687)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	11,802	–	–	11,802
Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	2,040	1	(3)	2,038
Share of other comprehensive income (losses) of associated companies	(420)	2,801	(848)	32	1,565
Share of other comprehensive income (losses) of joint ventures	(1,386)	3,642	(947)	5	1,314
Tax relating to components of other comprehensive income (losses)	133	–	7	–	140
Other comprehensive income (losses), net of tax	(2,184)	18,598	(1,808)	1,378	15,984
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(39)	–	–	39	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2019	(8,870)	–	–	–	(8,870)
Dividends paid relating to 2020	(2,368)	–	–	–	(2,368)
Unclaimed dividends write back of a subsidiary	7	–	–	–	7
Relating to purchase of non-controlling interests [b]	(3,943)	–	–	–	(3,943)
Relating to partial disposal of subsidiary companies	–	–	–	58	58
At 31 December 2020	604,451	(12,162)	(3,321)	(342,905)	246,063

33 Reserves (continued)

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2021, revaluation reserve deficit amounted to HK$1,574 million (1 January 2021: HK$1,712 million and 1 January 2020: HK$3,111 million), and other capital reserves deficit amounted to HK$341,155 million (1 January 2021: HK$341,193 million and 1 January 2020: HK$341,269 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the comparative year 2020, the Group had acquired the remaining 40% attributable interests in the telecommunications tower assets in Sweden and Denmark from the Group's telecommunications partner in these countries. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.

(c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2021		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	**265**	**–**	**265**
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	**(60)**	**–**	**(60)**
Valuation gains previously in reserves recognised in income statement	**(7)**	**–**	**(7)**
Remeasurement of defined benefit obligations recognised directly in reserves	**1,034**	**80**	**1,114**
Gains on cash flow hedges recognised directly in reserves	**1,020**	**(8)**	**1,012**
Gains on net investment hedges recognised directly in reserves	**1,767**	**–**	**1,767**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(10,567)**	**–**	**(10,567)**
Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	**2,913**	**–**	**2,913**
Share of other comprehensive income of associated companies	**58**	**–**	**58**
Share of other comprehensive income (losses) of joint ventures	**(500)**	**–**	**(500)**
	(4,077)	**72**	**(4,005)**

	2020		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	1,461	–	1,461
Debt securities at FVOCI			
Valuation gains recognised directly in reserves	44	–	44
Valuation losses previously in reserves recognised in income statement	89	–	89
Remeasurement of defined benefit obligations recognised directly in reserves	(664)	169	(495)
Losses on cash flow hedges recognised directly in reserves	(65)	9	(56)
Losses on net investment hedges recognised directly in reserves	(2,229)	–	(2,229)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	13,004	–	13,004
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	2,093	–	2,093
Share of other comprehensive income of associated companies	1,687	–	1,687
Share of other comprehensive income of joint ventures	1,720	–	1,720
	17,140	178	17,318

34 Notes to consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2021 HK$ million	2020 HK$ million
Profit after tax	**40,472**	37,397
Less: share of profits less losses of		
Associated companies	**(5,718)**	18,529
Joint ventures	**(6,393)**	(4,954)
	28,361	50,972
Adjustments for:		
Current tax charge	**4,029**	3,985
Deferred tax charge (credit)	**(1,799)**	317
Interest expenses and other finance costs	**10,608**	10,850
Depreciation and amortisation	**45,256**	41,658
Others	**–**	301
EBITDA of Company and subsidiaries [(i)]	**86,455**	108,083
Dividends received from associated companies and joint ventures	**11,102**	10,241
Goodwill impairment (see note 16)	**15,472**	–
Foreign exchange reclassification adjustment (see note 7(c))	**3,514**	–
Loss on disposal of fixed assets	**51**	181
Gains on disposals of interests in associated companies and joint ventures (see note 7)	**(751)**	(11,517)
Gains on disposal of subsidiaries (see note 7)	**(25,316)**	(16,759)
Customer acquisition and retention costs capitalised in the year	**(3,725)**	(3,498)
Other non-cash items	**(869)**	341
	85,933	87,072

34 Notes to consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2021 HK$ million	2020 HK$ million
EBITDA of Company and subsidiaries	**86,455**	108,083
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**5,718**	(18,529)
Joint ventures	**6,393**	4,954
Adjustments for:		
Depreciation and amortisation	**21,853**	22,658
Interest expenses and other finance costs	**8,233**	8,741
Current tax charge	**3,600**	3,553
Deferred tax charge (credit)	**3,731**	(6,544)
Non-controlling interests	**654**	473
Others	**–**	(301)
	50,182	15,005
EBITDA (see note 5(b)(ii))	**136,637**	123,088

(b) Changes in working capital

	2021 HK$ million	2020 HK$ million
Increase in inventories	**(46)**	(148)
Decrease (increase) in trade receivables and other current assets	**(5,736)**	98
Decrease in trade payables and other current liabilities	**(11,485)**	(5,132)
Other non-cash items	**(1,813)**	5,698
	(19,080)	516

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	2021 HK$ million	2020 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**461**	–
Non-cash consideration	**358**	–
	819	–
Fair value		
Fixed assets	**789**	–
Right-of-use assets	**494**	–
Brand names and other rights	**12**	–
Pension assets	**35**	–
Cash and cash equivalents	**323**	–
Trade receivables and other current assets	**474**	–
Inventories	**27**	–
Trade payables and other current liabilities and current tax liabilities	**(628)**	–
Bank and other debts	**(997)**	–
Lease liabilities	**(252)**	–
Interest bearing loans from non-controlling shareholders	**(17)**	–
Deferred tax liabilities	**(76)**	–
Net identifiable assets acquired	**184**	–
Non-controlling interests	**12**	–
	196	–
Goodwill	**623**	–
Total consideration	**819**	–
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**461**	–
Cash and cash equivalents acquired	**(323)**	–
Total net cash outflow	**138**	–

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the year ended 31 December 2021 and 2020, acquisition related costs were not material.

For the year ended 31 December 2021, the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition are not material.

34 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2021 HK$ million	2020 HK$ million
Consideration received or receivable		
Cash and cash equivalents	**38,425**	20,783
Total disposal consideration	**38,425**	20,783
Carrying amount of net assets disposed	**(13,696)**	(4,361)
Cumulative exchange gains in respect of the net assets of the subsidiaries and related hedging instruments and other reserves reclassified from equity to profit or loss on loss of control of subsidiaries	**587**	337
Gain on disposal	**25,316**	16,759
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	**38,425**	20,783
Less: Cash and cash equivalents disposed	**–**	(3)
Total net cash consideration	**38,425**	20,780
Analysis of assets and liabilities over which control was lost		
Fixed assets	**4,832**	1,876
Right-of-use assets	**4,238**	1,929
Goodwill	**7,681**	703
Brand names and other rights	**333**	5
Deferred tax assets	**58**	1,991
Trade receivables and other current assets	**446**	2
Inventories	**–**	16
Assets classified as held for sale	**1,241**	–
Trade payables and other current liabilities and current tax liabilities	**–**	(2)
Lease liabilities	**(4,389)**	(2,098)
Other non-current liabilities	**(460)**	(64)
Liabilities directly associated with assets classified as held for sale	**(284)**	–
Net assets (excluding cash and cash equivalents) disposed	**13,696**	4,358
Cash and cash equivalents disposed	**–**	3
Net assets disposed	**13,696**	4,361

Disposal of subsidiary companies for the current year mainly related to the disposal of interests in tower assets in Sweden and Italy and for the comparative year ended 31 December 2020, they mainly related to the disposal of interests in tower assets in Denmark, Austria and Ireland (see note 5(b)(xvi)). The gains on disposal for the year ended 31 December 2021 and 2020 were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 7(g).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the year are not material for the years ended 31 December 2021 and 2020.

