

Notes to the Financial Statements

5 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(viii)							
	Fixed assets	Telecom- munications licences	Brand names and other rights	2021 Total	Fixed assets	Telecom- munications licences	Brand names and other rights	2020 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	3,263	-	367	3,630	1,712	-	-	1,712
Retail	2,525	-	-	2,525	1,947	-	-	1,947
Infrastructure	363	-	4	367	204	-	1	205
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	19,090	4,237	4,028	27,355	18,483	477	1,772	20,732
Hutchison Telecommunications Hong Kong Holdings	874	2,040	-	2,914	593	202	-	795
Corporate and Others	1	-	19	20	2	-	13	15
	19,965	6,277	4,047	30,289	19,078	679	1,785	21,542
Hutchison Asia Telecommunications	2,229	1,881	-	4,110	4,003	-	-	4,003
Finance & Investments and Others	144	-	11	155	174	-	5	179
	28,489	8,158	4,429	41,076	27,118	679	1,791	29,588
HKFRS 16 impact	(1,433)	-	-	(1,433)	(14)	-	-	(14)
	27,056	8,158	4,429	39,643	27,104	679	1,791	29,574

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets ⁽ⁱⁱⁱ⁾	Deferred tax assets	Investments in associated companies and interests in joint ventures	2021 Total assets	Segment assets ⁽ⁱⁱⁱ⁾	Deferred tax assets	Assets classified as held for sale ^(iv)	Investments in associated companies and interests in joint ventures	2020 Total assets
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	75,389	204	22,668	98,261	73,386	152	–	19,370	92,908
Retail	200,862	1,336	15,743	217,941	201,517	1,043	–	16,451	219,011
Infrastructure	55,611	7	172,273	227,891	61,119	6	–	171,174	232,299
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	300,201	17,925	10	318,136	334,695	16,696	979	10	352,380
Hutchison Telecommunications									
Hong Kong Holdings	16,615	3	215	16,833	15,730	84	–	282	16,096
Corporate and Others	15,534	–	50	15,584	30,603	–	–	36	30,639
	332,350	17,928	275	350,553	381,028	16,780	979	328	399,115
Hutchison Asia Telecommunications	19,505	–	–	19,505	17,508	–	–	–	17,508
Finance & Investments and Others	163,972	45	69,574	233,591	147,044	34	–	71,349	218,427
	847,689	19,520	280,533	1,147,742	881,602	18,015	979	278,672	1,179,268
HKFRS 16 impact	65,524	1,668	(1,408)	65,784	74,276	1,911	272	(1,131)	75,328
	913,213	21,188	279,125	1,213,526	955,878	19,926	1,251	277,541	1,254,596

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⁾	Current & non-current borrowings and other non-current liabilities ⁽ⁱⁱⁱ⁾	Current & deferred tax liabilities	2021 Total liabilities	Segment liabilities ⁽ⁱⁱⁱ⁾	Current & non-current borrowings and other non-current liabilities ⁽ⁱⁱⁱ⁾	Liabilities directly associated with assets classified as held for sale ^(iv)	Current & deferred tax liabilities	2020 Total liabilities
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	10,702	14,734	4,625	30,061	9,138	15,342	–	4,165	28,645
Retail	25,599	14,333	10,523	50,455	26,315	16,840	–	10,404	53,559
Infrastructure	6,260	30,043	617	36,920	6,359	33,973	–	669	41,001
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	39,827	17,240	399	57,466	39,493	22,506	1	899	62,899
Hutchison Telecommunications									
Hong Kong Holdings	1,840	2,358	–	4,198	1,662	565	–	–	2,227
Corporate and Others	2,073	54,426	4	56,503	4,443	80,171	–	11	84,625
	43,740	74,024	403	118,167	45,598	103,242	1	910	149,751
Hutchison Asia Telecommunications	4,972	6,132	2	11,106	11,999	13,075	–	2	25,076
Finance & Investments and Others	10,199	226,385	4,599	241,183	9,971	219,718	–	5,069	234,758
	101,472	365,651	20,769	487,892	109,380	402,190	1	21,219	532,790
HKFRS 16 impact	83,638	(1,275)	(984)	81,379	92,570	(202)	283	(908)	91,743
	185,110	364,376	19,785	569,271	201,950	401,988	284	20,311	624,533

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue ^(xx)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
Hong Kong	32,977	4,945	37,922	8%	33,793	4,475	38,268	9%
Mainland China	27,649	10,462	38,111	9%	24,458	5,489	29,947	7%
The People's Republic of China	60,626	15,407	76,033	17%	58,251	9,964	68,215	16%
Europe	155,526	71,508	227,034	51%	145,679	64,792	210,471	52%
Canada	256	2,969	3,225	1%	236	2,121	2,357	1%
Asia, Australia and Others	51,751	15,304	67,055	15%	49,291	14,752	64,043	16%
	207,533	89,781	297,314	67%	195,206	81,665	276,871	69%
	268,159	105,188	373,347	84%	253,457	91,629	345,086	85%
Finance & Investments and Others	12,688	59,348	72,036	16%	12,939	45,821	58,760	15%
	280,847	164,536	445,383 **	100%	266,396	137,450	403,846 **	100%

** see note 5(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
Hong Kong	2,251	2,223	4,474	4%	2,374	2,055	4,429	5%
Mainland China	3,124	4,330	7,454	7%	3,806	1,792	5,598	6%
The People's Republic of China	5,375	6,553	11,928	11%	6,180	3,847	10,027	11%
Europe	51,630	20,309	71,939	65%	56,471	18,912	75,383	78%
Canada	261	1,557	1,818	1%	238	1,047	1,285	1%
Asia, Australia and Others	11,764	8,466	20,230	18%	9,978	8,278	18,256	19%
	63,655	30,332	93,987	84%	66,687	28,237	94,924	98%
	69,030	36,885	105,915	95%	72,867	32,084	104,951	109%
Finance & Investments and Others	(3,928)	9,240	5,312	5%	13,143	(21,150)	(8,007)	-9%
	65,102	46,125	111,227 **	100%	86,010	10,934	96,944 **	100%

** see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

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	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
Hong Kong	984	1,218	2,202	3%	1,164	1,049	2,213	4%
Mainland China	2,093	3,610	5,703	9%	2,726	1,228	3,954	7%
The People's Republic of China	3,077	4,828	7,905	12%	3,890	2,277	6,167	11%
Europe	30,909	13,524	44,433	69%	39,458	11,917	51,375	95%
Canada	261	857	1,118	2%	238	459	697	1%
Asia, Australia and Others	7,382	5,125	12,507	19%	5,957	5,067	11,024	21%
	38,552	19,506	58,058	90%	45,653	17,443	63,096	117%
	41,629	24,334	65,963	102%	49,543	19,720	69,263	128%
Finance & Investments and Others	(4,144)	2,925	(1,219)	-2%	12,917	(28,326)	(15,409)	-28%
	37,485	27,259	64,744 ^{@@}	100%	62,460	(8,606)	53,854 ^{@@}	100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure ^(xiii)							
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	2021 Total HK\$ million	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	2020 Total HK\$ million
Hong Kong	1,538	2,040	–	3,578	1,075	202	–	1,277
Mainland China	643	–	–	643	670	–	–	670
The People's Republic of China	2,181	2,040	–	4,221	1,745	202	–	1,947
Europe	21,126	4,237	4,048	29,411	19,537	477	1,772	21,786
Asia, Australia and Others	5,038	1,881	370	7,289	5,662	–	14	5,676
	26,164	6,118	4,418	36,700	25,199	477	1,786	27,462
	28,345	8,158	4,418	40,921	26,944	679	1,786	29,409
Finance & Investments and Others	144	–	11	155	174	–	5	179
	28,489	8,158	4,429	41,076	27,118	679	1,791	29,588
HKFRS 16 impact	(1,433)	–	–	(1,433)	(14)	–	–	(14)
	27,056	8,158	4,429	39,643	27,104	679	1,791	29,574

Notes to the Financial Statements

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 ⁽ⁱⁱⁱ⁾	Deferred tax assets	Investments in associated companies and interests in joint ventures	2021 Total assets	Segment assets ⁽ⁱⁱⁱ⁾	Deferred tax assets	Assets classified as held for sale ^(iv)	Investments in associated companies and interests in joint ventures	2020 Total assets
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	51,757	107	10,202	62,066	52,168	119	–	9,782	62,069
Mainland China	46,039	570	17,206	63,815	43,312	551	–	14,176	58,039
The People's Republic of China	97,796	677	27,408	125,881	95,480	670	–	23,958	120,108
Europe	452,007	18,395	114,633	585,035	498,704	16,942	979	115,899	632,524
Canada	4,030	7	12,995	17,032	3,430	6	–	11,568	15,004
Asia, Australia and Others	129,884	396	55,923	186,203	136,944	363	–	55,898	193,205
	585,921	18,798	183,551	788,270	639,078	17,311	979	183,365	840,733
Finance & Investments and Others	683,717	19,475	210,959	914,151	734,558	17,981	979	207,323	960,841
	163,972	45	69,574	233,591	147,044	34	–	71,349	218,427
	847,689	19,520	280,533	1,147,742	881,602	18,015	979	278,672	1,179,268
HKFRS 16 impact	65,524	1,668	(1,408)	65,784	74,276	1,911	272	(1,131)	75,328
	913,213	21,188	279,125	1,213,526	955,878	19,926	1,251	277,541	1,254,596

5 Operating segment information (continued)

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

- (xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations

The Group's EBITDA and EBIT for the current year included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2021 of HK\$25,259 million (see note 5(b)(xvi)). This gain was partly offset by impairment of Wind Tre's goodwill of HK\$15,472 million (see note 5(b)(xvi)), foreign exchange reclassification adjustment charge of HK\$3,514 million (see note 5(b)(xvii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK\$1,494 million (see note 5(b)(xvii)).

For the comparative year, the Group's EBITDA and EBIT for the year ended 31 December 2020 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2020 of HK\$16,583 million (see note 5(b)(xvi)), as well as a dilution gain from the merger of VHA with TPG Corporation Limited of HK\$10,105 million (see note 5(b)(xviii)). These gains were partly offset by the Group's share of Husky's impairments and other charges of HK\$24,909 million (see note 5(b)(xix)) in 2020.

An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiv)							
	Company and Subsidiaries	Associates and JV	2021 Total		Company and Subsidiaries	Associates and JV	2020 Total	
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
EBITDA before the following one-off items								
Ports and Related Services	9,021	6,136	15,157	14%	7,672	3,242	10,914	11%
Retail	11,633	4,401	16,034	15%	11,108	3,289	14,397	15%
Infrastructure	3,345	26,291	29,636	28%	3,574	25,492	29,066	31%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	29,892	–	29,892	28%	31,377	1	31,378	33%
Hutchison Telecommunications								
Hong Kong Holdings	1,036	57	1,093	1%	1,278	63	1,341	2%
Corporate and Others	2,280	–	2,280	2%	(759)	(3)	(762)	-1%
	33,208	57	33,265	31%	31,896	61	31,957	34%
Hutchison Asia Telecommunications	2,036	–	2,036	2%	2,034	–	2,034	2%
Finance & Investments and Others	(414)	10,734	10,320	10%	3,038	3,759	6,797	7%
	58,829	47,619	106,448	100%	59,322	35,843	95,165	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	25,259	–	25,259		16,583	–	16,583	
Impairment of Wind Tre's goodwill ^(xvi)	(15,472)	–	(15,472)		–	–	–	
Foreign exchange reclassification adjustment ^(xvii)	(3,514)	–	(3,514)		–	–	–	
Share of Cenovus Energy's impairment charges ^(xvii)	–	(1,494)	(1,494)		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited ^(xviii)	–	–	–		10,105	–	10,105	
Share of Husky's impairments and other charges ^(xix)	–	–	–		–	(24,909)	(24,909)	
	65,102	46,125	111,227 ^{##}		86,010	10,934	96,944 ^{##}	

^{##} see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

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 EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
EBITDA before the following one-off items								
Hong Kong	2,251	2,223	4,474	4%	2,374	2,055	4,429	5%
Mainland China	3,124	4,330	7,454	7%	3,806	1,792	5,598	6%
The People's Republic of China	5,375	6,553	11,928	11%	6,180	3,847	10,027	11%
Europe	41,843	20,309	62,152	58%	39,888	18,912	58,800	62%
Canada	261	1,557	1,818	2%	238	1,047	1,285	1%
Asia, Australia and Others	11,764	8,466	20,230	19%	9,978	8,278	18,256	19%
	53,868	30,332	84,200	79%	50,104	28,237	78,341	82%
Finance & Investments and Others	59,243 (414)	36,885 10,734	96,128 10,320	90% 10%	56,284 3,038	32,084 3,759	88,368 6,797	93% 7%
	58,829	47,619	106,448	100%	59,322	35,843	95,165	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(vii)	25,259	–	25,259		16,583	–	16,583	
Impairment of Wind Tre's goodwill ^(viii)	(15,472)	–	(15,472)		–	–	–	
Foreign exchange reclassification adjustment ^(viii)	(3,514)	–	(3,514)		–	–	–	
Share of Cenovus Energy's impairment charges ^(viii)	–	(1,494)	(1,494)		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited ^(viii)	–	–	–		10,105	–	10,105	
Share of Husky's impairments and other charges ^(viii)	–	–	–		–	(24,909)	(24,909)	
	65,102	46,125	111,227 ^{##}		86,010	10,934	96,944 ^{##}	

