

Notes to the Financial Statements

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

Notes to the Financial Statements

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 HK\$ million	2023 Total HK\$ million
	recognised at a point in time	recognised over time	Subtotal		
	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			Revenue from other sources HK\$ million	2022 Total HK\$ million
	recognised at a point in time	recognised over time	Subtotal		
	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 HK\$ million	2023 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal 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
Finance & Investments and Others	151,394	103,321	254,715	4,144	258,859
	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 HK\$ million	2022 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal 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
Finance & Investments and Others	145,290	100,350	245,640	3,250	248,890
	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.

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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.

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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	
Divestiture 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 ^(xvi)	(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	

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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	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	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) (ix)}	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 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	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
Divestiture 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

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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 ⁽ⁱⁱⁱ⁾	Deferred tax assets	Investments in associated companies and interests in joint ventures	2023 Total assets	Segment assets ⁽ⁱⁱⁱ⁾	Deferred tax assets	Assets classified as held for sale ^(iv)	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

Notes to the Financial Statements

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vii) An analysis of total liabilities by segments

	Total liabilities								
	Segment liabilities ⁽ⁱⁱⁱ⁾ HK\$ million	Current & non-current borrowings and other non-current liabilities ⁽ⁱⁱⁱ⁾ HK\$ million	Current & deferred tax liabilities HK\$ million	2023 Total liabilities HK\$ million	Segment liabilities ⁽ⁱⁱⁱ⁾ HK\$ million	Current & non-current borrowings and other non-current liabilities ⁽ⁱⁱⁱ⁾ HK\$ million	Liabilities directly associated with assets classified as held for sale ^(ivii) HK\$ million	Current & deferred tax liabilities HK\$ million	2022 Total liabilities 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 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	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%
Finance & Investments and Others	258,859	118,643	377,502	82%	248,890	114,254	363,144	79%
	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) ^(xx)							
	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	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%
Finance & Investments and Others ^{(vi)(vii)}	46,874	38,474	85,348	81%	60,856	39,685	100,541	84%
	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.

Notes to the Financial Statements

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 ^(xxii)							
	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 ^(xii) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	2023 Total assets HK\$ million	Segment assets ^(xii) HK\$ million	Deferred tax assets HK\$ million	Assets classified as held for sale ^(xiii) HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	2022 Total assets 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

Notes to the Financial Statements

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 ^(vii)	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 ^(vii)	–	–	–		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia ^(viii)	–	–	–		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka ^(viii)	–	–	–		(962)	–	(962)	
Impairment of Wind Tre's goodwill ^(vii)	–	–	–		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges ^(ix)	–	–	–		–	(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 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	%
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%
Finance & Investments and Others ^(xv)	46,874	38,474	85,348	81%	47,800	39,685	87,485	82%
	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 ^(xvi)	-	-	-		18,957	-	18,957	
Gains from disposal of telecommunications business in Indonesia ^(xvii)	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka ^(xviii)	-	-	-		(962)	-	(962)	
Impairment of Wind Tre's goodwill ^(xix)	-	-	-		(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.

Notes to the Financial Statements

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) ^(vi)							
	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	%
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 ^(vii)	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 ^(viii)	–	–	–		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia ^(viii)	–	–	–		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka ^(viii)	–	–	–		(962)	–	(962)	
Impairment of Wind Tre's goodwill ^(vii)	–	–	–		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges ^(ix)	–	–	–		–	(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) ^(iv)							
	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	%
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%
Finance & Investments and Others ^(vii)	21,099	24,556	45,655	78%	22,251	25,548	47,799	80%
	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 ^(viii)	-	-	-		18,957	-	18,957	
Gains from disposal of telecommunications business in Indonesia ^(viii)	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka ^(viii)	-	-	-		(962)	-	(962)	
Impairment of Wind Tre's goodwill ^(vii)	-	-	-		(11,039)	-	(11,039)	
Share of Cenovus Energy's impairment charges ^(ix)	-	-	-		-	(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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 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
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 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
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

Notes to the Financial Statements

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 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
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 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	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