34 Notes to consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts HK$ million	Lease liabilities HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Liabilities relating to the economic benefits agreements HK$ million	Total HK$ million
At 1 January 2020	344,560	93,688	728	380	2,166	441,522
Financing cash flows						
New borrowings	44,391	–	–	–	–	44,391
Repayment of borrowings	(56,361)	–	–	–	–	(56,361)
Principal elements of lease payments (see note 13(c))	–	(18,010)	–	–	–	(18,010)
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	320	–	–	–	–	320
Losses arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	60	–	–	–	–	60
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(702)	–	–	–	–	(702)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	20,008	–	–	–	20,008
Interest on lease liabilities (see note 8)	–	3,703	–	–	–	3,703
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(3,295)	–	–	–	(3,295)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(737)	–	–	–	(737)
Others	–	(1,228)	–	–	–	(1,228)
Relating to subsidiaries disposed (see note 34(d))	–	(2,098)	–	–	–	(2,098)
Exchange translation differences	16,803	2,517	70	–	–	19,390
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	(283)	–	–	–	(283)
At 31 December 2020 and 1 January 2021	**349,071**	**94,265**	**798**	**380**	**2,166**	**446,680**
Financing cash flows						
New borrowings	**70,901**	**–**	**–**	**–**	**–**	**70,901**
Repayment of borrowings	**(83,546)**	**–**	**–**	**–**	**–**	**(83,546)**
Principal elements of lease payments (see note 13(c))	**–**	**(17,407)**	**–**	**–**	**–**	**(17,407)**
Net loans from non-controlling shareholders	**–**	**–**	**–**	**47**	**–**	**47**
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	**329**	**–**	**–**	**–**	**–**	**329**
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	**(104)**	**–**	**–**	**–**	**–**	**(104)**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	**(709)**	**–**	**–**	**–**	**–**	**(709)**
Increase in lease liabilities from entering into new leases (see note 13(a))	**–**	**11,223**	**–**	**–**	**–**	**11,223**
Interest on lease liabilities (see note 8)	**–**	**3,577**	**–**	**–**	**–**	**3,577**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	**–**	**(3,536)**	**–**	**–**	**–**	**(3,536)**
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	**–**	**(497)**	**–**	**–**	**–**	**(497)**
Others	**–**	**5,808**	**–**	**–**	**–**	**5,808**
Relating to subsidiaries acquired (see note 34(c))	**997**	**252**	**17**	**–**	**–**	**1,266**
Relating to subsidiaries disposed (see note 34(d))	**–**	**(4,389)**	**–**	**–**	**–**	**(4,389)**
Exchange translation differences	**(11,140)**	**(4,217)**	**(56)**	**–**	**–**	**(15,413)**
At 31 December 2021	**325,799**	**85,079**	**759**	**427**	**2,166**	**414,230**

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2021 and 31 December 2020. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2021, assets of the Group totalling HK$1,440 million (2020: HK$1,411 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2021, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$5,058 million (2020: HK$7,022 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2021 **HK$ million**	2020 HK$ million
To associated companies	**3,367**	3,200
To joint ventures	**1,235**	3,046

At 31 December 2021, the Group had provided performance and other guarantees of HK$8,353 million (2020: HK$7,868 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2021, where material, not provided for in the financial statements at 31 December 2021 are as follows:

Capital commitments

(a) Ports and Related Services: HK$157 million (2020: HK$263 million)

(b) **3** Group Europe: HK$423 million (2020: HK$3,482 million)

(c) Telecommunications, Hong Kong and Asia: HK$1,088 million (2020: HK$3,884 million)

39 Related parties transactions

Saved as disclosed elsewhere in these financial statements, transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 17 and 18. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

No transactions have 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 compensation).

40 Legal proceedings

As at 31 December 2021, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's 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. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. 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 the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivatives instruments to hedge the Group's earnings were entered during the year or remain outstanding at the end of the year. 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, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-HK or non-US dollar currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries and associated companies to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$161,360 million at 31 December 2021 (2020: HK$166,539 million). The decrease was mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, net redemption of perpetual capital securities, buy-back of issued shares, adverse working capital movements and capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 18% in HK dollars, 60% in US dollars, 4% in Renminbi, 9% in Euro, 4% in British Pounds and 5% in other currencies (2020: 22% were denominated in HK dollars, 48% in US dollars, 4% in Renminbi, 9% in Euro, 10% in British Pounds and 7% in other currencies).

Cash and cash equivalents represented 95% (2020: 94%) of the liquid assets, US Treasury notes and other listed debt securities 4% (2020: 4%) and listed equity securities 1% (2020: 2%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 77% (2020: 67%), government and government guaranteed notes of 14% (2020: 19%), and others of 9% (2020: 14%). Of these US Treasury notes and listed debt securities, 99% (2020: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.7 years (2020: 1.2 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

41 Financial risk management (continued)

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps and forward rate agreements to manage its interest rate exposure. The Group's main interest rate exposure relates to US dollar, British Pound, Euro and HK dollar borrowings.

At 31 December 2021, approximately 31% (2020: approximately 35%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% (2020: approximately 65%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$5,460 million (2020: approximately HK$5,460 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$23,142 million (2020: HK$17,264 million) principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 26% (2020: approximately 31%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 74% (2020: approximately 69%) were at fixed rates at 31 December 2021. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For subsidiaries, associated companies, joint arrangement, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations, except in relation to certain infrastructure investments. At 31 December 2021, the Group had foreign exchange forward contracts and cross currency swaps with banks to hedge these infrastructure investments. The total notional amount of these net investment hedges amounted to HK$52,103 million (2020: HK$53,584 million).

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2021, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollars, 34% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2020: 41% in US dollars, 42% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$23,790 million (2020: HK$31,356 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 41% in US dollars, 42% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2020: 32% in US dollars, 51% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies).

41 Financial risk management (continued)

(d) Credit exposure

The Group's holdings of cash, managed funds and other liquid investments, interest rate and foreign currency swaps and forward currency contracts with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, particularly in its ports businesses. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 5% (2020: approximately 6%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 20) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 20) that bear interest at floating rate
- some of the bank and other debts (see note 26) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (2020: 100 basis points) increase in market interest rate at 31 December 2021, with all other variables held constant:

– profit for the year would increase by HK$671 million due to increase in interest income (2020: HK$605 million);
– total equity would increase by HK$671 million due to increase in interest income (2020: HK$605 million); and
– total equity would increase by HK$596 million due to change in fair value of derivative financial instruments (2020: HK$619 million).

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 20)
- some of the bank and other debts (see note 26)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

	2021		2020	
	Hypothetical increase (decrease) in profit after tax for the year	**Hypothetical increase (decrease) in total equity**	Hypothetical increase (decrease) in profit after tax for the year	Hypothetical increase (decrease) in total equity
	HK$ million	**HK$ million**	HK$ million	HK$ million
Euro	**39**	**(421)**	83	(419)
British Pounds	**105**	**(1,207)**	585	(742)
Australian dollars	**40**	**(435)**	37	(505)
Renminbi	**75**	**75**	53	53
US dollars	**2,240**	**2,251**	2,785	2,794
Japanese Yen	**(102)**	**(102)**	(113)	(113)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- financial assets at FVOCI (see note 20)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