^{##} see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

- (xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments and geographical locations (continued)

An analysis of EBIT by segments

	EBIT (LBIT) ^(vi)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
EBIT before the following one-off items								
Ports and Related Services	6,058	4,679	10,737	18%	4,793	1,924	6,717	13%
Retail	8,899	3,561	12,460	21%	8,434	2,499	10,933	21%
Infrastructure	3,013	16,082	19,095	32%	3,206	15,282	18,488	35%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	11,259	–	11,259	19%	16,269	1	16,270	31%
Hutchison Telecommunications								
Hong Kong Holdings	130	12	142	–	479	17	496	1%
Corporate and Others	2,274	–	2,274	4%	(765)	(3)	(768)	-1%
	13,663	12	13,675	23%	15,983	15	15,998	31%
Hutchison Asia Telecommunications	209	–	209	–	544	–	544	1%
Finance & Investments and Others	(630)	4,419	3,789	6%	2,812	(3,417)	(605)	-1%
	31,212	28,753	59,965	100%	35,772	16,303	52,075	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(vii)	25,259	–	25,259		16,583	–	16,583	
Impairment of Wind Tre's goodwill ^(viii)	(15,472)	–	(15,472)		–	–	–	
Foreign exchange reclassification adjustment ^(viii)	(3,514)	–	(3,514)		–	–	–	
Share of Cenovus Energy's impairment charges ^(viii)	–	(1,494)	(1,494)		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited ^(viii)	–	–	–		10,105	–	10,105	
Share of Husky's impairments and other charges ^(vi)	–	–	–		–	(24,909)	(24,909)	
	37,485	27,259	64,744 ^{@@}		62,460	(8,606)	53,854 ^{@@}	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

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 geographical locations

	EBIT (LBIT) ^(xv)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2020 Total HK\$ million	%
EBIT before the following one-off items								
Hong Kong	984	1,218	2,202	4%	1,164	1,049	2,213	4%
Mainland China	2,093	3,610	5,703	9%	2,726	1,228	3,954	8%
The People's Republic of China	3,077	4,828	7,905	13%	3,890	2,277	6,167	12%
Europe	21,122	13,524	34,646	58%	22,875	11,917	34,792	67%
Canada	261	857	1,118	2%	238	459	697	1%
Asia, Australia and Others	7,382	5,125	12,507	21%	5,957	5,067	11,024	21%
	28,765	19,506	48,271	81%	29,070	17,443	46,513	89%
Finance & Investments and Others	31,842	24,334	56,176	94%	32,960	19,720	52,680	101%
	(630)	4,419	3,789	6%	2,812	(3,417)	(605)	-1%
	31,212	28,753	59,965	100%	35,772	16,303	52,075	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	25,259	–	25,259		16,583	–	16,583	
Impairment of Wind Tre's goodwill ^(xvi)	(15,472)	–	(15,472)		–	–	–	
Foreign exchange reclassification adjustment ^(xvii)	(3,514)	–	(3,514)		–	–	–	
Share of Cenovus Energy's impairment charges ^(xviii)	–	(1,494)	(1,494)		–	–	–	
Dilution gain from merger of VHA and TPG Corporation Limited ^(xviii)	–	–	–		10,105	–	10,105	
Share of Husky's impairments and other charges ^(xix)	–	–	–		–	(24,909)	(24,909)	
	37,485	27,259	64,744 ^{@@}		62,460	(8,606)	53,854 ^{@@}	

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

5 Operating segment information (continued)

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

- (xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.
- (xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.
- (xvi) Included in the current year balance are disposal gains of HK\$25,259 million (HK\$25,316 million at Post-HKFRS 16 basis) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of HK\$15,472 million (HK\$15,472 million at Post-HKFRS 16 basis) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, the disposal gains are reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See notes 7(g) and 16.

During the comparative year ended 31 December 2020, the Group completed the disposal of interests in telecommunications tower assets in Denmark, Austria and Ireland, and recognised a disposal gain of approximately HK\$16,583 million (HK\$16,763 million at Post-HKFRS 16 basis). The amount of gain was HK\$16,583 million at the EBITDA and EBIT levels, and was reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results and was included in "Other income and gains" in the consolidated income statement. See note 7(g).

5 Operating segment information (continued)

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

- (xvii) Included in the current year balance are a charge of HK\$3,514 million (HK\$3,514 million at Post-HKFRS 16 basis) arising from the merger of Husky and Cenovus Energy completed in January 2021 and the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK\$1,494 million (HK\$1,494 million at Post-HKFRS 16 basis). The former amount represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This charge is recorded at the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results and is included in "Other expenses and losses" in the consolidated income statement. See note 7(c). The latter amount represents the Group's share of impairment on Cenovus Energy's U.S. refinery assets. The Group's share of these charges is HK\$1,494 million (HK\$1,494 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) is HK\$1,352 million (HK\$1,352 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies" in the consolidated income statement.
- (xviii) During the comparative year ended 31 December 2020, joint venture VHA and TPG Corporation Limited have completed the merger of their telecommunications businesses in Australia. As a result, the Group's attributable interest in VHA had been diluted from 43.93% to 22.01%. The Group recognised a gain arising from the dilution during the comparative year. The amount of the gain was HK\$10,105 million (HK\$10,186 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels and was reported under "Finance & Investments and Others" in the segment results and was included in "Other income and gains" in the consolidated income statement. The gains attributable to ordinary shareholders amounted to HK\$9,177 million (HK\$9,247 million at Post-HKFRS 16 basis). Pursuant to the merger, VHA was renamed as TPG.
- (xix) During the comparative year ended 31 December 2020, the Group's 40.19% owned listed associated company, Husky recognised non-cash after-tax impairments and other charges of C\$8.6 billion. These were primarily related to declines in forecasted long-term commodity prices, reduced capital investment and delayed future development plans, as well as market indicators including the merger with Cenovus Energy. The Group's share of these charges, after consolidation adjustments, is HK\$24,909 million (HK\$24,909 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and was reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) was HK\$18,724 million (HK\$18,724 million at Post-HKFRS 16 basis) and was included in "Share of profits less losses of associated companies" in the consolidated income statement.
- (xx) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

5 Operating segment information (continued)

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

(xxi) Segment assets and segment liabilities are measured in the same way as in the financial statements.

Segment assets are assets other than deferred tax assets, assets classified as held for sale, and investments in associated companies and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loans from non-controlling shareholders, tax liabilities (including deferred tax liabilities), liabilities directly associated with assets classified as held for sale and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

Geographical analysis of the Group's non-current assets (based on Post-HKFRS 16 basis) other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts is as follows:

	2021 HK\$ million	2020 HK\$ million
Hong Kong	74,941	74,264
Mainland China	72,148	79,034
The People's Republic of China	147,089	153,298
Europe	546,439	591,099
Canada	56,502	41,431
Asia, Australia and Others	192,551	193,953
	795,492	826,483
	942,581	979,781

(xxii) Current and non-current borrowings comprise bank and other debts and interest bearing loans from non-controlling shareholders.

(xxiii) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

(xxiv) See note 25.

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

	2021			2020		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Revenue	280,847	–	280,847	266,396	–	266,396
Cost of inventories sold	(104,300)	34	(104,266)	(95,579)	30	(95,549)
Staff costs	(37,462)	–	(37,462)	(35,495)	–	(35,495)
Expensed customer acquisition and retention costs	(16,878)	467	(16,411)	(16,830)	468	(16,362)
Depreciation and amortisation	(27,617)	(17,639)	(45,256)	(23,550)	(18,108)	(41,658)
Other expenses and losses	(84,553)	20,795	(63,758)	(63,693)	21,211	(42,482)
Other income and gains	27,448	57	27,505	30,910	364	31,274
Share of profits less losses of:						
Associated companies	5,808	(90)	5,718	(18,463)	(66)	(18,529)
Joint ventures	6,605	(212)	6,393	5,145	(191)	4,954
Interest expenses and other finance costs	49,898 (7,075)	3,412 (3,533)	53,310 (10,608)	48,841 (7,166)	3,708 (3,684)	52,549 (10,850)
Profit before tax	42,823	(121)	42,702	41,675	24	41,699
Current tax	(4,031)	2	(4,029)	(4,004)	19	(3,985)
Deferred tax credit (charge)	1,771	28	1,799	(431)	114	(317)
Profit after tax	40,563	(91)	40,472	37,240	157	37,397
Profit attributable to non-controlling interests and holders of perpetual capital securities	(7,063)	75	(6,988)	(8,240)	(14)	(8,254)
Profit attributable to ordinary shareholders	33,500	(16)	33,484	29,000	143	29,143
Earnings per share for profit attributable to ordinary shareholders	HK\$ 8.71	(HK\$ 0.01)	HK\$ 8.70	HK\$ 7.52	HK\$ 0.04	HK\$ 7.56

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	2021			2020		
	Pre-HKFRS 16 basis 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	40,563	(91)	40,472	37,240	157	37,397
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit obligations recognised directly in reserves	1,034	–	1,034	(664)	–	(664)
Equity securities at FVOCI						
Valuation gains recognised directly in reserves	265	–	265	1,461	–	1,461
Share of other comprehensive income (losses) of associated companies	766	–	766	(540)	–	(540)
Share of other comprehensive income (losses) of joint ventures	1,684	–	1,684	(1,815)	–	(1,815)
Tax relating to items that will not be reclassified to profit or loss	80	–	80	169	–	169
	3,829	–	3,829	(1,389)	–	(1,389)
Items that may be reclassified to profit or loss						
Debt securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	(60)	–	(60)	44	–	44
Valuation losses (gains) previously in reserves recognised in income statement	(7)	–	(7)	89	–	89
Gains (losses) on cash flow hedges recognised directly in reserves	1,020	–	1,020	(65)	–	(65)
Gains (losses) on net investment hedges recognised directly in reserves	1,767	–	1,767	(2,229)	–	(2,229)
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(11,453)	886	(10,567)	13,592	(588)	13,004
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	2,913	–	2,913	2,093	–	2,093
Share of other comprehensive income (losses) of associated companies	(716)	8	(708)	2,231	(4)	2,227
Share of other comprehensive income (losses) of joint ventures	(2,201)	17	(2,184)	3,528	7	3,535
Tax relating to items that may be reclassified to profit or loss	(8)	–	(8)	9	–	9
	(8,745)	911	(7,834)	19,292	(585)	18,707
Other comprehensive income (losses), net of tax	(4,916)	911	(4,005)	17,903	(585)	17,318
Total comprehensive income	35,647	820	36,467	55,143	(428)	54,715
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(6,551)	(202)	(6,753)	(9,705)	117	(9,588)
Total comprehensive income attributable to ordinary shareholders	29,096	618	29,714	45,438	(311)	45,127

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

	2021			2020		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Non-current assets						
Fixed assets	133,174	(2,075)	131,099	132,920	(819)	132,101
Right-of-use assets	–	76,852	76,852	–	83,805	83,805
Leasehold land	6,717	(6,717)	–	6,940	(6,940)	–
Telecommunications licences	69,985	–	69,985	66,944	–	66,944
Brand names and other rights	89,019	–	89,019	91,766	(313)	91,453
Goodwill	289,340	–	289,340	319,718	–	319,718
Associated companies	138,116	(335)	137,781	136,329	(253)	136,076
Interests in joint ventures	142,417	(1,073)	141,344	142,343	(878)	141,465
Deferred tax assets	19,520	1,668	21,188	18,015	1,911	19,926
Liquid funds and other listed investments	8,227	–	8,227	10,588	–	10,588
Other non-current assets	13,970	232	14,202	14,536	408	14,944
	910,485	68,552	979,037	940,099	76,921	1,017,020
Current assets						
Cash and cash equivalents	153,133	–	153,133	155,951	–	155,951
Inventories	23,625	–	23,625	24,565	–	24,565
Trade receivables and other current assets	60,499	(2,768)	57,731	57,674	(1,865)	55,809
	237,257	(2,768)	234,489	238,190	(1,865)	236,325
Assets classified as held for sale	–	–	–	979	272	1,251
	237,257	(2,768)	234,489	239,169	(1,593)	237,576
Current liabilities						
Bank and other debts	66,564	(203)	66,361	48,096	(75)	48,021
Current tax liabilities	2,419	(17)	2,402	2,646	(7)	2,639
Lease liabilities	–	16,085	16,085	–	18,621	18,621
Trade payables and other current liabilities	98,006	(1,441)	96,565	105,576	(1,695)	103,881
	166,989	14,424	181,413	156,318	16,844	173,162
Liabilities directly associated with assets classified as held for sale	–	–	–	1	283	284
	166,989	14,424	181,413	156,319	17,127	173,446
Net current assets	70,268	(17,192)	53,076	82,850	(18,720)	64,130
Total assets less current liabilities	980,753	51,360	1,032,113	1,022,949	58,201	1,081,150
Non-current liabilities						
Bank and other debts	260,511	(1,073)	259,438	301,170	(120)	301,050
Interest bearing loans from non-controlling shareholders	759	–	759	798	–	798
Lease liabilities	–	68,994	68,994	–	75,644	75,644
Deferred tax liabilities	18,350	(967)	17,383	18,573	(901)	17,672
Pension obligations	3,466	–	3,466	3,804	–	3,804
Other non-current liabilities	37,817	1	37,818	52,126	(7)	52,119
	320,903	66,955	387,858	376,471	74,616	451,087
Net assets	659,850	(15,595)	644,255	646,478	(16,415)	630,063
Capital and reserves						
Share capital	3,834	–	3,834	3,856	–	3,856
Share premium	243,169	–	243,169	244,377	–	244,377
Reserves	277,795	(11,646)	266,149	258,327	(12,264)	246,063
Total ordinary shareholders' funds	524,798	(11,646)	513,152	506,560	(12,264)	494,296
Perpetual capital securities	12,414	–	12,414	12,415	–	12,415
Non-controlling interests	122,638	(3,949)	118,689	127,503	(4,151)	123,352
Total equity	659,850	(15,595)	644,255	646,478	(16,415)	630,063