Notes to the Financial Statements

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 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	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⁾						
<i>Paid by the Company</i>	0.31	5.14	44.70	–	–	50.15
<i>Paid by CKI</i>	0.13	–	30.02	–	–	30.15
FOK Kin Ning, Canning ⁽³⁾	0.44	5.14	74.72	–	–	80.30
Frank John SIXT ⁽³⁾⁽⁴⁾	0.22	12.28	116.14	1.10	–	129.74
IP Tak Chuen, Edmond	0.28	9.48	59.36	0.53	–	69.65
<i>Paid by the Company</i>	0.22	1.72	8.94	–	–	10.88
<i>Paid by CKI</i>	0.10	1.80	11.79	–	–	13.69
KAM Hing Lam	0.32	3.52	20.73	–	–	24.57
<i>Paid by the Company</i>	0.22	2.52	8.31	–	–	11.05
<i>Paid by CKI</i>	0.08	4.20	10.82	–	–	15.10
LAI Kai Ming, Dominic ⁽³⁾	0.30	6.72	19.13	–	–	26.15
Edith SHIH ⁽³⁾⁽⁴⁾	0.22	6.23	57.22	0.51	–	64.18
CHOW Kun Chee, Roland ⁽⁵⁾	0.28	4.84	16.22	0.36	–	21.70
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
George Colin MAGNUS ⁽⁵⁾	0.22	–	–	–	–	0.22
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
LEE Wai Mun, Rose ⁽⁶⁾	0.30	–	–	–	–	0.30
CHOW Ching Yee, Cynthia ⁽⁷⁾⁽⁸⁾⁽⁹⁾	0.33	–	–	–	–	0.33
Philip Lawrence KADOORIE ⁽⁸⁾	0.02	–	–	–	–	0.02
LEUNG LAU Yau Fun, Sophie ⁽¹⁾⁽⁸⁾	0.22	–	–	–	–	0.22
Paul Joseph TIGHE ⁽⁸⁾⁽⁹⁾	0.25	–	–	–	–	0.25
<i>Paid by the Company</i>	0.35	–	–	–	–	0.35
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
WONG Kwai Lam ⁽²⁾⁽⁸⁾⁽⁹⁾	0.55	–	–	–	–	0.55
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁸⁾	0.41	–	–	–	–	0.41
	0.37	–	–	–	–	0.37
Total	5.17	48.21	363.52	2.50	–	419.40

Notes to the Financial Statements

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)}						
<i>Paid by the Company</i>	0.31	5.01	69.84	–	–	75.16
<i>Paid by CKI</i>	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						
<i>Paid by the Company</i>	0.22	1.67	9.93	–	–	11.82
<i>Paid by CKI</i>	0.10	1.80	12.45	–	–	14.35
	0.32	3.47	22.38	–	–	26.17
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.47	9.24	–	–	11.93
<i>Paid by CKI</i>	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⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	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)}						
<i>Paid by the Company</i>	0.35	–	–	–	–	0.35
<i>Paid by CKI</i>	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).

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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).

Notes to the Financial Statements

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		
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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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

Notes to the Financial Statements

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 ^(b) :								
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 HK\$ million	2022 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.

Notes to the Financial Statements

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)

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 Percentage	Financial assets at FVOCI 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.

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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

Notes to the Financial Statements

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.

Notes to the Financial Statements

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

Notes to the Financial Statements

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 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	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 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	1,558	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

Notes to the Financial Statements

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 Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total 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 Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total 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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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

Notes to the Financial Statements

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).

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 divestiture 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.

Notes to the Financial Statements

33 Reserves

2023					
	Attributable to ordinary shareholders				Total HK\$ million
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others ^(a) 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) ^(d)					
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				
	Retained profit	Attributable to ordinary shareholders			Total
	HK\$ million	Exchange reserve	Hedging reserve	Others ^(a)	HK\$ million
	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

Notes to the Financial Statements

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 ^(a)	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

Notes to the Financial Statements

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.

Notes to the Financial Statements

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 its 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

Notes to the Financial Statements

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.

Notes to the Financial Statements

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.

Notes to the Financial Statements

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:

Notes to the Financial Statements

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				Difference from carrying amounts	Carrying amounts
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows		
	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.

Notes to the Financial Statements

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				Difference from carrying amounts	Carrying amounts
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows		
	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.

Notes to the Financial Statements

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

2023				
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	27.3	(356)	(543)	Trade payables and other current liabilities / Other non-current liabilities

2023			
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	8,391	1,140	Liquid funds and other listed investments

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

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

2023								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					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							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				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								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					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								
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in				
				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)			

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

2023							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				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							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				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)		

Notes to the Financial Statements

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:

			2023		2022	
	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	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		2022	
			Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	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.

Notes to the Financial Statements

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