– no impact to profit for the year (2020: nil), and consequently no impact to total equity for the year (2020: nil); and
– other comprehensive income would increase by HK$409 million (2020: HK$527 million) due to increase in gains on financial assets at FVOCI, and consequently total equity would increase by the same amount for both years.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2021						
Trade payables	23,382	–	–	23,382	–	23,382
Expenses and other accruals	40,636	–	–	40,636	–	40,636
Other payables	17,775	–	–	17,775	–	17,775
Interest free loans from non-controlling shareholders	427	–	–	427	–	427
Lease liabilities	17,688	42,075	51,213	110,976	(25,897)	85,079
Bank loans	36,309	63,006	–	99,315	(349)	98,966
Other loans	4	182	65	251	–	251
Notes and bonds	30,030	91,568	103,917	225,515	1,067	226,582
Interest bearing loans from non-controlling shareholders	759	–	–	759	–	759
Obligations for telecommunications licences and other rights	4,587	4,818	3,824	13,229	(1,671)	11,558
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	567	–	–	567	–	567
Amounts due to joint ventures	381	–	–	381	–	381
	172,545	203,815	159,019	535,379	(26,850)	508,529

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$5,618 million in "within 1 year" maturity band, HK$15,968 million in "after 1 year, but within 5 years" maturity band, and HK$20,428 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2021				
Cash flow hedges				
Interest rate swaps				
Net outflow	(97)	(163)	–	(260)
Cross currency interest rate swaps				
Net outflow	–	(418)	–	(418)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	9,222	–	–	9,222
Outflow	(9,369)	–	–	(9,369)
Cross currency swaps				
Inflow	1,522	674	–	2,196
Outflow	(1,526)	(701)	–	(2,227)
Other derivative financial instruments				
Net outflow	(108)	(53)	(3)	(164)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2020						
Trade payables	25,042	–	–	25,042	–	25,042
Expenses and other accruals	38,774	–	–	38,774	–	38,774
Other payables	27,479	–	–	27,479	–	27,479
Interest free loans from non-controlling shareholders	380	–	–	380	–	380
Lease liabilities	20,431	47,462	52,545	120,438	(26,173)	94,265
Bank loans	27,222	94,078	–	121,300	(547)	120,753
Other loans	4	195	75	274	–	274
Notes and bonds	20,800	103,325	102,059	226,184	1,860	228,044
Interest bearing loans from non-controlling shareholders	798	–	–	798	–	798
Obligations for telecommunications licences and other rights	1,355	7,198	1,124	9,677	(669)	9,008
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	717	–	–	717	–	717
Amounts due to joint ventures	380	–	–	380	–	380
	163,382	254,424	155,803	573,609	(25,529)	548,080

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$6,647 million in "within 1 year" maturity band, HK$16,473 million in "after 1 year, but within 5 years" maturity band, and HK$19,776 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2020				
Cash flow hedges				
Interest rate swaps				
Net outflow	(116)	(269)	–	(385)
Cross currency interest rate swaps				
Net outflow	(44)	(2,159)	–	(2,203)
Forward foreign exchange contracts				
Inflow	128	–	–	128
Outflow	(129)	–	–	(129)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	25,540	–	–	25,540
Outflow	(26,255)	–	–	(26,255)
Cross currency swaps				
Inflow	687	6,414	8,884	15,985
Outflow	(682)	(6,788)	(9,063)	(16,533)
Other derivative financial instruments				
Net outflow	(168)	(278)	(55)	(501)

41 Financial risk management (continued)

(h) In accordance with the disclosure requirement of HKFRS 7, the Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the income statement:

	2021 HK$ million	2020 HK$ million
Dividends from equity securities at FVOCI - related to investments held at the end of the reporting period	**87**	221
Interest from debt securities at FVOCI	**101**	103
Interest from assets held at amortised cost	**658**	1,465
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	**(329)**	(260)
Fair value gains on debt securities at FVPL	**52**	44
Net impairment expense recognised on trade receivables	**(1,737)**	(1,570)
Gains (losses) arising on derivatives in a designated fair value hedge	**(104)**	60
Gains (losses) arising on adjustment for hedged items in a designated fair value hedge	**104**	(60)

(i) Hedge accounting

(i) Fair value hedges

	2021							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swap								
– receive fixed and pay floating maturing in								
2022	4.63%	5.28%	US$ 700	5,460	4	–	–	–
				5,460	4	–	–	–

	2021		
Hedged items	Carrying amount of the hedged item HK$ million	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million	Line item in the statement of financial position in which the hedged item is included
USD Fixed rate debts	5,444	4	Bank and other debts

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

	2020							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swap								
– receive fixed and pay floating maturing in								
2022	4.63%	5.28%	US$ 700	5,460	–	108	–	–
				5,460	–	108	–	–

	2020		
Hedged items	Carrying amount of the hedged item HK$ million	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million	Line item in the statement of financial position in which the hedged item is included
USD Fixed rate debts	5,623	108	Bank and other debts

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2021							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2022	0.67%	2.47%	GBP 150	1,558	–	–	(75)	–
2022	1.68%	1.96%	NZD 150	794	–	–	(2)	–
2023	0.74%	0.94%	US$ 1,000	7,800	–	42	–	–
2025	0.85%	3.58%	AUD 509	2,850	–	–	–	(133)
				13,002	–	42	(77)	(133)
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	0.62%	0.05%	US$ 1,300	10,140	–	–	–	(399)
– receive fixed and pay fixed maturing in								
2022 – 2023	2.82%	0.01%	US$ 1,750	13,650	57	118	–	–
				23,790	57	118	–	(399)

	2021						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2022	0.95	US$ 13	101	2	–	–	–

	2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	(267)	136	–
Foreign exchange risk	(2,220)	221	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

	2020							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2022	0.75%	2.39%	GBP 150	1,575	–	–	–	(110)
2022	0.99%	1.67%	NZD 150	830	–	–	–	(16)
2025	0.83%	3.56%	AUD 509	3,003	–	–	–	(310)
				5,408	–	–	–	(436)
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2021 – 2023	0.50%	0.05%	US$ 1,520	11,856	–	–	(136)	(1,225)
– receive fixed and pay fixed maturing in								
2021 – 2023	2.54%	0.00%	US$ 2,500	19,500	–	–	(345)	(731)
				31,356	–	–	(481)	(1,956)

	2020						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2021	1.19	US$ 16	125	–	–	(4)	–

	2020		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	108	403	–
Foreign exchange risk	2,646	2,441	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

	2021						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2022	6.10	CAD 277	1,688	4	–	(5)	–
2022	5.60	AUD 159	892	20	–	–	–
2022	5.29	NZD 280	1,481	59	–	–	–
2022	10.68	GBP 2,487	25,845	425	–	(63)	–
2022	8.84	EUR 65	574	47	–	–	–
			30,480	555	–	(68)	–
Cross currency swaps maturing in							
2022 - 2027	9.23	EUR 965	8,531	199	266	–	–
2022 - 2025	6.10	CAD 847	5,169	14	22	(17)	(31)
2027	5.86	AUD 1,415	7,923	–	153	–	–
			21,623	213	441	(17)	(31)

	2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	(1,750)	(4,370)	(716)

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

			2020				
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2021	5.99	CAD 177	1,076	–	–	(23)	–
2021	5.69	AUD 159	940	–	–	(52)	–
2021	5.28	NZD 280	1,548	–	–	(100)	–
2021 - 2022	10.45	GBP 2,487	26,118	347	85	(848)	–
2022	9.69	EUR 65	617	–	–	–	–
			30,299	347	85	(1,023)	–
Cross currency swaps maturing in							
2022 - 2027	9.23	EUR 965	9,168	–	2	–	(63)
2021 - 2025	6.09	CAD 947	5,770	–	38	(7)	(39)
2027	5.86	AUD 1,415	8,347	–	–	–	(671)
			23,285	–	40	(7)	(773)

	2020		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve/ exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	2,229	(2,620)	(716)