5 Operating segment information (continued)

(c) Reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	2021			2020		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	65,644	20,289	85,933	66,276	20,796	87,072
Interest expenses and other finance costs paid (net of capitalisation)	(7,044)	(3,533)	(10,577)	(7,105)	(3,684)	(10,789)
Tax paid	(4,092)	-	(4,092)	(3,628)	-	(3,628)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	54,508	16,756	71,264	55,543	17,112	72,655
Changes in working capital	(19,423)	343	(19,080)	(332)	848	516
Net cash from operating activities	35,085	17,099	52,184	55,211	17,960	73,171
Investing activities						
Purchase of fixed assets	(28,489)	1,433	(27,056)	(27,118)	14	(27,104)
Additions to telecommunications licences	(8,158)	-	(8,158)	(679)	-	(679)
Additions to brand names and other rights	(4,429)	-	(4,429)	(1,791)	-	(1,791)
Purchase of subsidiary companies, net of cash acquired	(138)	-	(138)	-	-	-
Additions to unlisted investments	(142)	-	(142)	(131)	-	(131)
Repayments of loans from associated companies and joint ventures	1,044	-	1,044	1,609	-	1,609
Purchase of and advances to associated companies and joint ventures	(1,753)	-	(1,753)	(833)	-	(833)
Proceeds from disposal of fixed assets	438	-	438	564	-	564
Proceeds from disposal of subsidiary companies, net of cash disposed	38,425	-	38,425	20,780	-	20,780
Proceeds from partial disposal / disposal of associated companies and joint ventures	928	-	928	2,005	-	2,005
Proceeds from disposal of other unlisted investments	11	-	11	13	-	13
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(2,263)	1,433	(830)	(5,581)	14	(5,567)
Disposal of liquid funds and other listed investments	318	-	318	730	-	730
Additions to liquid funds and other listed investments	(38)	-	(38)	(1,627)	-	(1,627)
Cash flows used in investing activities	(1,983)	1,433	(550)	(6,478)	14	(6,464)
Net cash inflow before financing activities	33,102	18,532	51,634	48,733	17,974	66,707
Financing activities						
New borrowings	72,334	(1,433)	70,901	44,405	(14)	44,391
Repayment of borrowings	(83,854)	308	(83,546)	(56,411)	50	(56,361)
Principal elements of lease payments	-	(17,407)	(17,407)	-	(18,010)	(18,010)
Net loans from non-controlling shareholders	47	-	47	-	-	-
Issue of equity securities by subsidiary companies to non-controlling shareholders	95	-	95	-	-	-
Payment to acquire additional interests in subsidiary companies	(1,955)	-	(1,955)	(1,048)	-	(1,048)
Proceeds from partial disposal of subsidiary companies	-	-	-	309	-	309
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	4,648	-	4,648	-	-	-
Redemption of perpetual capital securities by a subsidiary	(9,360)	-	(9,360)	-	-	-
Payments for buy-back and cancellation of issued shares	(1,239)	-	(1,239)	-	-	-
Dividends paid to ordinary shareholders	(9,627)	-	(9,627)	(11,238)	-	(11,238)
Dividends paid to non-controlling interests	(6,518)	-	(6,518)	(5,444)	-	(5,444)
Distribution paid on perpetual capital securities	(491)	-	(491)	(482)	-	(482)
Cash flows used in financing activities	(35,920)	(18,532)	(54,452)	(29,909)	(17,974)	(47,883)
Increase (decrease) in cash and cash equivalents	(2,818)	-	(2,818)	18,824	-	18,824
Cash and cash equivalents at 1 January	155,951	-	155,951	137,127	-	137,127
Cash and cash equivalents at 31 December	153,133	-	153,133	155,951	-	155,951

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)

	2021			2020		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	153,133	–	153,133	155,951	–	155,951
Liquid funds and other listed investments	8,227	–	8,227	10,588	–	10,588
Total cash, liquid funds and other listed investments	161,360	–	161,360	166,539	–	166,539
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	329,529	(1,276)	328,253	351,837	(195)	351,642
Interest bearing loans from non-controlling shareholders	759	–	759	798	–	798
Net debt	168,928	(1,276)	167,652	186,096	(195)	185,901
Interest bearing loans from non-controlling shareholders	(759)	–	(759)	(798)	–	(798)
Net debt (excluding interest bearing loans from non-controlling shareholders)	168,169	(1,276)	166,893	185,298	(195)	185,103

6 Directors' emoluments

	2021 HK\$ million	2020 HK\$ million
Directors' emoluments	500	487

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts disclosed above are the amounts recognised as directors' emolument expenses and are included in "Staff costs" and "Other expenses and losses" in the income statement.

As at 31 December 2021 and 31 December 2020, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2020: nil).

In 2021, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK\$4.56 million; provident fund contribution of HK\$0.36 million and discretionary bonus of HK\$26.68 million. In 2020, the five individuals whose emoluments were the highest for the year were directors of the Company.

Further details of the directors' emoluments are set out in table below:

(a) Directors' emolument expenses recognised in the Group's income statement:

	2021					
Name of directors	Director's fees HK\$ million	Basic salaries, allowances and benefits-in-kind HK\$ million	Discretionary bonuses HK\$ million	Provident fund contributions HK\$ million	Inducement or compensation fees HK\$ million	Total emoluments HK\$ million
Victor T K LI ⁽¹⁾⁽²⁾						
<i>Paid by the Company</i>	0.31	4.89	63.50	–	–	68.70
<i>Paid by CKI</i>	0.13	–	29.55	–	–	29.68
	0.44	4.89	93.05	–	–	98.38
FOK Kin Ning, Canning ⁽³⁾	0.22	11.57	178.97	1.04	–	191.80
Frank John SIXT ⁽³⁾⁽⁴⁾	0.28	8.74	59.95	0.75	–	69.72
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.62	9.03	–	–	10.87
<i>Paid by CKI</i>	0.10	1.80	11.70	–	–	13.60
	0.32	3.42	20.73	–	–	24.47
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.42	8.40	–	–	11.04
<i>Paid by CKI</i>	0.08	4.20	10.73	–	–	15.01
	0.30	6.62	19.13	–	–	26.05
LAI Kai Ming, Dominic ⁽³⁾	0.22	5.93	57.79	0.48	–	64.42
Edith SHIH ⁽³⁾⁽⁴⁾	0.28	4.58	16.39	0.33	–	21.58
CHOW Kun Chee, Roland ⁽⁵⁾	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
LEUNG Siu Hon ⁽⁶⁾	0.08	–	–	–	–	0.08
George Colin MAGNUS ⁽⁵⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-ii, Stanley ⁽⁷⁾	0.13	–	–	–	–	0.13
CHENG Hoi Chuen, Vincent ⁽¹⁾⁽²⁾⁽⁸⁾⁽⁹⁾	0.44	–	–	–	–	0.44
Michael David KADOORIE ⁽⁸⁾	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose ⁽⁸⁾	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie ⁽⁸⁾⁽¹⁰⁾	–	–	–	–	–	–
Paul Joseph TIGHE ⁽⁸⁾⁽⁹⁾						
<i>Paid by the Company</i>	0.30	–	–	–	–	0.30
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.50	–	–	–	–	0.50
WONG Kwai Lam ⁽²⁾⁽⁸⁾⁽⁹⁾	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁸⁾	0.37	–	–	–	–	0.37
Total	5.39	45.75	446.01	2.60	–	499.75

Notes to the Financial Statements

6 Directors' emoluments (continued)

(a) Directors' emolument expenses recognised in the Group's income statement (continued):

Name of directors	2020					
	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>	0.28	4.89	55.21	–	–	60.38
<i>Paid by CKI</i>	0.10	–	25.93	–	–	26.03
	0.38	4.89	81.14	–	–	86.41
FOK Kin Ning, Canning ⁽³⁾	0.22	11.56	153.22	1.04	–	166.04
Frank John SIXT ^{(3) (4)}	0.25	8.66	99.96	0.75	–	109.62
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.62	7.85	–	–	9.69
<i>Paid by CKI</i>	0.08	1.80	10.26	–	–	12.14
	0.30	3.42	18.11	–	–	21.83
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.42	7.30	–	–	9.94
<i>Paid by CKI</i>	0.08	4.20	9.42	–	–	13.70
	0.30	6.62	16.72	–	–	23.64
LAI Kai Ming, Dominic ⁽³⁾	0.22	5.94	50.25	0.48	–	56.89
Edith SHIH ^{(3) (4)}	0.25	4.58	14.25	0.33	–	19.41
CHOW Kun Chee, Roland ⁽⁵⁾	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
LEUNG Siu Hon ⁽⁵⁾	0.22	–	–	–	–	0.22
George Colin MAGNUS ⁽⁵⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-ji, Stanley ^{(8) (9)}	0.35	–	–	–	–	0.35
CHENG Hoi Chuen, Vincent ^{(1) (2) (8) (9)}	0.41	–	–	–	–	0.41
Michael David KADOORIE ⁽⁸⁾	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose ⁽⁸⁾	0.22	–	–	–	–	0.22
William SHURNIAK ⁽¹¹⁾	0.21	–	–	–	–	0.21
Paul Joseph TIGHE ^{(8) (12)}	–	–	–	–	–	–
WONG Chung Hin ⁽¹³⁾	0.15	–	–	–	–	0.15
WONG Kwai Lam ^{(2) (8) (9) (14)}	0.26	–	–	–	–	0.26
WONG Yick-ming, Rosanna ^{(1) (2) (4) (8)}	0.32	–	–	–	–	0.32
Total	5.24	45.67	433.65	2.60	–	487.16

- (1) Member of the Nomination Committee.
- (2) Member of the Remuneration Committee.
- (3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.
- (4) Member of the Sustainability Committee.
- (5) Non-executive Director.
- (6) Former Non-executive Director. Resigned on 13 May 2021.
- (7) Former Independent Non-executive Director and member of the Audit Committee. Retired on 13 May 2021.
- (8) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.29 million (2020: HK\$2.14 million).
- (9) Member of the Audit Committee.
- (10) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.
- (11) Former Independent Non-executive Director and member of the Audit Committee and Nomination Committee. Passed away on 9 August 2020.
- (12) Appointed on 28 December 2020. The amount of director's fee shown above is a result of rounding.
- (13) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Retired on 14 May 2020.
- (14) Appointed on 14 May 2020.

7 Presentation of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation

This note provides additional details in respect of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation.

	2021 HK\$ million	2020 HK\$ million
Other expenses and losses:		
Cost of providing services ^(a)	(26,148)	(24,103)
Office and general administrative expenses and others	(7,475)	(8,594)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	(4,103)	(4,414)
Advertising and promotion expenses	(5,109)	(3,782)
Legal and professional fees	(1,611)	(1,300)
Auditors' remuneration ^(b)	(326)	(289)
Goodwill impairment (see note 16)	(15,472)	–
Foreign exchange reclassification adjustment ^(c)	(3,514)	–
	(63,758)	(42,482)

	2021 HK\$ million	2020 HK\$ million
Other income and gains:		
Rent concessions ^(d)	497	737
Employment and other subsidies ^(e)	941	2,261
Gains on disposals of interests in associated companies and joint ventures ^(f)	751	11,517
Gains on disposal of subsidiaries (see note 34(d)) ^(g)	25,316	16,759
	27,505	31,274

	2021 HK\$ million	2020 HK\$ million
Cost of goods sold:		
included in "Cost of inventories sold"	104,266	95,549
included in "Expensed customer acquisition and retention costs"	10,487	10,536
	114,753	106,085

	2021 HK\$ million	2020 HK\$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	18,186	16,254
Right-of-use assets (see note 13(b))	18,153	18,531
Telecommunications licences (see note 14)	1,514	1,485
Brand names and other rights (see note 15)	3,603	2,665
Customer acquisition and retention costs (see note 21(a))	3,800	2,723
	45,256	41,658

Notes to the Financial Statements

7 Presentation of other expenses and losses, other income and gains, cost of goods sold and depreciation and amortisation (continued)

- (a) Cost of providing services of HK\$26,148 million (2020: HK\$24,103 million) includes telecommunication network related costs of HK\$14,106 million (2020: HK\$13,222 million), repair and maintenance of HK\$5,977 million (2020: HK\$5,828 million) and others of HK\$6,065 million (2020: HK\$5,053 million).
- (b) Auditors' remuneration of HK\$326 million (2020: HK\$289 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK\$241 million (2020: HK\$211 million) and performed by other auditors of HK\$14 million (2020: HK\$13 million), and for non-audit work, including tax compliance and other tax services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK\$33 million (2020: HK\$24 million) and performed by other auditors of HK\$38 million (2020: HK\$41 million).
- (c) The amount represents foreign exchange losses previously recognised in reserves reclassified from equity to profit or loss as a reclassification adjustment upon completion of the merger of Husky and Cenovus Energy in the current year.
- (d) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.
- (e) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.
- (f) Comparative balance included dilution gain of HK\$10,186 million arising from the merger of the Group's former joint venture VHA and TPG Corporation Limited completed in the comparative year.
- (g) The amount represents gains arising from the disposal of the Group's interests in telecommunications tower assets supporting the Group's mobile telecommunications businesses. Current year amount mainly represents disposal of telecommunications tower assets in Sweden and Italy and comparative balance mainly represented disposal of telecommunications tower assets in Austria, Denmark and Ireland.

8 Interest expenses and other finance costs

	2021 HK\$ million	2020 HK\$ million
Bank loans and overdrafts	1,156	1,660
Other loans	5	1
Notes and bonds	5,494	5,210
Interest bearing loans from non-controlling shareholders	11	11
Other finance costs	363	241
Amortisation of loan facilities fees and premiums or discounts relating to debts	329	320
Other non-cash interest adjustments ^(a)	(298)	(259)
	7,060	7,184
Less: interest capitalised	(29)	(37)
Interest on lease liabilities (see note 13(b))	3,577	3,703
	10,608	10,850

- (a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK\$709 million (2020: HK\$702 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

9 Tax

	2021 HK\$ million	2020 HK\$ million
Current tax charge		
Hong Kong	179	40
Outside Hong Kong	3,850	3,945
	4,029	3,985
Deferred tax charge (credit)		
Hong Kong	34	95
Outside Hong Kong	(1,833)	222
	(1,799)	317
	2,230	4,302

Hong Kong profits tax has been provided for at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

During the current year, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which was substantively enacted for HKFRS purposes on 24 May 2021. Deferred tax credit outside Hong Kong recognised during the current year includes the one-off impacts on re-measuring the deferred tax assets balances of subsidiary companies using this new enacted tax rate.

The differences between the Group's expected tax charge (credit), calculated at the domestic rates applicable to the jurisdiction concerned, and the Group's tax charge (credit) for the years were as follows:

	2021 HK\$ million	2020 HK\$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	4,995	6,055
Tax effect of:		
Tax losses not recognised	2,855	3,071
Income not subject to tax	(1,637)	(1,900)
Expenses not deductible for tax purposes	885	1,132
Recognition of previously unrecognised tax losses	(69)	(22)
Utilisation of previously unrecognised tax losses	(93)	(103)
Over provision in prior years	(176)	(94)
Other temporary differences	(2,094)	(3,315)
Effect of change in tax rate	(2,436)	(522)
Total tax for the year	2,230	4,302

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK\$33,484 million (2020: HK\$29,143 million) and on weighted average number of shares 3,847,582,641 shares outstanding during the year of 2021 (2020: 3,856,240,500 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2021 and 31 December 2020. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2021 and 31 December 2020. The employee share options of these associated companies outstanding as at 31 December 2021 and 31 December 2020 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2021 HK\$ million	2020 HK\$ million
Distribution paid on perpetual capital securities	491	482

(b) Dividends

	2021 HK\$ million	2020 HK\$ million
Interim dividend, paid of HK\$0.80 per share (2020: HK\$0.614 per share)	3,072	2,368
Final dividend, proposed of HK\$1.86 per share (2020: HK\$1.70 per share)	7,132	6,555
	10,204	8,923

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2021. The amount of the 2021 proposed final dividend is expected to be paid on 9 June 2022 out of retained profit.

12 Fixed assets

	Land and buildings HK\$ million	Telecom- munications network assets HK\$ million	Other assets ^(a) HK\$ million	Total HK\$ million
Cost				
At 1 January 2020	27,507	65,638	71,077	164,222
Additions	1,229	5,440	20,435	27,104
Disposals	(193)	(1,494)	(1,040)	(2,727)
Relating to subsidiaries disposed (see note 34(d))	–	(2,425)	(165)	(2,590)
Transfer between categories	174	10,806	(10,970)	10
Exchange translation differences	522	4,516	3,813	8,851
Transfer to assets classified as held for sale (see note 25)	–	(1,397)	–	(1,397)
At 31 December 2020 and 1 January 2021	29,239	81,084	83,150	193,473
Additions	1,189	3,866	22,001	27,056
Relating to subsidiaries acquired (see note 34(c))	263	–	526	789
Disposals	(74)	(773)	(1,391)	(2,238)
Relating to subsidiaries disposed (see note 34(d))	(104)	(9,237)	(46)	(9,387)
Transfer between categories	31	10,873	(10,904)	–
Exchange translation differences	(879)	(3,388)	(3,314)	(7,581)
At 31 December 2021	29,665	82,425	90,022	202,112
Accumulated depreciation and impairment				
At 1 January 2020	4,357	18,767	21,967	45,091
Charge for the year	1,062	8,359	6,833	16,254
Disposals	(185)	(972)	(829)	(1,986)
Relating to subsidiaries disposed (see note 34(d))	–	(696)	(18)	(714)
Transfer between categories	1	(3)	12	10
Exchange translation differences	166	1,651	1,374	3,191
Transfer to assets classified as held for sale (see note 25)	–	(474)	–	(474)
At 31 December 2020 and 1 January 2021	5,401	26,632	29,339	61,372
Charge for the year	1,095	9,340	7,751	18,186
Disposals	(40)	(537)	(1,170)	(1,747)
Relating to subsidiaries disposed (see note 34(d))	(6)	(4,547)	(2)	(4,555)
Transfer between categories	6	(115)	109	–
Exchange translation differences	(113)	(1,073)	(1,057)	(2,243)
At 31 December 2021	6,343	29,700	34,970	71,013
Net book value				
At 31 December 2021	23,322	52,725	55,052	131,099
At 31 December 2020	23,838	54,452	53,811	132,101
At 1 January 2020	23,150	46,871	49,110	119,131

- (a) Net book value of other assets of HK\$55,052 million (2020: HK\$53,811 million) primarily relate to fixed assets used in business of Ports and related services of HK\$18,341 million (2020: HK\$17,970 million), Telecommunications of HK\$26,658 million (2020: HK\$25,043 million), and Infrastructure of HK\$1,554 million (2020: HK\$1,521 million).

As at 31 December 2021, other assets with a net book value of HK\$18,865 million (2020: HK\$17,055 million) are assets under construction.

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:

	2021 HK\$ million	2020 HK\$ million
Within 1 year	134	151
Between 1 and 2 years	65	53
Between 2 and 3 years	22	29
Between 3 and 4 years	14	6
Between 4 and 5 years	11	3
After 5 years	10	10
	256	252

13 Leases

- (a) Group as a lessee – amounts recognised in the consolidated statement of financial position

	2021 HK\$ million	2020 HK\$ million
Right-of-use assets		
Container terminals	17,020	18,250
Retail stores	23,399	25,186
Telecommunications network infrastructure sites	25,275	28,818
Leasehold land	6,717	6,939
Other assets	4,441	4,612
	76,852	83,805
Lease liabilities		
Current	16,085	18,621
Non-current	68,994	75,644
	85,079	94,265

On leases that commenced during the year, the Group has recognised HK\$11,266 million (2020: HK\$20,028 million) of right-of-use assets, and HK\$11,223 million (2020: HK\$20,008 million) of lease liabilities.

13 Leases (continued)

(b) Group as a lessee – amounts recognised in the consolidated income statement

	2021 HK\$ million	2020 HK\$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	659	881
Expense relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	948	1,189
Expense relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	2,496	2,344
	4,103	4,414
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	1,244	1,089
Retail stores	7,807	7,895
Telecommunications network infrastructure sites	7,430	7,723
Leasehold land	362	369
Other assets	1,310	1,455
	18,153	18,531
Interest on lease liabilities (included in "Interest expenses and other finance costs")	3,577	3,703
Total charges recognised in profit or loss for leases	25,833	26,648

(c) Group as a lessee – amounts recognised in the consolidated statement of cash flows

	2021 HK\$ million	2020 HK\$ million
Within operating cash flows	7,500	7,518
Within financing cash flows (see note 34(e))	17,407	18,010
Total cash outflows for leases	24,907	25,528

(d) Group as lessee – other lease disclosure

Variable lease payments

Some retail stores leases contain variable payment terms that are linked to sales generated from a store. There is a wide range of sales percentages applied to such leases. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK\$28 million (2020: approximately 0.1% or HK\$22 million).

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 2021, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK\$12,290 million (2020: HK\$17,994 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2021, residual value guarantee of HK\$12 million (2020: HK\$12 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2021, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK\$131 million (2020: HK\$404 million). This amount has not been included in calculating the lease liabilities as at 31 December 2021.

Restriction or covenants imposed by leases

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

(e) Group as lessor

	2021 HK\$ million	2020 HK\$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	139	191

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2021 HK\$ million	2020 HK\$ million
Within 1 year	120	138
Between 1 and 2 years	50	83
Between 2 and 3 years	36	70
Between 3 and 4 years	28	51
Between 4 and 5 years	20	45
After 5 years	44	209
	298	596

In addition, the Group has recognised income of HK\$238 million (2020: HK\$258 million) from leasing of fixed assets for the year ended 31 December 2021.

14 Telecommunications licences

	2021 HK\$ million	2020 HK\$ million
Net book value		
At 1 January	66,944	63,387
Additions	8,158	679
Amortisation for the year	(1,514)	(1,485)
Exchange translation differences	(3,603)	4,363
At 31 December	69,985	66,944
Cost	77,304	73,354
Accumulated amortisation and impairment	(7,319)	(6,410)
	69,985	66,944

The Group's telecommunications licences in the UK and Italy (except for a licence with carrying value at 31 December 2021 of nil (2020: HK\$133 million)) are considered to have an indefinite useful life. At 31 December 2021, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK\$20,781 million and HK\$34,643 million respectively (31 December 2020: HK\$18,061 million and HK\$37,231 million respectively) have been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
Net book value			
At 1 January 2020	68,463	19,812	88,275
Additions	–	1,791	1,791
Amortisation for the year	(11)	(2,654)	(2,665)
Disposal	–	(13)	(13)
Relating to subsidiaries disposed (see note 34(d))	–	(5)	(5)
Exchange translation differences	2,426	1,644	4,070
At 31 December 2020 and 1 January 2021	70,878	20,575	91,453
Additions	–	4,429	4,429
Relating to subsidiaries acquired (see note 34(c))	–	12	12
Amortisation for the year	(12)	(3,591)	(3,603)
Disposal	–	(3)	(3)
Relating to subsidiaries disposed (see note 34(d))	–	(333)	(333)
Exchange translation differences	(1,786)	(1,150)	(2,936)
At 31 December 2021	69,080	19,939	89,019
Cost	69,161	32,531	101,692
Accumulated amortisation	(81)	(12,592)	(12,673)
	69,080	19,939	89,019

Notes to the Financial Statements

15 Brand names and other rights (continued)

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2021 of HK\$50,060 million (2020: HK\$50,741 million) and HK\$18,812 million (2020: HK\$19,913 million) has been allocated to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2021, the carrying value of these rights amounted to HK\$12,017 million (2020: HK\$10,135 million) and HK\$7,922 million (2020: HK\$10,440 million) respectively.

16 Goodwill

	2021 HK\$ million	2020 HK\$ million
Net book value		
At 1 January	319,718	308,986
Impairment charge for the year	(15,472)	–
Relating to subsidiaries acquired (see note 34(c))	623	–
Relating to subsidiaries disposed (see note 34(d))	(7,681)	(703)
Exchange translation differences	(7,848)	11,435
At 31 December	289,340	319,718
Cost		
Cost	304,094	319,718
Accumulated impairment	(14,754)	–
	289,340	319,718

As at 31 December 2021, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK\$103,097 million (2020: HK\$134,096 million), Retail segment of HK\$114,104 million (2020: HK\$114,106 million), and Infrastructure segment of HK\$39,123 million (2020: HK\$39,123 million).

Goodwill is monitored by Management at the level of the operating segments identified in note 5. Management tests whether goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) have suffered any impairment on an annual basis and when there is indication that the assets may be impaired.