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

			2021		2020	
	Note	Classification under HKFRS 9 *	**Carrying amounts HK$ million**	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	**41**	**41**	50	50
Listed equity securities, Hong Kong	20	FVOCI	**701**	**701**	3,423	3,423
Listed equity securities, outside Hong Kong	20	FVOCI	**557**	**557**	198	198
Listed equity securities (included in Managed funds)	20	FVOCI	**260**	**260**	226	226
Listed debt securities (included in Managed funds)	20	FVOCI	**6,668**	**6,668**	6,691	6,691
Unlisted investments						
Unlisted debt securities	21	Amortised cost	**–**	**–**	179	179
Unlisted equity securities	21	FVOCI	**2,506**	**2,506**	2,347	2,347
Unlisted equity securities	21	FVPL	**2,648**	**2,648**	2,614	2,614
Unlisted debt securities	21	FVPL	**165**	**165**	358	358
Derivative financial instruments						
Fair value hedges – Interest rate swaps	21 & 24	Fair value – hedges	**4**	**4**	108	108
Cash flow hedges						
Interest rate swaps	21	Fair value – hedges	**42**	**42**	–	–
Cross currency interest rate swaps	21 & 24	Fair value – hedges	**175**	**175**	–	–
Forward foreign exchange contracts	24	Fair value – hedges	**2**	**2**	–	–
Other contracts	21 & 24	Fair value – hedges	**771**	**771**	63	63
Net investment hedges						
Forward foreign exchange contracts	21 & 24	Fair value – hedges	**555**	**555**	432	432
Cross currency swaps	21 & 24	Fair value – hedges	**654**	**654**	40	40
Other derivative financial instruments	21	FVPL	**37**	**37**	823	823
Lease receivables	21	Amortised cost	**232**	**232**	383	383
Cash and cash equivalents	23	Amortised cost	**153,133**	**153,133**	155,951	155,951
Trade receivables	24	Amortised cost	**16,697**	**16,697**	16,898	16,898
Other receivables	24	Amortised cost	**15,123**	**15,123**	13,998	13,998
Amounts due from associated companies	17	Amortised cost	**3,734**	**3,734**	4,442	4,442
Amounts due from joint ventures	18	Amortised cost	**37,616**	**37,616**	39,397	39,397
			242,321	**242,321**	248,621	248,621

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	Note	Classification under HKFRS 9 *	2021 Carrying amounts HK$ million	2021 Fair values HK$ million	2020 Carrying amounts HK$ million	2020 Fair values HK$ million
Financial liabilities						
Bank and other debts (i)	26	Amortised cost	**325,799**	**336,283**	349,071	358,717
Trade payables	27	Amortised cost	**23,382**	**23,382**	25,042	25,042
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value – hedges	**210**	**210**	436	436
Cross currency interest rate swaps	27 & 31	Fair value – hedges	**399**	**399**	2,437	2,437
Forward foreign exchange contracts	27	Fair value – hedges	**–**	**–**	4	4
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**68**	**68**	1,023	1,023
Cross currency swaps	27 & 31	Fair value – hedges	**48**	**48**	780	780
Other derivative financial instruments	27 & 31	FVPL	**119**	**119**	503	503
Interest free loans from non-controlling shareholders	27	Amortised cost	**427**	**427**	380	380
Expenses and other accruals	27	Amortised cost	**40,636**	**40,636**	38,774	38,774
Other payables	27	Amortised cost	**17,775**	**17,775**	27,479	27,479
Lease liabilities	13	Amortised cost	**85,079**	**85,079**	94,265	94,265
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**759**	**759**	798	798
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**11,558**	**11,558**	9,008	9,008
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**567**	**567**	717	717
Amounts due to joint ventures	18	Amortised cost	**381**	**381**	380	380
			509,373	**519,857**	553,263	562,909

* see note 47(n).

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2021		2020	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Representing:				
Financial assets measured at				
Amortised cost	**226,576**	**226,576**	231,298	231,298
FVOCI	**10,692**	**10,692**	12,885	12,885
FVPL	**2,850**	**2,850**	3,795	3,795
Fair value – hedges	**2,203**	**2,203**	643	643
	242,321	**242,321**	248,621	248,621
Financial liabilities measured at				
Amortised cost	**508,529**	**519,013**	548,080	557,726
FVPL	**119**	**119**	503	503
Fair value – hedges	**725**	**725**	4,680	4,680
	509,373	**519,857**	553,263	562,909

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

		2021				2020			
	Note	**Level 1 HK$ million**	**Level 2 HK$ million**	**Level 3 HK$ million**	**Total HK$ million**	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	**701**	**–**	**–**	**701**	3,423	–	–	3,423
Listed equity securities, outside Hong Kong	20	**557**	**–**	**–**	**557**	198	–	–	198
Listed equity securities (included in Managed funds)	20	**260**	**–**	**–**	**260**	226	–	–	226
Listed debt securities (included in Managed funds)	20	**6,668**	**–**	**–**	**6,668**	6,691	–	–	6,691
Unlisted investments									
Unlisted equity securities – FVOCI	21	**–**	**–**	**2,506**	**2,506**	–	–	2,347	2,347
Unlisted equity securities – FVPL	21	**–**	**2,262**	**386**	**2,648**	–	2,136	478	2,614
Unlisted debt securities	21	**–**	**–**	**165**	**165**	–	180	178	358
Derivative financial instruments									
Fair value hedges – Interest rate swaps	21 & 24	**–**	**4**	**–**	**4**	–	108	–	108
Cash flow hedges									
Interest rate swaps	21	**–**	**42**	**–**	**42**	–	–	–	–
Cross currency interest rate swaps	21 & 24	**–**	**175**	**–**	**175**	–	–	–	–
Forward foreign exchange contracts	24	**–**	**2**	**–**	**2**	–	–	–	–
Other contracts	21 & 24	**–**	**771**	**–**	**771**	–	63	–	63
Net investment hedges									
Forward foreign exchange contracts	21 & 24	**–**	**555**	**–**	**555**	–	432	–	432
Cross currency swaps	21 & 24	**–**	**654**	**–**	**654**	–	40	–	40
Other derivative financial instruments	21	**–**	**37**	**–**	**37**	–	823	–	823
		8,186	**4,502**	**3,057**	**15,745**	10,538	3,782	3,003	17,323
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	27 & 31	**–**	**210**	**–**	**210**	–	436	–	436
Cross currency interest rate swaps	27 & 31	**–**	**399**	**–**	**399**	–	2,437	–	2,437
Forward foreign exchange contracts	27	**–**	**–**	**–**	**–**	–	4	–	4
Net investment hedges									
Forward foreign exchange contracts	27	**–**	**68**	**–**	**68**	–	1,023	–	1,023
Cross currency swaps	27 & 31	**–**	**48**	**–**	**48**	–	780	–	780
Other derivative financial instruments	27 & 31	**–**	**119**	**–**	**119**	–	503	–	503
		–	**844**	**–**	**844**	–	5,183	–	5,183

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2021 and 2020, there were no transfer between the Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2021 HK$ million	2020 HK$ million
At 1 January	**3,003**	2,647
Total gains (losses) recognised in		
Income statement	**(329)**	147
Other comprehensive income	**97**	(69)
Additions	**325**	601
Disposals	**(14)**	(353)
Exchange translation differences	**(25)**	30
At 31 December	**3,057**	3,003
Total gains (losses) recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(329)**	147

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 41(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
At 31 December 2021				
Bank and other debts	**233,152**	**103,131**	**–**	**336,283**
At 31 December 2020				
Bank and other debts	235,264	123,453	–	358,717

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(l) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