For the 2021 reporting period, the impairment charge of HK\$15,472 million arose in the telecommunications business in Italy, which is included as part of the Telecommunications segment. The impairment charge was recorded within "Other expenses and losses" in the consolidated income statement. Following the completion of the disposal of telecommunications tower assets supporting the Group's mobile telecommunications businesses in Sweden and Italy in the first half of 2021, the Group reviewed whether there was any indication that its mobile telecommunications businesses may be impaired at 30 June 2021. With the exception of the mobile telecommunications business in Italy, the review had not identified any indication of possible impairment. Goodwill and intangible assets with indefinite useful life related to the mobile telecommunications business in Italy were tested for impairment at 30 June 2021, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the Group recognised an impairment charge of HK\$15,472 million against goodwill in the first half of 2021, primarily resulted from the lowered expectation on 5G led growth and service revenues and heightened competition in the Italian market. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on value-in-use calculations, as it was higher than fair value less costs of disposal calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 7.7% (31 December 2020: 7.7%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2020: 1%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2020 annual impairment test on this business.

16 Goodwill (continued)

The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2021. Results of the 31 December 2021 annual impairment tests indicated that, saved for the HK\$15,472 million impairment charge against goodwill already recorded in the first half of 2021, there was no impairment at 31 December 2021. In performing the impairment tests, Management has considered and assessed reasonably possible changes for key assumptions and, with the exception of the mobile telecommunications business in Italy, has not identified any instances that could cause the carrying amount of the business unit to exceed their recoverable amount and the Group would have to recognise a further impairment charge against goodwill. With respect to the mobile telecommunications business in Italy, if the pre-tax discount rate applied to the cash flows used in the value-in-use calculation had been 30 basis points higher than management's estimates at 31 December 2021 and all other variables remain unchanged, the estimated recoverable amount will reduce by HK\$10,016 million to equal to the carrying amount of these assets. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2021 annual impairment tests for the Telecommunications and Retail operations.

The recoverable amounts of the Group's Telecommunications operations at 31 December 2021 were determined based on value-in-use calculations. Value in use is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The value in use amount derived from the cash flow projections is sensitive to the 5G revenue expectations and discount rate used for the cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) ranging from 0.7% to 9.3% (2020: 0.3% to 9.4%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 0% to 2% p.a. (2020: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The recoverable amounts of the Group's Retail operations at 31 December 2021 were determined based on fair value less costs of disposal calculation. Fair value is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The fair value less cost of disposal amount derived from the cash flow projections is sensitive to the discount rate used for the discount cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) of 6.2% (2020: 5.7%) has been applied. In estimating the terminal value at the end of the five year period a growth rate, for the purpose of impairment testing calculation, of 2.2% p.a. (2020: 2.1% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Please refer to note 46(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

Notes to the Financial Statements

17 Associated companies

	2021 HK\$ million	2020 HK\$ million
Unlisted shares	9,059	9,420
Listed shares, Hong Kong	62,919	61,070
Listed shares, outside Hong Kong	81,012	104,123
Share of undistributed post acquisition reserves	(18,376)	(42,262)
	134,614	132,351
Amounts due from (net with amounts due to) associated companies ^(a)	3,167	3,725
	137,781	136,076

In January 2021, Cenovus Energy, a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of an all-stock combination of Cenovus Energy and the Group's listed associated company Husky. At 31 December 2021, the Group owns 15.8% of the issued and outstanding common shares of Cenovus Energy and two directors of the Company are currently directors of Cenovus Energy.

Amounts due from associated companies are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from associated companies. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

The market value of the above listed investments at 31 December 2021 was HK\$120,336 million (2020: HK\$99,125 million), inclusive of HK\$29,965 million (2020: HK\$15,352 million) and HK\$37,300 million (2020: HK\$32,120 million) for associated companies, Cenovus Energy and Power Assets Holdings Limited ("Power Assets") (2020: Husky and Power Assets) respectively.

There are no material contingent liabilities relating to the Group's interests in the associated companies, save as for those disclosed in note 37.

(a) Amounts due from (net with amounts due to) associated companies

	2021 HK\$ million	2020 HK\$ million
Amounts due from associated companies ⁽ⁱ⁾		
Interest free	415	470
Interest bearing at fixed rates ⁽ⁱⁱ⁾	2,912	3,064
Interest bearing at floating rates ⁽ⁱⁱⁱ⁾	407	908
	3,734	4,442
Amounts due to associated companies ^(iv)		
Interest free	567	717
Amounts due from (net with amounts due to) associated companies	3,167	3,725

17 Associated companies (continued)

(a) Amounts due from (net with amounts due to) associated companies (continued)

- (i) At 31 December 2021 and 2020, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK\$34 million which are repayable within one year (2020: HK\$711 million which are repayable within one to four years).
- (ii) At 31 December 2021, HK\$2,912 million (2020: HK\$3,064 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2020: 4.7% to 11.2%) per annum.
- (iii) At 31 December 2021, HK\$407 million (2020: HK\$908 million) bear interests at floating rates ranging from approximately 1.2% to 1.6% (2020: 1.6% to 2.1%) per annum with reference to Euro Interbank Offered Rate and Hong Kong Interbank Offered Rate, where applicable.
- (iv) At 31 December 2021 and 2020, the amount due to associated companies are unsecured and have no fixed terms of repayment.

(b) Material associated companies

Set out below are additional information in respect of the Group's material associated companies:

	2021	2020	
	Power Assets HK\$ million	Husky HK\$ million	Power Assets HK\$ million
Dividends received from associated companies	2,164	633	2,149
Gross amount of the following items of the associated companies ^(a) :			
Total revenue	1,276	77,574	1,270
EBITDA (LBITDA)	19,158	(56,591)	18,830
EBIT (LBIT)	13,200	(69,714)	13,062
Other comprehensive income (losses)	1,880	572	(883)
Total comprehensive income (losses)	8,019	(54,376)	5,250
Current assets	4,963	19,062	6,062
Non-current assets	127,027	170,078	125,177
Current liabilities	3,553	14,567	7,406
Non-current liabilities	3,983	72,136	1,380
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	124,454	97,419	122,453
Reconciliation to the carrying amount of the Group's interests in associated companies:			
Group's interest	36.0%	40.2%	36.0%
Group's share of net assets	44,754	39,150	44,034
Amount due from associated company	–	30	–
Carrying amount	44,754	39,180	44,034

Notes to the Financial Statements

17 Associated companies (continued)

(b) Material associated companies (continued)

The carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK\$93,027 million (2020: HK\$52,862 million).

	2021				2020		
	Power Assets	Other associated companies	Total	Husky	Power Assets	Other associated companies	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Group's share of the following items of the associated companies ^(b) :							
Profits less losses after tax	2,208	3,510	5,718	(22,085)	2,205	1,351	(18,529)
Other comprehensive income (losses)	676	(618)	58	230	(318)	1,775	1,687
Total comprehensive income (losses)	2,884	2,892	5,776	(21,855)	1,887	3,126	(16,842)

(i) After translation into Hong Kong dollars and consolidation adjustments.

Particulars regarding the principal associated companies are set forth on pages 259 to 262.

18 Interests in joint ventures

	2021 HK\$ million	2020 HK\$ million
Unlisted shares	100,030	98,594
Share of undistributed post acquisition reserves	4,079	3,854
	104,109	102,448
Amounts due from (net with amounts due to) joint ventures ^(a)	37,235	39,017
	141,344	141,465

Amounts due from joint ventures are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from joint ventures. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

There are no material contingent liabilities relating to the Group's interests in the joint ventures, save as for those disclosed in note 37.

18 Interests in joint ventures (continued)

(a) Amounts due from (net with amounts due to) joint ventures

	2021 HK\$ million	2020 HK\$ million
Amounts due from joint ventures ⁽ⁱ⁾		
Interest free	2,144	2,145
Interest bearing at fixed rates ⁽ⁱⁱ⁾	16,607	17,402
Interest bearing at floating rates ⁽ⁱⁱⁱ⁾	18,865	19,850
	37,616	39,397
Amounts due to joint ventures ^(iv)		
Interest free	381	380
Amounts due from (net with amounts due to) joint ventures	37,235	39,017

- (i) At 31 December 2021 and 2020, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK\$49 million which are repayable within one to four years (2020: HK\$69 million which are repayable within one to five years).
- (ii) At 31 December 2021, HK\$16,607 million (2020: HK\$17,402 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2020: 4.4% to 11.0%) per annum.
- (iii) At 31 December 2021, HK\$18,865 million (2020: HK\$19,850 million) bear interests at floating rates ranging from approximately 1.7% to 14.1% (2020: 1.7% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate and London Interbank Offered Rate, where applicable.
- (iv) At 31 December 2021 and 2020, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2021 HK\$ million	2020 HK\$ million
Profits less losses after tax ⁽ⁱ⁾	6,393	4,954
Other comprehensive income (losses)	(500)	1,720
Total comprehensive income	5,893	6,674
Capital commitments	4,377	1,880

- (i) During the comparative period from the second half of 2012 to 26 June 2020, VHA underwent a shareholder-sponsored restructuring under the leadership of the other shareholder pursuant to the applicable terms of the shareholders' agreement. HTAL's share of VHA's results from 1 January 2020 to 26 June 2020 was a loss of HK\$301 million and was reported under "Other expenses and losses" in the consolidated income statement.

As at 31 December 2021 and 2020, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 259 to 262.

Notes to the Financial Statements

19 Deferred tax

	2021 HK\$ million	2020 HK\$ million
Deferred tax assets	21,188	19,926
Deferred tax liabilities	17,383	17,672
Net deferred tax assets	3,805	2,254

Movements in net deferred tax assets (liabilities) are summarised as follows:

	2021 HK\$ million	2020 HK\$ million
At 1 January	2,254	3,534
Relating to subsidiaries acquired (see note 34(c))	(76)	–
Relating to subsidiaries disposed (see note 34(d))	(58)	(1,991)
Transfer to current tax	(22)	31
Net credit to other comprehensive income	72	178
Net credit (charge) to the income statement		
Tax losses	2,173	(1,164)
Accelerated depreciation allowances	(233)	1,002
Fair value adjustments arising from acquisitions	(211)	(561)
Withholding tax on undistributed profits	(50)	59
Other temporary differences	120	347
Exchange translation differences	(164)	878
Transfer to assets classified as held for sale (see note 25)	–	(59)
At 31 December	3,805	2,254

Analysis of net deferred tax assets (liabilities):

	2021 HK\$ million	2020 HK\$ million
Tax losses	15,695	15,446
Accelerated depreciation allowances	(2,423)	(3,700)
Fair value adjustments arising from acquisitions	(11,536)	(11,191)
Revaluation of investment properties and other investments	29	39
Withholding tax on undistributed profits	(371)	(335)
Other temporary differences	2,411	1,995
	3,805	2,254

19 Deferred tax (continued)

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and associates, and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the consolidated statement of financial position are determined after appropriate offset.

At 31 December 2021, the Group has recognised accumulated deferred tax assets amounting to HK\$21,188 million (2020: HK\$19,926 million) of which HK\$18,073 million (2020: HK\$16,856 million) relates to **3** Group Europe.

Note 46(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

The Group has not recognised deferred tax assets of HK\$39,282 million at 31 December 2021 (2020: HK\$37,268 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$176,604 million (2020: HK\$163,468 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK\$112,190 million (2020: HK\$120,370 million) can be carried forward indefinitely and the balances expire in the following years:

	2021 HK\$ million	2020 HK\$ million
In the first year	2,503	1,294
In the second year	5,896	2,413
In the third year	2,847	5,815
In the fourth year	3,911	3,357
After the fourth year	49,257	30,219
	64,414	43,098

Notes to the Financial Statements

20 Liquid funds and other listed investments

	2021 HK\$ million	2020 HK\$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong ^(c)	41	50
Financial assets at FVOCI ^(d)		
Listed equity securities, Hong Kong ^(e)	701	3,423
Listed equity securities, outside Hong Kong ^(e)	557	198
Managed funds – listed equity securities, outside Hong Kong ^(e)	260	226
Managed funds – listed debt securities, outside Hong Kong ^{(b) (f)}	6,668	6,691
	8,227	10,588

- (a) At 31 December, liquid funds and other listed investments totalling HK\$8,227 million (2020: HK\$10,588 million) are denominated in the following currencies:

	2021		2020	
	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage
HK dollars	–	9%	–	32%
US dollars	56%	83%	69%	65%
Other currencies	44%	8%	31%	3%
	100%	100%	100%	100%

20 Liquid funds and other listed investments (continued)

- (b) At 31 December, listed debt securities totalling HK\$6,668 million (2020: HK\$6,691 million) presented above are analysed as follows:

	2021	2020
	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage
Credit ratings		
Aaa / AAA	18%	30%
Aa1 / AA+	81%	69%
Other investment grades	1%	1%
	100%	100%
Sectorial		
US Treasury notes	77%	67%
Government and government guaranteed notes	14%	19%
Others	9%	14%
	100%	100%
Weighted average maturity	1.7 years	1.2 years
Weighted average effective yield	1.36%	1.62%

- (c) "Managed funds – cash and cash equivalents" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Managed funds – cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.
- (d) The fair values are based on quoted market prices.
- (e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification.
- (f) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2021 and 31 December 2020 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a results, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

Notes to the Financial Statements

21 Other non-current assets

	2021 HK\$ million	2020 HK\$ million
Investment properties (see note 22)	408	396
Customer acquisition and retention costs ^(a)	3,775	4,095
Contract assets (see note 24(b))	2,746	3,345
Unlisted investments		
Financial assets at amortised costs – debt securities ^(b)	–	179
Financial assets at FVOCI – equity securities ^(c)	2,506	2,347
Financial assets at fair value through profit or loss – equity securities	2,648	2,614
Financial assets at fair value through profit or loss – debt securities	165	358
Pension assets (see note 30)	1,032	158
Derivative financial instruments		
Fair value hedges – Interest rate swaps	–	108
Cash flow hedges		
Interest rate swaps	42	–
Cross currency interest rate swaps	118	–
Other contracts	52	13
Net investment hedges		
Forward foreign exchange contracts	–	85
Cross currency swaps	441	40
Other derivative financial instruments	37	823
Lease receivables ^(d)	232	383
	14,202	14,944

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's income statement of HK\$3,800 million (2020: HK\$2,723 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) The carrying value of the debt securities approximate their fair values as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates.

"Financial assets at amortised costs – debt securities" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Financial assets at amortised costs – debt securities". The expected credit loss was minimal as these debt securities are subject to the Group's financial and investment requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(c) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(d) Lease receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

22 Investment properties

Investment properties are included in "Other non-current assets" (see note 21) in the statement of financial position.

	2021 HK\$ million	2020 HK\$ million
Valuation		
At 1 January	396	398
Increase (decrease) in fair value of investment properties	12	(2)
At 31 December	408	396

At 31 December 2021, investment properties amounting to HK\$408 million (2020: HK\$396 million) were measured at fair value based on value inputs, other than quoted prices, that were observable either directly or indirectly. The fair values of the investment properties at 31 December 2021 and 2020 were determined based on a valuation carried out by DTZ Debenham Tie Leung Limited, professional valuers. The valuation which reflected the highest and best use was arrived at by reference to comparable market transactions and also took reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2021 and 2020, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2021 HK\$ million	2020 HK\$ million
Cash at bank and in hand	35,004	36,463
Short term bank deposits	118,129	119,488
	153,133	155,951

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

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a results, insignificant amount of provision for credit loss was made at the reporting date in respect of these assets.

Notes to the Financial Statements

24 Trade receivables and other current assets

	2021 HK\$ million	2020 HK\$ million
Trade receivables ^(a)	20,494	19,537
Less: loss allowance provision	(3,797)	(2,639)
	16,697	16,898
Other current assets		
Derivative financial instruments		
Fair value hedges – Interest rate swaps	4	–
Cash flow hedges		
Cross currency interest rate swaps	57	–
Forward foreign exchange contracts	2	–
Other contracts	719	50
Net investment hedges		
Forward foreign exchange contracts	555	347
Cross currency swaps	213	–
Contract assets ^(b)	4,853	5,654
Prepayments	19,415	18,680
Other receivables ^(c)	15,123	13,998
Current tax receivables	93	182
	57,731	55,809

- (a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 45 days. Trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, after netting of provision for estimated impairment losses. Given the profile of the Group's customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 6% of the Group's revenue for the year ended 31 December 2021 (2020: less than 7%).

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2021 HK\$ million	2020 HK\$ million
Less than 31 days	12,927	12,854
Within 31 to 60 days	1,931	1,824
Within 61 to 180 days	1,559	1,317
Over 180 days	4,077	3,542
	20,494	19,537

24 Trade receivables and other current assets (continued)

Movements on the loss allowance provision for trade receivables are as follows:

	2021 HK\$ million	2020 HK\$ million
At 1 January	2,639	1,810
Additions	1,757	1,577
Utilisations	(459)	(861)
Write back	(20)	(7)
Exchange translation differences	(120)	120
At 31 December	3,797	2,639

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by aging band are set out below.

	2021			2020		
	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage
Not past due	11,880	255	2%	12,142	148	1%
Past due less than 31 days	2,768	155	6%	2,311	220	10%
Past due within 31 to 60 days	816	124	15%	726	136	19%
Past due within 61 to 180 days	1,118	462	41%	1,028	377	37%
Past due over 180 days	3,912	2,801	72%	3,330	1,758	53%
	20,494	3,797		19,537	2,639	

Notes to the Financial Statements

24 Trade receivables and other current assets (continued)

- (b) As at 31 December 2021, contract assets of HK\$4,853 million (2020: HK\$5,654 million) and HK\$2,746 million (2020: HK\$3,345 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK\$1,390 million (2020: HK\$1,512 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2021 HK\$ million	2020 HK\$ million
At 1 January	1,512	1,052
Additions	1,056	1,024
Utilisations	(1,033)	(377)
Write back	(87)	(257)
Exchange translation differences	(58)	70
At 31 December	1,390	1,512

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to trade receivables for similar customer bases. The Group makes reference to the expected credit loss provision rates for trade receivables to measure the contract asset's expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

- (c) Other receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of other receivables.

25 Assets and liabilities classified as held for sale

	2021 HK\$ million	2020 HK\$ million
Assets classified as held for sale		
Disposal group held for sale	–	1,251
Liabilities directly associated with assets classified as held for sale	–	284

In November 2020, CK Hutchison Group Telecom entered into agreements to dispose interests in its European telecommunications tower assets in six countries. The Denmark transaction, Austria transaction and Ireland transaction were completed in December 2020, and the Sweden transaction and Italy transaction were completed during the current year. The UK transaction is currently undergoing regulatory approval.

The comparative balances at 31 December 2020 represented the assets and liabilities associated with the Sweden transaction which were classified for accounting purposes as disposal group held for sale as at that date. Following the completion of the Sweden transaction in January 2021, the assets and liabilities associated with the Sweden transaction previously classified as held for sale were de-recognised from the consolidated statement of financial position.

The major classes of assets and liabilities classified as held for sale at 31 December 2020 were as follows:

	2021 HK\$ million	2020 HK\$ million
Assets		
Fixed assets	–	923
Right-of-use assets	–	269
Deferred tax assets	–	59
Assets classified as held for sale	–	1,251
Liabilities		
Lease liabilities	–	283
Other non-current liabilities	–	1
Liabilities directly associated with assets classified as held for sale	–	284
Net assets directly associated with disposal group	–	967

	2021 HK\$ million	2020 HK\$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve surplus	–	20
Reserves of disposal group classified as held for sale	–	20

Disposal group held for sale is presented within total assets and total liabilities of “Telecommunications: CK Hutchison Group Telecom – 3 Group Europe” segment in note 5(b)(vi), 5(b)(vii) respectively and total assets of “Europe” in note 5(b)(xii).

26 Bank and other debts

	2021			2020		
	Current portion 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	36,309	63,006	99,315	27,222	94,078	121,300
Other loans	4	247	251	4	270	274
Notes and bonds	30,030	195,485	225,515	20,800	205,384	226,184
	66,343	258,738	325,081	48,026	299,732	347,758
Unamortised fair value adjustments arising from acquisitions	180	2,992	3,172	23	3,861	3,884
Subtotal before the following items	66,523	261,730	328,253	48,049	303,593	351,642
Unamortised loan facilities fees and premiums or discounts related to debts	(66)	(2,292)	(2,358)	(28)	(2,562)	(2,590)
Adjustments to carrying amounts pursuant to unrealised gains (losses) on interest rate swap contracts	(96)	–	(96)	–	19	19
	66,361	259,438	325,799	48,021	301,050	349,071

26 Bank and other debts (continued)

Details of the bank and other debts by principal amounts are as follows:

	2021			2020		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	36,309	63,006	99,315	27,222	94,078	121,300
Other loans	4	247	251	4	270	274
Notes and bonds						
HK\$400 million notes, 3.45% due 2021	–	–	–	400	–	400
HK\$300 million notes, 3.35% due 2021	–	–	–	300	–	300
HK\$2,413 million notes, 3-mth HIBOR [^] + 0.32% due 2024	–	2,413	2,413	–	–	–
HK\$260 million notes, 4% due 2027	–	260	260	–	260	260
US\$750 million notes, 1.875% due 2021	–	–	–	5,850	–	5,850
US\$1,500 million notes, 4.625% due 2022	11,700	–	11,700	–	11,700	11,700
US\$1,000 million notes, 2.875% due 2022	7,800	–	7,800	–	7,800	7,800
US\$500 million notes, 3.25% due 2022	3,900	–	3,900	–	3,900	3,900
US\$750 million notes, 2.75% due 2023	–	5,850	5,850	–	5,850	5,850
US\$750 million notes, 3.25% due 2024	–	5,850	5,850	–	5,850	5,850
US\$1,500 million notes, 3.625% due 2024	–	11,700	11,700	–	11,700	11,700
US\$500 million notes, 1.5% due 2026	–	3,900	3,900	–	–	–
US\$500 million notes, 2.75% due 2026	–	3,900	3,900	–	3,900	3,900
US\$309 million notes – Series C, 7.5% due 2027	–	2,410	2,410	–	2,410	2,410
US\$500 million notes, 3.25% due 2027	–	3,900	3,900	–	3,900	3,900
US\$800 million notes, 3.5% due 2027	–	6,240	6,240	–	6,240	6,240
US\$500 million notes, 2.75% due 2029	–	3,900	3,900	–	3,900	3,900
US\$750 million notes, 3.625% due 2029	–	5,850	5,850	–	5,850	5,850
US\$750 million notes, 2.5% due 2030	–	5,850	5,850	–	5,850	5,850
US\$850 million notes, 2.5% due 2031	–	6,630	6,630	–	–	–
US\$1,039 million notes, 7.45% due 2033	–	8,107	8,107	–	8,107	8,107
US\$25 million notes – Series D, 6.988% due 2037	–	196	196	–	196	196
US\$650 million notes, 3.125% due 2041	–	5,070	5,070	–	–	–
US\$750 million notes, 3.375% due 2049	–	5,850	5,850	–	5,850	5,850
US\$750 million notes, 3.375% due 2050	–	5,850	5,850	–	5,850	5,850
EUR1,500 million notes, 1.375% due 2021	–	–	–	14,250	–	14,250
EUR750 million notes, 3.625% due 2022	6,630	–	6,630	–	7,125	7,125
EUR1,350 million notes, 1.25% due 2023	–	11,934	11,934	–	12,825	12,825
EUR1,500 million notes, 0.375% due 2023	–	13,260	13,260	–	14,250	14,250
EUR600 million bonds, 1% due 2024	–	5,304	5,304	–	5,700	5,700
EUR1,000 million notes, 0.875% due 2024	–	8,840	8,840	–	9,500	9,500
EUR750 million notes, 1.25% due 2025	–	6,630	6,630	–	7,125	7,125
EUR1,000 million notes, 0.75% due 2026	–	8,840	8,840	–	9,500	9,500
EUR650 million notes, 2% due 2028	–	5,746	5,746	–	6,175	6,175
EUR1,000 million notes, 1.125% due 2028	–	8,840	8,840	–	9,500	9,500
EUR500 million notes, 0.75% due 2029	–	4,420	4,420	–	–	–
EUR500 million notes, 2% due 2030	–	4,420	4,420	–	4,750	4,750
EUR750 million notes, 1.5% due 2031	–	6,630	6,630	–	7,125	7,125
EUR500 million notes, 1% due 2033	–	4,420	4,420	–	–	–
GBP303 million notes, 5.625% due 2026	–	3,147	3,147	–	3,180	3,180
GBP500 million notes, 2% due 2027	–	5,195	5,195	–	5,250	5,250
GBP300 million notes, 2.625% due 2034	–	3,117	3,117	–	3,150	3,150
JPY15,000 million notes, 2.6% due 2027	–	1,016	1,016	–	1,116	1,116
	30,030	195,485	225,515	20,800	205,384	226,184
	66,343	258,738	325,081	48,026	299,732	347,758

[^] HIBOR represents the Hong Kong Interbank Offered Rate

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:

(a) By year of repayment

	2021			2020		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans						
Within a year	36,309	–	36,309	27,222	–	27,222
After 1 year, but within 2 years	–	41,824	41,824	–	42,356	42,356
After 2 years, but within 5 years	–	21,182	21,182	–	51,722	51,722
	36,309	63,006	99,315	27,222	94,078	121,300
Other loans						
Within a year	4	–	4	4	–	4
After 1 year, but within 2 years	–	4	4	–	4	4
After 2 years, but within 5 years	–	178	178	–	191	191
After 5 years	–	65	65	–	75	75
	4	247	251	4	270	274
Notes and bonds						
Within a year	30,030	–	30,030	20,800	–	20,800
After 1 year, but within 2 years	–	31,044	31,044	–	30,525	30,525
After 2 years, but within 5 years	–	60,524	60,524	–	72,800	72,800
After 5 years	–	103,917	103,917	–	102,059	102,059
	30,030	195,485	225,515	20,800	205,384	226,184
	66,343	258,738	325,081	48,026	299,732	347,758

(b) By secured and unsecured borrowings

	2021			2020		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1,442	3	1,445	1	1,510	1,511
Unsecured borrowings	64,901	258,735	323,636	48,025	298,222	346,247
	66,343	258,738	325,081	48,026	299,732	347,758

26 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(c) By borrowings at fixed and floating interest rate

	2021			2020		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	30,043	193,320	223,363	20,834	205,653	226,487
Borrowings at floating rate	36,300	65,418	101,718	27,192	94,079	121,271
	66,343	258,738	325,081	48,026	299,732	347,758

(d) By borrowings at fixed and floating interest rate (adjusted for the effect of hedging transactions)

	2021			2020		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	26,935	214,110	241,045	22,550	215,741	238,291
Borrowings at floating rate	39,408	44,628	84,036	25,476	83,991	109,467
	66,343	258,738	325,081	48,026	299,732	347,758

Derivative financial instruments are principally utilised by the Group in the management of its foreign currency and interest rate exposures.