(1) are offset in the Group's consolidated statement of financial position; or

(2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2021						
Financial assets						
Trade receivables	46	(30)	16	(7)	–	9
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	422	–	422	(68)	–	354
Cross currency swaps	27	–	27	(31)	–	(4)
Other receivables and prepayments	496	(24)	472	–	–	472
	991	(54)	937	(106)	–	831
Financial liabilities						
Trade payables	(502)	30	(472)	–	–	(472)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(68)	–	(68)	68	–	–
Cross currency swaps	(31)	–	(31)	31	–	–
Other payables and accruals	(31)	24	(7)	7	–	–
	(632)	54	(578)	106	–	(472)
At 31 December 2020						
Financial assets						
Trade receivables	91	(51)	40	(10)	–	30
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	393	–	393	(793)	–	(400)
Cross currency swaps	40	–	40	(737)	–	(697)
Other receivables and prepayments	488	(142)	346	–	–	346
	1,012	(193)	819	(1,540)	–	(721)
Financial liabilities						
Trade payables	(4,782)	51	(4,731)	–	–	(4,731)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(793)	–	(793)	793	–	–
Cross currency swaps	(737)	–	(737)	737	–	–
Other payables and accruals	(142)	142	–	10	–	10
	(6,454)	193	(6,261)	1,540	–	(4,721)

42 Statement of financial position of the Company, as at 31 December 2021

	2021 HK$ million	2020 HK$ million
Non-current assets		
Subsidiary companies – Unlisted shares [a]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [b]	**13,139**	11,058
Other receivables	**11**	27
Cash	**2**	3
Current liabilities		
Other payables and accruals	**97**	85
Net current assets	**13,055**	11,003
Net assets	**368,219**	366,167
Capital and reserves		
Share capital (see note 32(a))	**3,834**	3,856
Share premium (see note 32(a))	**243,169**	244,377
Reserves – Retained profit [c]	**121,216**	117,934
Shareholders' funds	**368,219**	366,167

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2021 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 259 to 262.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves – Retained profit

	HK$ million
At 1 January 2020	116,259
Profit for the year	12,913
Dividends paid relating to 2019	(8,870)
Dividends paid relating to 2020	(2,368)
At 31 December 2020	**117,934**
Profit for the year	**12,918**
Buy-back and cancellation of issued shares (see note 32(a)(i))	**(9)**
Dividends paid relating to 2020	**(6,555)**
Dividends paid relating to 2021	**(3,072)**
At 31 December 2021	**121,216**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK$12,918 million (2020: HK$12,913 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2021, the Company's share premium and retained profit amounted to HK$243,169 million (2020: HK$244,377 million) and HK$121,216 million (2020: HK$117,934 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. Following the completion of the transaction, the Group holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in IOH. Consequently, H3I is de-consolidated and the Group accounts for its interests in IOH as an associated company using the equity method of accounting.

On 3 March 2022, the UK Competition and Markets Authority issued a conditional approval of the Group's tower asset transaction in the UK. Subject to the satisfactory conclusions to the conditions, the transaction is expected to complete in the second half of 2022.

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the year ended, 31 December 2021, is for convenience only and has been made at the rate of HK$7.8 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

45 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

46 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 47, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgement and assumptions are based on historical factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates experience and other contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if the Group's has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements, the practical ability to exercise control.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

46 Significant accounting judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iii) Determination of lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Business combinations

As disclosed in note 47(c), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. 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 inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value / EBITDA, Enterprise value / Sales, Price / Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value in use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) 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 and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions 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. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(ii) Impairment assessment on investment accounted for using equity method

Investments accounted for using equity method are subject to impairment testing requirements. The requirements to test for impairment are applied to the net investment in the equity accounted investee. Fair value adjustments and goodwill recognised on acquisitions of equity-accounted investees are not recognised separately. Goodwill recognised on acquisitions of an equity- accounted investee is not subject to annual impairment test. Instead, after applying equity accounting method, the net investment is tested for impairment when there is an indication of possible impairment. The guidance in HKAS 28 "Investments in Associates and Joint Ventures" is used to determine whether it is necessary to perform an impairment test for investments in equity-accounted investees. If there is an indication of impairment, then the impairment test applied follows the principles in HKAS 36 "Impairment of Assets".

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value / EBITDA, Enterprise value / Sales, Price / Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discounted cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value in use of the investment in an equity-accounted investee, discounted cash flow models will be used to estimate (i) the Group's share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and from the ultimate disposal of the investment; or (ii) the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and from its ultimate disposal.

Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture, the present value of the estimated future cash flows to the Group expected to arise from dividends to be received from the investment and the ultimate disposal of the investment. Other key estimates and assumptions, where applicable, include estimates of the investee's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and, where applicable, dividend yield, and the estimated terminal value assumptions.

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the investment in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(iii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iv) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business and provided guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised, or where the borrowing associated companies and joint ventures are assessed to be unable to repay the indebtedness that the Group has guaranteed, a provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value from the investment in such associated companies and joint ventures.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(v) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide 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 and tax credits 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, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vii) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. 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 income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(viii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with HKFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the income statement.

47 Significant accounting policies

In the current year, the Group has adopted two amendments to HKFRSs, namely (i) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16: Interest Rate Benchmark Reform – Phase 2, and (ii) Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021.

Interest Rate Benchmark Reform – Phase 2

The Interest Rate Benchmark Reform amendments to HKFRSs were issued by HKICPA in two phases. The Phase 1 amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The Phase 1 amendments provide temporary exceptions to specific hedge accounting requirements, to avoid entities having to discontinue hedging relationships solely due to the uncertainty arising from the reform of interest rate benchmarks. These amendments apply to annual reporting periods beginning on or after 1 January 2020, and were addressed in Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform, which the Group had adopted in 2020.

The Phase 2 amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Restatement of prior periods is not required.

The Interest Rate Benchmark Reform – Phase 2 amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform of interest rate benchmarks, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by reform of interest rate benchmarks to be made to hedge designation and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an alternative nearly risk free interest rate instrument is designated as a hedge of a risk component.

The Phase 2 amendments had no material impact on the Annual Financial Statements. The Group intends to use the practical expedients in future periods if they become applicable.

47 Significant accounting policies (continued)

COVID-19-Related Rent Concessions beyond 30 June 2021

The Group has early adopted Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021 ahead of its effective date. The amendment extends, by one year, the original amendment issued by HKICPA in June 2020. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The amount recognised in profit or loss for the reporting period arising from application of the practical expedient is set out in note 7 to the Annual Financial Statements.

The adoption of these two amendments to HKFRSs does not have a material impact on the Group's 2021 financial statements. Other than these changes the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2020 Annual Financial Statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

These new accounting standards and interpretations are effective for annual periods beginning after 1 January 2021 and include:

- Amendments to HKAS 1 Presentation of Financial Statements clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- A package of narrow scope amendments to three standards as well as the Annual Improvements:

  – Amendments to HKFRS 3 Business Combinations update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  – Amendments to HKAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  – Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

  – Annual Improvements make minor amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards, HKFRS 9 Financial Instruments, HKAS 41 Agriculture and the Illustrative Examples accompanying HKFRS 16 Leases.

47 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

- Amendments to HKAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

  – right-of-use assets and lease liabilities, and

  – decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

- Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements require companies to disclose their material rather than their accounting policies. The amendments define what is "material accounting policy information" and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to HKAS 8 Accounting policies, Changes in Accounting Estimates and Errors clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Group is continuing to assess the implications of the adoption of these new standards and amendments to standards. Based on information currently available to the Group, the application of these standards in the future would not be expected to have a material impact on the financial position and / or financial performance of the Group.

Set out below is a summary of the accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Subsidiary companies

Subsidiaries are 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

47 Significant accounting policies (continued)

(b) Associated companies and joint arrangements

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of associated companies and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

Under the equity method, an investment in an associated company or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(c) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non–controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

47 Significant accounting policies (continued)

(c) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

(d) Goodwill

Goodwill is initially recognised and measured as set out in note 47(c) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in note 47(b) above.

(e) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

47 Significant accounting policies (continued)

(e) Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(f) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(g) Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. 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 payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

47 Significant accounting policies (continued)

(g) Leases (continued)

(i) Group as a lessee (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(h) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the income statement.