The Group has entered into interest rate swap agreements with banks and other financial institutions to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2021, the notional amount of the outstanding interest rate swap agreements amounted to HK\$5,460 million (2020: HK\$5,460 million) (See note 41(i)(i)).

The Group has also entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2021, the notional amount of the outstanding interest rate swap agreements and cross currency interest rate swap agreements amounted to HK\$13,002 million and HK\$10,140 million respectively (2020: HK\$5,408 million and HK\$11,856 million respectively) (See note 41(i)(ii)).

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):

(e) By currency

	2021			2020		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollars	12%	37%	49%	5%	36%	41%
Euro	2%	32%	34%	6%	36%	42%
HK dollars	1%	2%	3%	1%	2%	3%
British Pounds	–	5%	5%	–	5%	5%
Other currencies	5%	4%	9%	1%	8%	9%
	20%	80%	100%	13%	87%	100%

(f) By currency (adjusted for the effect of hedging transactions)

	2021			2020		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollars	10%	31%	41%	3%	29%	32%
Euro	5%	37%	42%	8%	43%	51%
HK dollars	1%	2%	3%	1%	2%	3%
British Pounds	–	5%	5%	–	5%	5%
Other currencies	5%	4%	9%	1%	8%	9%
	21%	79%	100%	13%	87%	100%

As at 31 December 2021, the Group had currency swap agreements with banks to swap US dollar principal amount of borrowings equivalent to HK\$23,790 million (2020: HK\$31,356 million) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The amounts include the cross currency swap agreements disclosed in (d) above with notional amounts of HK\$10,140 million (2020: HK\$11,856 million).

27 Trade payables and other current liabilities

	2021 HK\$ million	2020 HK\$ million
Trade payables ^(a)	23,382	25,042
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	77	–
Cross currency interest rate swaps	–	481
Forward foreign exchange contracts	–	4
Net investment hedges		
Forward foreign exchange contracts	68	1,023
Cross currency swaps	17	7
Other derivative financial instruments	14	4
Interest free loans from non-controlling shareholders	427	380
Contract liabilities	6,933	6,160
Obligations for telecommunications licences and other rights	4,526	1,342
Provisions (see note 28)	2,710	3,185
Expenses and other accruals	40,636	38,774
Other payables	17,775	27,479
	96,565	103,881

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2021 HK\$ million	2020 HK\$ million
Less than 31 days	14,172	16,155
Within 31 to 60 days	2,956	3,769
Within 61 to 90 days	1,605	2,375
Over 90 days	4,649	2,743
	23,382	25,042

(b) The Group's five largest suppliers accounted for less than 16% of the Group's cost of purchases for the year ended 31 December 2021 (2020: less than 16%).

Notes to the Financial Statements

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK\$ million	Closure obligation HK\$ million	Assets retirement obligation HK\$ million	Others HK\$ million	Total HK\$ million
At 1 January 2020	28,058	226	1,985	1,158	31,427
Additions	–	36	225	387	648
Interest accretion	–	1	27	–	28
Utilisations	(5,617)	(92)	(114)	(221)	(6,044)
Write back	–	(87)	–	(49)	(136)
Relating to subsidiaries disposed (see note 34(d))	–	–	(64)	–	(64)
Exchange translation differences	1,072	8	105	127	1,312
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	–	(1)	–	(1)
At 31 December 2020 and 1 January 2021	23,513	92	2,163	1,402	27,170
Additions	–	57	115	273	445
Interest accretion	–	–	65	–	65
Utilisations	(1,339)	(8)	(92)	(210)	(1,649)
Write back	–	(25)	–	(72)	(97)
Relating to subsidiaries disposed (see note 34(d))	–	–	(441)	(19)	(460)
Exchange translation differences	(502)	(6)	(85)	(92)	(685)
At 31 December 2021	21,672	110	1,725	1,282	24,789

Provisions are analysed as:

	2021 HK\$ million	2020 HK\$ million
Current portion (see note 27)	2,710	3,185
Non-current portion (see note 31)	22,079	23,985
	24,789	27,170

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. Following the completion of the merger of VHA and TPG Corporation Limited in June 2020, HK\$4,567 million provision for commitments and guarantees made in prior year in relation to VHA's telecommunications operations had been released as it was no longer required for the Group to settle the related obligations. The credit was included in the calculation of the HK\$10,186 million gains arising from the dilution (see note 5(b)(xviii) and note 7(f)). The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

29 Interest bearing loans from non-controlling shareholders

	2021 HK\$ million	2020 HK\$ million
Interest bearing loans from non-controlling shareholders	759	798

At 31 December 2021, these loans bear interest at rates at EURIBOR+2.0% (2020: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2021 HK\$ million	2020 HK\$ million
Defined benefit assets (see note 21)	1,032	158
Defined benefit liabilities	3,466	3,804
Net defined benefit liabilities	2,434	3,646

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2021	2020
Discount rates	0.2% – 2.0%	0.3% – 1.5%
Future salary increases	1.7% – 3.5%	1.0% – 3.5%
Interest credited on two principal plans in Hong Kong	5.0% – 6.0%	5.0% – 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2021 HK\$ million	2020 HK\$ million
Present value of defined benefit obligations	23,686	24,502
Fair value of plan assets	21,255	20,859
	2,431	3,643
Restrictions on assets recognised	3	3
Net defined benefit liabilities	2,434	3,646

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:

	Present value of defined benefit obligations HK\$ million	Fair value of plan assets HK\$ million	Asset ceiling HK\$ million	Net defined benefit liabilities HK\$ million
At 1 January 2021	24,502	(20,859)	3	3,646
Net charge (credit) to the income statement				
Current service cost	612	17	–	629
Past service cost and gains and losses on settlements	57	–	–	57
Interest cost (income)	241	(194)	–	47
	910	(177)	–	733
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	58	–	–	58
Actuarial gain arising from change in financial assumptions	(124)	–	–	(124)
Actuarial gain arising from experience adjustment	(127)	–	–	(127)
Return on plan assets excluding interest income	–	(814)	–	(814)
Exchange translation differences	(769)	607	–	(162)
	(962)	(207)	–	(1,169)
Contributions paid by the employer	–	(741)	–	(741)
Contributions paid by the employee	108	(108)	–	–
Benefits paid	(859)	859	–	–
Relating to subsidiaries acquired (see note 34(c))	66	(101)	–	(35)
Transfer from (to) other liabilities	(79)	79	–	–
At 31 December 2021	23,686	(21,255)	3	2,434

30 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK\$ million	Fair value of plan assets HK\$ million	Asset ceiling HK\$ million	Net defined benefit liabilities HK\$ million
At 1 January 2020	21,431	(18,412)	3	3,022
Net charge (credit) to the income statement				
Current service cost	608	18	–	626
Past service cost and gains and losses on settlements	(60)	–	–	(60)
Interest cost (income)	353	(305)	–	48
	901	(287)	–	614
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(121)	–	–	(121)
Actuarial loss arising from change in financial assumptions	1,783	–	–	1,783
Actuarial gain arising from experience adjustment	(10)	–	–	(10)
Return on plan assets excluding interest income	–	(1,032)	–	(1,032)
Exchange translation differences	1,185	(954)	–	231
	2,837	(1,986)	–	851
Contributions paid by the employer	–	(839)	–	(839)
Contributions paid by the employee	109	(109)	–	–
Benefits paid	(699)	699	–	–
Transfer from (to) other liabilities	(77)	75	–	(2)
At 31 December 2020	24,502	(20,859)	3	3,646

The net defined benefit liabilities presented above represent the deficit calculated in accordance with Hong Kong Accounting Standard 19 “Employee Benefits” (“HKAS 19”) and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with HKAS 19 (the “accounting actuarial valuations”). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for each of the Group’s pension plans to fully fund the relevant schemes on an ongoing basis. Funding requirements of the Group’s major defined benefit pension plans are detailed below.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2019 reported a funding level of 134% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2021, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$22 million (2020: HK\$10 million) were used to reduce the current year's level of contributions and HK\$1 million forfeited contribution was available at 31 December 2021 (2020: HK\$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2018 reported a funding level of 89% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP8.5 million in 2020 and GBP9.0 million in 2021 and will make further aggregate additional contributions of GBP24.7 million until 31 January 2024 to eliminate the shortfall by 31 January 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 5.3% per annum; post-retirement discount rate of 2.3% per annum; pensionable earnings increases of 2.65% per annum; Retail Price Index ("RPI") inflation of 3.4% per annum; Consumer Price Index ("CPI") inflation of 2.4% per annum; and pension increases of 1.9% to 3.3% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit payable under the plans in return for actuarially determined contributions based on tariffs and conditions agreed for the term of the contracts. As the risk of providing past pension benefits is underwritten by the insurance companies, the Group does not carry funding risk relating to past service. The annual contribution to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP10.4 million in 2021. A schedule of contributions was agreed with GBP10 million to pay in 2022 and 2023, and GBP0.3 million in 2024 to eliminate the shortfall by February 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.14% to 2.35% per annum and pension increases of 1.74% to 3.64% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2021 Percentage	2020 Percentage
Equity instruments		
Consumer markets and manufacturing	8%	6%
Energy and utilities	2%	2%
Financial institutions and insurance	6%	5%
Telecommunications and information technology	7%	7%
Units trust and equity instrument funds	5%	4%
Others	9%	8%
	37%	32%
Debt instruments		
US Treasury notes	1%	1%
Government and government guaranteed notes	15%	15%
Financial institutions notes	5%	5%
Others	5%	5%
	26%	26%
Qualifying insurance policies	31%	36%
Other assets	6%	6%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2021 Percentage	2020 Percentage
Aaa / AAA	8%	6%
Aa1 / AA+	20%	19%
Aa2 / AA	36%	29%
Aa3 / AA-	1%	8%
A1 / A+	3%	3%
A2 / A	3%	4%
Other investment grades	24%	22%
No investment grades	5%	9%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

Fair value of plan assets of HK\$21,255 million (2020: HK\$20,859 million) includes investments in the Company's shares with a fair value of HK\$16 million (2020: HK\$18 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2021 is 19 years (2020: 19 years).

The Group expects to make contributions of HK\$727 million (2020: HK\$770 million) to the defined benefit plans next year.

HKAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.2% or increase by 3.5% respectively (2020: decrease by 3.0% or increase by 3.3% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.6% respectively (2020: increase by 0.6% or decrease by 0.6% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$1,430 million (2020: HK\$1,314 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK\$15 million (2020: HK\$14 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2021 (2020: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2021 HK\$ million	2020 HK\$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	133	436
Cross currency interest rate swaps	399	1,956
Net investment hedges		
Cross currency swaps	31	773
Other derivative financial instruments	105	499
Obligations for telecommunications licences and other rights	7,032	7,666
Other non-current liabilities ^(a)	5,873	14,638
Liabilities relating to the economic benefits agreements ^(b)	2,166	2,166
Provisions (see note 28)	22,079	23,985
	37,818	52,119

(a) Includes equipment purchase payables of nil (2020: HK\$7,426 million).

(b) In October 2018, the Group completed the 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 2020, 31 December 2020 and 1 January 2021	3,856,240,500	3,856	244,377	248,233
Buy-back and cancellation of issued shares ⁽ⁱ⁾	(21,606,000)	(22)	(1,208)	(1,230)
At 31 December 2021	3,834,634,500	3,834	243,169	247,003

- (i) The Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange during the current year. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. The total amount paid to acquire these 21,706,000 shares was approximately HK\$1,239 million, of which approximately HK\$22 million and HK\$1,208 million have been deducted from share capital and share premium respectively, and the remaining balance of HK\$9 million has been charged to retained profit.

(b) Perpetual capital securities

	2021 HK\$ million	2020 HK\$ million
US\$1,000 million issued in 2017	7,842	7,842
EUR500 million issued in 2018	4,572	4,573
	12,414	12,415

In May 2017 and December 2018, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of US\$1,000 million (approximately HK\$7,800 million) and EUR500 million (approximately HK\$4,475 million) respectively for cash.