47 Significant accounting policies (continued)

(i) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land prior to 1 January 2019 and are grouped as part of right-of-use assets with effect from 1 January 2019. Leasehold land are expensed in the income statement on a straight-line basis over the period of the lease.

(j) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(k) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

(l) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(m) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 and the carry forward of unused tax losses and tax credits can be utilised.

47 Significant accounting policies (continued)

(n) Liquid funds and other listed investments and unlisted investments

"Liquid funds and other listed investments" are investments in listed debt securities, listed equity securities and cash and cash equivalents. "Unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(i) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

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, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(ii) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under HKFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(p) 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.

(q) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(r) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

47 Significant accounting policies (continued)

(s) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Trade and other payables, and contract liabilities

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

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the ordinary shareholders.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

47 Significant accounting policies (continued)

(y) 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.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the 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 benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on 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 income statement within staff costs.

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2021 and 31 December 2020 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 582 in December 2021 (2020: 386) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollars. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the income statement.

(ab) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Ports and Related Services

Revenue from the provision of ports and related services is recognised over time when the services are rendered and the Group's performance provides the benefits received and consumed simultaneously by the customer.

Retail

Revenue from the sale of retail goods is recognised at point of sale less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually settled in cash or by credit card and debit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

Infrastructure

Operating lease income from the rental of rolling stock assets is recognised on a straight-line basis over the lease term.

Contributions related to the connection of new properties to the Group's networks, comprising infrastructure charges, new connection charges, requisitioned mains and sewers and adopted assets, are recognised as deferred income and amortised to the income statement over the expected useful life of the connection, and other contributions to capital investment, most significantly mains and sewer diversions, the contributions are recognised in full in the income statement upon completion of the investment, which are typically the point at which the associated asset is brought into use.

Revenue from the provision of waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations is recognised when a performance obligation is satisfied, which is recognised at a point of time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

Telecommunications services

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Abu Qir Container Terminal Company S.A.E.	Egypt	USD	79,000,000	49	Container terminal operating
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
	Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	3,626,288,581	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal Sp. z o.o.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	100	Ship repairing, general engineering and tug operations
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison Ajman International Terminals Limited – F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ ❋ #	Hutchison Port Holdings Trust	Singapore / China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands / Hong Kong	USD	74,870,807	80	Holding company
	Hutchison Port Jazan Limited	Saudi Arabia	SAR	15,000,000	60	Container terminal operating
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands / United Arab Emirates	USD	10,000	48	Container terminal operating
	Hutchison Ports Sweden AB	Sweden	SEK	100,000	80	Container terminal operating
	Hutchison Ports UAQ Limited	British Virgin Islands / United Arab Emirates	USD	36,320	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡ +	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡	River Trade Terminal Co. Ltd.	British Virgin Islands / Hong Kong	USD	1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘	上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	24	Container terminal operating
	South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
	Star Classic Investments Limited	British Virgin Islands / Hong Kong	USD	11,720	80	Operation, management and development of ports and container terminals, and investment holding
	Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	2,208,492,000	48	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
✻ # +	Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ +	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ +	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
	Retail					
	A.S. Watson Holdings Limited	Cayman Islands / Hong Kong	HKD	1,000,000	75	Holding company
	A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
	A.S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘	廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
	PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
✻	PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡	Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
✟	武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
	Infrastructure					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
✻ +	CK Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,519,610,945	76	Holding company
✡ +	CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ +	CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Infrastructure (continued)					
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
✡ +	Eversholt UK Rails Limited	United Kingdom	GBP	102	54	Leasing of rolling stock
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
✡ +	Northumbrian Water Group Limited	United Kingdom	GBP	181	43	Water supply, sewage and waste water businesses
❖ ✻ # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment in energy and utility-related businesses
✡ +	Trionista TopCo GmbH	Germany	EUR	25,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	610,000,000	30	Electricity distribution
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands / Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
✻	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
	PT Hutchison 3 Indonesia	Indonesia	IDR	73,156,947,800,000	67	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands / Hong Kong	USD	2	100	Holding company
✻ # +	Cenovus Energy Inc.	Canada	CAD	17,015,824,919	16	Investment in oil and gas
✻ # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
✻	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
✻ #	HUTCHMED (China) Limited (formerly known as Hutchison China MediTech Limited)	Cayman Islands / China	USD	86,453,085	38	Holding company of healthcare business
	Marionnaud Parfumeries S.A.S.	France	EUR	351,575,833	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
✻ #	TOM Group Limited	Cayman Islands / Hong Kong	HKD	395,851,056	36	Technology and media
✻ #	TPG Telecom Limited	Australia	AUD	18,399,043,754	22	Telecommunications services

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

❋ Company listed on The Stock Exchange of Hong Kong Limited except Hutchison Port Holdings Trust which is listed on the Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, PT Duta Intidaya Tbk which is listed on the Indonesia Stock Exchange, Cenovus Energy Inc. which is listed on the New York Stock Exchange and Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, TPG Telecom Limited which is listed on the Australian Securities Exchange and HUTCHMED (China) Limited which is listed on The Stock Exchange of Hong Kong Limited, AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

✞ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

❖ Power Assets Holdings Limited indirectly holds 33.37% equity interest in HK Electric Investments and HK Electric Investments Limited, which are listed on The Stock Exchange of Hong Kong Limited.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 30% of the Group's respective items.

Financial Performance Summary

	Post-IFRS 16 [1] 2023 HK$ million	%	Post-IFRS 16 [1] 2022 HK$ million	%	Change %
Revenue [2]					
Ports and Related Services [2]	**40,851**	**9%**	44,141	10%	-7%
Retail	**183,344**	**40%**	169,645	37%	8%
Infrastructure	**54,714**	**12%**	54,441	12%	1%
CK Hutchison Group Telecom	**86,814**	**19%**	83,289	18%	4%
Hutchison Asia Telecommunications	**11,779**	**2%**	11,628	2%	1%
Finance & Investments and Others	**84,056**	**18%**	94,085	21%	-11%
Total Revenue	**461,558**	**100%**	457,229	100%	1%
EBITDA [2]					
Ports and Related Services [2]	**16,415**	**13%**	19,007	13%	-14%
Retail	**25,507**	**20%**	23,359	16%	9%
Infrastructure	**29,526**	**23%**	29,109	21%	1%
CK Hutchison Group Telecom	**29,081**	**23%**	39,002	27%	-25%
Hutchison Asia Telecommunications	**6,011**	**5%**	12,478	9%	-52%
Finance & Investments and Others	**20,769**	**16%**	19,177	14%	8%
Total EBITDA	**127,309**	**100%**	142,132	100%	-10%
- Underlying	**127,309**		128,119		-1%
- One-off items [3]	**–**		14,013		
EBIT [2]					
Ports and Related Services [2]	**10,583**	**17%**	13,024	17%	-19%
Retail	**13,849**	**22%**	11,831	15%	17%
Infrastructure	**19,616**	**31%**	18,872	24%	4%
CK Hutchison Group Telecom	**3,191**	**5%**	14,216	18%	-78%
Hutchison Asia Telecommunications	**2,388**	**4%**	8,582	11%	-72%
Finance & Investments and Others	**13,143**	**21%**	11,736	15%	12%
Total EBIT	**62,770**	**100%**	78,261	100%	-20%
- Underlying	**62,770**		64,248		-2%
- One-off items [3]	**–**		14,013		
Interest Expenses and Other Finance Costs [2]	**(24,200)**		(18,398)		-32%
Profit Before Tax	**38,570**		59,863		-36%
Tax [2]					
Current tax	**(7,701)**		(9,418)		18%
Deferred tax	**(690)**		(6,762)		90%
	(8,391)		(16,180)		48%
Profit after tax	**30,179**		43,683		-31%
Non-controlling interests and perpetual capital securities holders' interests	**(6,679)**		(7,003)		5%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**23,500**		36,680		-36%
- Underlying	**23,500**		25,741		-9%
- One-off items [3]	**–**		10,939		

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 3: Comprise HK$19,060 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,926 million) and Indonesian telecommunication business merger gain (HK$7,245 million), partly offset by non-cash impairments of the Group's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$1,000 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

Financial Performance Summary

	Pre-IFRS 16 [1] 2023 HK$ million	%	Pre-IFRS 16 [1] 2022 HK$ million	%	Change %	Local currencies change %
Revenue [2]						
Ports and Related Services [2]	**40,851**	**9%**	44,141	10%	-7%	-9%
Retail	**183,344**	**40%**	169,645	37%	8%	8%
Infrastructure	**54,714**	**12%**	54,441	12%	1%	2%
CK Hutchison Group Telecom	**86,814**	**19%**	83,289	18%	4%	3%
Hutchison Asia Telecommunications	**11,779**	**2%**	11,628	2%	1%	4%
Finance & Investments and Others	**84,056**	**18%**	94,085	21%	-11%	-8%
Total Revenue	**461,558**	**100%**	457,229	100%	1%	1%
EBITDA [2]						
Ports and Related Services [2]	**13,628**	**13%**	15,805	13%	-14%	-14%
Retail	**16,226**	**15%**	14,309	12%	13%	11%
Infrastructure	**29,201**	**28%**	28,815	24%	1%	3%
CK Hutchison Group Telecom	**22,341**	**21%**	32,192	27%	-31%	-32%
Hutchison Asia Telecommunications	**3,952**	**4%**	9,420	8%	-58%	-57%
Finance & Investments and Others	**19,532**	**19%**	18,469	16%	6%	9%
Total EBITDA	**104,880**	**100%**	119,010	100%	-12%	-12%
- Underlying	**104,880**		106,207		-1%	-1%
- One-off items [3]	**–**		12,803			
EBIT [2]						
Ports and Related Services [2]	**9,328**	**16%**	11,426	16%	-18%	-19%
Retail	**12,888**	**22%**	11,048	15%	17%	14%
Infrastructure	**19,562**	**33%**	18,833	26%	4%	5%
CK Hutchison Group Telecom	**2,265**	**4%**	12,803	18%	-82%	-83%
Hutchison Asia Telecommunications	**1,612**	**3%**	6,745	9%	-76%	-76%
Finance & Investments and Others	**12,913**	**22%**	12,009	16%	8%	10%
Total EBIT	**58,568**	**100%**	72,864	100%	-20%	-19%
- Underlying	**58,568**		60,061		-2%	-2%
- One-off items [3]	**–**		12,803			
Interest Expenses and Other Finance Costs [2]	**(20,147)**		(14,860)		-36%	
Profit Before Tax	**38,421**		58,004		-34%	
Tax [2]						
Current tax	**(7,705)**		(9,421)		18%	
Deferred tax	**(795)**		(6,670)		88%	
	(8,500)		(16,091)		47%	
Profit after tax	**29,921**		41,913		-29%	
Non-controlling interests and perpetual capital securities holders' interests	**(6,678)**		(7,044)		5%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**23,243**		34,869		-33%	-33%
- Underlying	**23,243**		25,140		-8%	-7%
- One-off items [3]	**–**		9,729			

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2022 and 2023. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 3: Comprise HK$18,957 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: HK$15,823 million) and Indonesian telecommunication business merger gain (HK$6,100 million), partly offset by non-cash impairments of the Group's telecommunication businesses in Italy (HK$11,039 million) and Sri Lanka (HK$962 million), as well as HK$253 million non-cash impairment charges (before tax) of Cenovus Energy (impairment charges after tax: HK$193 million).

Financial Performance Summary

	Post-IFRS 16 [1] 2022 HK$ million	%	Post-IFRS 16 [1] 2021 HK$ million	%	Change %
Revenue [2]					
Ports and Related Services [2]	**44,141**	**10%**	42,285	9%	4%
Retail	**169,645**	**37%**	173,601	39%	-2%
Infrastructure	**54,441**	**12%**	56,100	13%	-3%
CK Hutchison Group Telecom	**83,289**	**18%**	92,575	21%	-10%
Hutchison Asia Telecommunications	**11,628**	**2%**	8,786	2%	32%
Finance & Investments and Others	**94,085**	**21%**	72,036	16%	31%
Total Revenue	**457,229**	**100%**	445,383	100%	3%
EBITDA [2]					
Ports and Related Services [2]	**19,007**	**13%**	18,008	13%	6%
Retail	**23,359**	**16%**	26,119	19%	-11%
Infrastructure	**29,109**	**21%**	29,938	22%	-3%
CK Hutchison Group Telecom	**39,002**	**27%**	50,892	38%	-23%
Hutchison Asia Telecommunications	**12,478**	**9%**	4,232	3%	195%
Finance & Investments and Others	**19,177**	**14%**	6,464	5%	197%
Total EBITDA	**142,132**	**100%**	135,653	100%	5%
EBIT [2]					
Ports and Related Services [2]	**13,024**	**17%**	11,946	17%	9%
Retail	**11,831**	**15%**	13,370	20%	-12%
Infrastructure	**18,872**	**24%**	19,139	28%	-1%
CK Hutchison Group Telecom	**14,216**	**18%**	24,530	36%	-42%
Hutchison Asia Telecommunications	**8,582**	**11%**	979	1%	777%
Finance & Investments and Others	**11,736**	**15%**	(1,146)	-2%	1124%
Total EBIT	**78,261**	**100%**	68,818	100%	14%
Interest Expenses and Other Finance Costs [2]	**(18,398)**		(18,841)		2%
Profit Before Tax	**59,863**		49,977		20%
Tax [2]					
Current tax	**(9,418)**		(7,629)		-23%
Deferred tax	**(6,762)**		(1,932)		-250%
	(16,180)		(9,561)		-69%
Profit after tax	**43,683**		40,416		8%
Non-controlling interests and perpetual capital securities holders' interests	**(7,003)**		(6,932)		-1%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**36,680**		33,484		10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Financial Performance Summary

	Pre-IFRS 16 [1] 2022 HK$ million	%	Pre-IFRS 16 [1] 2021 HK$ million	%	Change %	Local currencies change %
Revenue [2]						
Ports and Related Services [2]	**44,141**	**10%**	42,285	9%	4%	10%
Retail	**169,645**	**37%**	173,601	39%	-2%	6%
Infrastructure	**54,441**	**12%**	56,100	13%	-3%	4%
CK Hutchison Group Telecom	**83,289**	**18%**	92,575	21%	-10%	–
Hutchison Asia Telecommunications	**11,628**	**2%**	8,786	2%	32%	38%
Finance & Investments and Others	**94,085**	**21%**	72,036	16%	31%	35%
Total Revenue	**457,229**	**100%**	445,383	100%	3%	10%
EBITDA [2]						
Ports and Related Services [2]	**15,805**	**13%**	15,157	13%	4%	8%
Retail	**14,309**	**12%**	16,034	14%	-11%	-2%
Infrastructure	**28,815**	**24%**	29,636	27%	-3%	5%
CK Hutchison Group Telecom	**32,192**	**27%**	43,052	39%	-25%	-19%
Hutchison Asia Telecommunications	**9,420**	**8%**	2,036	2%	363%	373%
Finance & Investments and Others	**18,469**	**16%**	5,312	5%	248%	254%
Total EBITDA	**119,010**	**100%**	111,227	100%	7%	14%
EBIT [2]						
Ports and Related Services [2]	**11,426**	**16%**	10,737	17%	6%	10%
Retail	**11,048**	**15%**	12,460	19%	-11%	-2%
Infrastructure	**18,833**	**26%**	19,095	30%	-1%	6%
CK Hutchison Group Telecom	**12,803**	**18%**	23,462	36%	-45%	-42%
Hutchison Asia Telecommunications	**6,745**	**9%**	209	–	3127%	3189%
Finance & Investments and Others	**12,009**	**16%**	(1,219)	-2%	1085%	1094%
Total EBIT	**72,864**	**100%**	64,744	100%	13%	19%
Interest Expenses and Other Finance Costs [2]	**(14,860)**		(14,659)		-1%	
Profit Before Tax	**58,004**		50,085		16%	
Tax [2]						
Current tax	**(9,421)**		(7,631)		-23%	
Deferred tax	**(6,670)**		(1,947)		-243%	
	(16,091)		(9,578)		-68%	
Profit after tax	**41,913**		40,507		3%	
Non-controlling interests and perpetual capital securities holders' interests	**(7,044)**		(7,007)		-1%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**34,869**		33,500		4%	10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Financial Performance Summary

	Pre-IFRS 16 [1] 2021 HK$ million	%	Pre-IFRS 16 [1][2] 2020 HK$ million	%	Change %	Local currencies change %
Revenue [3]						
Ports and Related Services [3]	**42,285**	**9%**	32,865	8%	29%	26%
Retail	**173,601**	**39%**	159,619	40%	9%	6%
Infrastructure	**56,100**	**13%**	52,792	13%	6%	–
CK Hutchison Group Telecom	**92,575**	**21%**	90,663	22%	2%	-3%
Hutchison Asia Telecommunications	**8,786**	**2%**	9,147	2%	-4%	-5%
Finance & Investments and Others	**72,036**	**16%**	58,760	15%	23%	20%
Total Revenue	**445,383**	**100%**	403,846	100%	10%	7%
EBITDA [3]						
Ports and Related Services [3]	**15,157**	**13%**	10,914	12%	39%	35%
Retail	**16,034**	**14%**	14,397	15%	11%	9%
Infrastructure	**29,636**	**27%**	29,066	30%	2%	-5%
CK Hutchison Group Telecom	**43,052**	**39%**	48,540	50%	-11%	-14%
Hutchison Asia Telecommunications	**2,036**	**2%**	2,034	2%	–	-1%
Finance & Investments and Others	**5,312**	**5%**	(8,007)	-9%	166%	165%
Total EBITDA	**111,227**	**100%**	96,944	100%	15%	10%
EBIT [3]						
Ports and Related Services [3]	**10,737**	**17%**	6,717	12%	60%	55%
Retail	**12,460**	**19%**	10,933	20%	14%	12%
Infrastructure	**19,095**	**30%**	18,488	34%	3%	-4%
CK Hutchison Group Telecom	**23,462**	**36%**	32,581	61%	-28%	-30%
Hutchison Asia Telecommunications	**209**	**–**	544	1%	-62%	-63%
Finance & Investments and Others	**(1,219)**	**-2%**	(15,409)	-28%	92%	92%
Total EBIT	**64,744**	**100%**	53,854	100%	20%	16%
Interest Expenses and other finance Costs [3]	**(14,659)**		(15,139)		3%	
Profit Before Tax	**50,085**		38,715		29%	
Tax [3]						
Current tax	**(7,631)**		(7,557)		-1%	
Deferred tax	**(1,947)**		6,087		-132%	
	(9,578)		(1,470)		-552%	
Profit after tax	**40,507**		37,245		9%	
Non-controlling interests and perpetual capital securities holders' interests	**(7,007)**		(8,245)		15%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**33,500**		29,000		16%	12%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2020 and 2021. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: The year ended 31 December 2020 comparative has been reclassified to enable a better comparison of performance. Subsequent to merger completion between Cenovus Energy and Husky in January 2021, the Group's sharing of Cenovus Energy's results is reported under Finance & Investments and Others segment. The Group's sharing of Husky's results included in the Energy division for the year ended 31 December 2020 have been reclassified to the Finance & Investments and Others segment to conform with the year ended 31 December 2021 presentation.

Note 3: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Financial Performance Summary

	Post-IFRS 16 [1] 2021 HK$ million	%	Post-IFRS 16 [1][2] 2020 HK$ million	%	Change %
Revenue [3]					
Ports and Related Services [3]	**42,285**	**9%**	32,865	8%	29%
Retail	**173,601**	**39%**	159,619	40%	9%
Infrastructure	**56,100**	**13%**	52,792	13%	6%
CK Hutchison Group Telecom	**92,575**	**21%**	90,663	22%	2%
Hutchison Asia Telecommunications	**8,786**	**2%**	9,147	2%	-4%
Finance & Investments and Others	**72,036**	**16%**	58,760	15%	23%
Total Revenue	**445,383**	**100%**	403,846	100%	10%
EBITDA [3]					
Ports and Related Services [3]	**18,008**	**13%**	13,748	11%	31%
Retail	**26,119**	**19%**	24,557	20%	6%
Infrastructure	**29,938**	**22%**	29,367	24%	2%
CK Hutchison Group Telecom	**50,892**	**38%**	56,706	46%	-10%
Hutchison Asia Telecommunications	**4,232**	**3%**	4,362	4%	-3%
Finance & Investments and Others	**6,464**	**5%**	(6,392)	-5%	201%
Total EBITDA	**135,653**	**100%**	122,348	100%	11%
EBIT [3]					
Ports and Related Services [3]	**11,946**	**17%**	8,055	14%	48%
Retail	**13,370**	**20%**	11,889	20%	12%
Infrastructure	**19,139**	**28%**	18,537	32%	3%
CK Hutchison Group Telecom	**24,530**	**36%**	33,484	57%	-27%
Hutchison Asia Telecommunications	**979**	**1%**	1,480	3%	-34%
Finance & Investments and Others	**(1,146)**	**-2%**	(15,141)	-26%	92%
Total EBIT	**68,818**	**100%**	58,304	100%	18%
Interest Expenses and other finance Costs [3]	**(18,841)**		(19,591)		4%
Profit Before Tax	**49,977**		38,713		29%
Tax [3]					
Current tax	**(7,629)**		(7,538)		-1%
Deferred tax	**(1,932)**		6,227		-131%
	(9,561)		(1,311)		-629%
Profit after tax	**40,416**		37,402		8%
Non-controlling interests and perpetual capital securities holders' interests	**(6,932)**		(8,259)		16%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**33,484**		29,143		15%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

Note 2: The year ended 31 December 2020 comparative has been reclassified to enable a better comparison of performance. Subsequent to merger completion between Cenovus Energy and Husky in January 2021, the Group's sharing of Cenovus Energy's results is reported under Finance & Investments and Others segment. The Group's sharing of Husky's results included in the Energy division for the year ended 31 December 2020 have been reclassified to the Finance & Investments and Others segment to conform with the year ended 31 December 2021 presentation.

Note 3: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

GLOSSARY OF CERTAIN TERMS

Aggregates – rock, generally granite, which has been crushed into different sizes for use in the construction industry.

GHz – gigahertz. **km** – kilometer. **MHz** – megahertz.

MW – megawatt, equal to 1,000 kilowatts.

Panamax – ships that are of the maximum dimensions that will fit through the locks of the Panama Canal, each of which is 1,000 feet long by 110 feet wide and 85 feet deep.

Post Panamax – a vessel whose size does not allow it to transit the Panama Canal.

SAR – Special Administrative Region of the PRC.

TEU – Twenty foot equivalent unit, which is the amount of cargo that can be shipped in a container 20 feet long by 8 feet wide by 8 feet 6 inches high with a maximum load of 24 tons.

UMTS – Universal Mobile Telecommunications Systems.

U.S. – United States.

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