These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

32 Share capital, share premium, perpetual capital securities and capital management (continued)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2021, total equity amounted to HK\$644,255 million (2020: HK\$630,063 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK\$166,893 million (2020: HK\$185,103 million). The Group's net debt to net total capital ratio decreased to 20.5% from 22.7% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt/Net total capital ratios ⁽ⁱ⁾ at 31 December:

	2021	2020
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	20.5%	22.7%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	21.8%	25.0%
B1 – including interest-bearing loans from non-controlling shareholders as debt	20.6%	22.8%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	21.9%	25.1%

- (i) Net debt is defined on the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

Notes to the Financial Statements

33 Reserves

	2021				
	Retained profit	Exchange reserve	Hedging reserve	Others ^(a)	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2021	604,451	(12,162)	(3,321)	(342,905)	246,063
Profit for the year	33,484	–	–	–	33,484
Other comprehensive income (losses) ^(c)					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	266	266
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(60)	(60)
Valuation gains previously in reserves recognised in income statement	–	–	–	(7)	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	845	–	–	–	845
Gains on cash flow hedges recognised directly in reserves	–	–	954	–	954
Gains on net investment hedges recognised directly in reserves	–	1,337	–	–	1,337
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(9,603)	–	–	(9,603)
Losses (gains) previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	–	2,941	(25)	(3)	2,913
Share of other comprehensive income (losses) of associated companies	634	(1,397)	654	24	(85)
Share of other comprehensive income (losses) of joint ventures	1,274	(2,041)	366	21	(380)
Tax relating to components of other comprehensive income (losses)	56	–	(6)	–	50
Other comprehensive income (losses), net of tax	2,809	(8,763)	1,943	241	(3,770)
Impact of hyperinflation	5	–	–	–	5
Transfer of gains on disposal of equity securities at FVOCI to retained profit	65	–	–	(65)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2020	(6,555)	–	–	–	(6,555)
Dividends paid relating to 2021	(3,072)	–	–	–	(3,072)
Transaction costs in relation to equity contribution from non-controlling interests	(24)	–	–	–	(24)
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)	–	–	–	(9)
Unclaimed dividends write back of a subsidiary	27	–	–	–	27
At 31 December 2021	631,181	(20,925)	(1,378)	(342,729)	266,149

33 Reserves (continued)

	2020				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others ^(a) HK\$ million	Total HK\$ million
At 1 January 2020	592,705	(30,760)	(1,513)	(344,380)	216,052
Profit for the year	29,143	–	–	–	29,143
Other comprehensive income (losses) ^(c)					
Equity securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	1,211	1,211
Debt securities at FVOCI					
Valuation gains recognised directly in reserves	–	–	–	44	44
Valuation losses previously in reserves recognised in income statement	–	–	–	89	89
Remeasurement of defined benefit obligations recognised directly in reserves	(511)	–	–	–	(511)
Losses on cash flow hedges recognised directly in reserves	–	–	(21)	–	(21)
Losses on net investment hedges recognised directly in reserves	–	(1,687)	–	–	(1,687)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	–	11,802	–	–	11,802
Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	–	2,040	1	(3)	2,038
Share of other comprehensive income (losses) of associated companies	(420)	2,801	(848)	32	1,565
Share of other comprehensive income (losses) of joint ventures	(1,386)	3,642	(947)	5	1,314
Tax relating to components of other comprehensive income (losses)	133	–	7	–	140
Other comprehensive income (losses), net of tax	(2,184)	18,598	(1,808)	1,378	15,984
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(39)	–	–	39	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2019	(8,870)	–	–	–	(8,870)
Dividends paid relating to 2020	(2,368)	–	–	–	(2,368)
Unclaimed dividends write back of a subsidiary	7	–	–	–	7
Relating to purchase of non-controlling interests ^(b)	(3,943)	–	–	–	(3,943)
Relating to partial disposal of subsidiary companies	–	–	–	58	58
At 31 December 2020	604,451	(12,162)	(3,321)	(342,905)	246,063

Notes to the Financial Statements

33 Reserves (continued)

- (a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2021, revaluation reserve deficit amounted to HK\$1,574 million (1 January 2021: HK\$1,712 million and 1 January 2020: HK\$3,111 million), and other capital reserves deficit amounted to HK\$341,155 million (1 January 2021: HK\$341,193 million and 1 January 2020: HK\$341,269 million). Included in the other capital reserves account is a deficit of HK\$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.
- (b) During the comparative year 2020, the Group had acquired the remaining 40% attributable interests in the telecommunications tower assets in Sweden and Denmark from the Group's telecommunications partner in these countries. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.
- (c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2021		
	Before-tax amount HK\$ million	Tax effect HK\$ million	Net-of-tax amount HK\$ million
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	265	–	265
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	(60)	–	(60)
Valuation gains previously in reserves recognised in income statement	(7)	–	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	1,034	80	1,114
Gains on cash flow hedges recognised directly in reserves	1,020	(8)	1,012
Gains on net investment hedges recognised directly in reserves	1,767	–	1,767
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(10,567)	–	(10,567)
Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	2,913	–	2,913
Share of other comprehensive income of associated companies	58	–	58
Share of other comprehensive income (losses) of joint ventures	(500)	–	(500)
	(4,077)	72	(4,005)
	2020		
	Before-tax amount HK\$ million	Tax effect HK\$ million	Net-of-tax amount HK\$ million
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	1,461	–	1,461
Debt securities at FVOCI			
Valuation gains recognised directly in reserves	44	–	44
Valuation losses previously in reserves recognised in income statement	89	–	89
Remeasurement of defined benefit obligations recognised directly in reserves	(664)	169	(495)
Losses on cash flow hedges recognised directly in reserves	(65)	9	(56)
Losses on net investment hedges recognised directly in reserves	(2,229)	–	(2,229)
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	13,004	–	13,004
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	2,093	–	2,093
Share of other comprehensive income of associated companies	1,687	–	1,687
Share of other comprehensive income of joint ventures	1,720	–	1,720
	17,140	178	17,318

34 Notes to consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2021 HK\$ million	2020 HK\$ million
Profit after tax	40,472	37,397
Less: share of profits less losses of		
Associated companies	(5,718)	18,529
Joint ventures	(6,393)	(4,954)
	28,361	50,972
Adjustments for:		
Current tax charge	4,029	3,985
Deferred tax charge (credit)	(1,799)	317
Interest expenses and other finance costs	10,608	10,850
Depreciation and amortisation	45,256	41,658
Others	–	301
EBITDA of Company and subsidiaries ⁽ⁱ⁾	86,455	108,083
Dividends received from associated companies and joint ventures	11,102	10,241
Goodwill impairment (see note 16)	15,472	–
Foreign exchange reclassification adjustment (see note 7(c))	3,514	–
Loss on disposal of fixed assets	51	181
Gains on disposals of interests in associated companies and joint ventures (see note 7)	(751)	(11,517)
Gains on disposal of subsidiaries (see note 7)	(25,316)	(16,759)
Customer acquisition and retention costs capitalised in the year	(3,725)	(3,498)
Other non-cash items	(869)	341
	85,933	87,072

Notes to the Financial Statements

34 Notes to consolidated statement of cash flows (continued)

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2021 HK\$ million	2020 HK\$ million
EBITDA of Company and subsidiaries	86,455	108,083
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	5,718	(18,529)
Joint ventures	6,393	4,954
Adjustments for:		
Depreciation and amortisation	21,853	22,658
Interest expenses and other finance costs	8,233	8,741
Current tax charge	3,600	3,553
Deferred tax charge (credit)	3,731	(6,544)
Non-controlling interests	654	473
Others	–	(301)
	50,182	15,005
EBITDA (see note 5(b)(ii))	136,637	123,088

(b) Changes in working capital

	2021 HK\$ million	2020 HK\$ million
Increase in inventories	(46)	(148)
Decrease (increase) in trade receivables and other current assets	(5,736)	98
Decrease in trade payables and other current liabilities	(11,485)	(5,132)
Other non-cash items	(1,813)	5,698
	(19,080)	516

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the years.

	2021 HK\$ million	2020 HK\$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	461	–
Non-cash consideration	358	–
	819	–
Fair value		
Fixed assets	789	–
Right-of-use assets	494	–
Brand names and other rights	12	–
Pension assets	35	–
Cash and cash equivalents	323	–
Trade receivables and other current assets	474	–
Inventories	27	–
Trade payables and other current liabilities and current tax liabilities	(628)	–
Bank and other debts	(997)	–
Lease liabilities	(252)	–
Interest bearing loans from non-controlling shareholders	(17)	–
Deferred tax liabilities	(76)	–
Net identifiable assets acquired	184	–
Non-controlling interests	12	–
	196	–
Goodwill	623	–
Total consideration	819	–
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	461	–
Cash and cash equivalents acquired	(323)	–
Total net cash outflow	138	–

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the year ended 31 December 2021 and 2020, acquisition related costs were not material.

For the year ended 31 December 2021, the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition are not material.

Notes to the Financial Statements

34 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2021 HK\$ million	2020 HK\$ million
Consideration received or receivable		
Cash and cash equivalents	38,425	20,783
Total disposal consideration	38,425	20,783
Carrying amount of net assets disposed	(13,696)	(4,361)
Cumulative exchange gains in respect of the net assets of the subsidiaries and related hedging instruments and other reserves reclassified from equity to profit or loss on loss of control of subsidiaries	587	337
Gain on disposal	25,316	16,759
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	38,425	20,783
Less: Cash and cash equivalents disposed	–	(3)
Total net cash consideration	38,425	20,780
Analysis of assets and liabilities over which control was lost		
Fixed assets	4,832	1,876
Right-of-use assets	4,238	1,929
Goodwill	7,681	703
Brand names and other rights	333	5
Deferred tax assets	58	1,991
Trade receivables and other current assets	446	2
Inventories	–	16
Assets classified as held for sale	1,241	–
Trade payables and other current liabilities and current tax liabilities	–	(2)
Lease liabilities	(4,389)	(2,098)
Other non-current liabilities	(460)	(64)
Liabilities directly associated with assets classified as held for sale	(284)	–
Net assets (excluding cash and cash equivalents) disposed	13,696	4,358
Cash and cash equivalents disposed	–	3
Net assets disposed	13,696	4,361

Disposal of subsidiary companies for the current year mainly related to the disposal of interests in tower assets in Sweden and Italy and for the comparative year ended 31 December 2020, they mainly related to the disposal of interests in tower assets in Denmark, Austria and Ireland (see note 5(b)(xvi)). The gains on disposal for the year ended 31 December 2021 and 2020 were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 7(g).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the year are not material for the years ended 31 December 2021 and 2020.

34 Notes to consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts	Lease liabilities	Interest bearing loans from non- controlling shareholders	Interest free loans from non- controlling shareholders	Liabilities relating to the economic benefits agreements	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2020	344,560	93,688	728	380	2,166	441,522
Financing cash flows						
New borrowings	44,391	–	–	–	–	44,391
Repayment of borrowings	(56,361)	–	–	–	–	(56,361)
Principal elements of lease payments (see note 13(c))	–	(18,010)	–	–	–	(18,010)
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	320	–	–	–	–	320
Losses arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	60	–	–	–	–	60
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(702)	–	–	–	–	(702)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	20,008	–	–	–	20,008
Interest on lease liabilities (see note 8)	–	3,703	–	–	–	3,703
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(3,295)	–	–	–	(3,295)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(737)	–	–	–	(737)
Others	–	(1,228)	–	–	–	(1,228)
Relating to subsidiaries disposed (see note 34(d))	–	(2,098)	–	–	–	(2,098)
Exchange translation differences	16,803	2,517	70	–	–	19,390
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	(283)	–	–	–	(283)
At 31 December 2020 and 1 January 2021	349,071	94,265	798	380	2,166	446,680
Financing cash flows						
New borrowings	70,901	–	–	–	–	70,901
Repayment of borrowings	(83,546)	–	–	–	–	(83,546)
Principal elements of lease payments (see note 13(c))	–	(17,407)	–	–	–	(17,407)
Net loans from non-controlling shareholders	–	–	–	47	–	47
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	329	–	–	–	–	329
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(104)	–	–	–	–	(104)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(709)	–	–	–	–	(709)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	11,223	–	–	–	11,223
Interest on lease liabilities (see note 8)	–	3,577	–	–	–	3,577
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(3,536)	–	–	–	(3,536)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(497)	–	–	–	(497)
Others	–	5,808	–	–	–	5,808
Relating to subsidiaries acquired (see note 34(c))	997	252	17	–	–	1,266
Relating to subsidiaries disposed (see note 34(d))	–	(4,389)	–	–	–	(4,389)
Exchange translation differences	(11,140)	(4,217)	(56)	–	–	(15,413)
At 31 December 2021	325,799	85,079	759	427	2,166	414,230

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 2021 and 31 December 2020. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2021, assets of the Group totalling HK\$1,440 million (2020: HK\$1,411 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2021, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$5,058 million (2020: HK\$7,022 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2021 HK\$ million	2020 HK\$ million
To associated companies	3,367	3,200
To joint ventures	1,235	3,046

At 31 December 2021, the Group had provided performance and other guarantees of HK\$8,353 million (2020: HK\$7,868 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2021, where material, not provided for in the financial statements at 31 December 2021 are as follows:

Capital commitments

- (a) Ports and Related Services: HK\$157 million (2020: HK\$263 million)
- (b) 3 Group Europe: HK\$423 million (2020: HK\$3,482 million)
- (c) Telecommunications, Hong Kong and Asia: HK\$1,088 million (2020: HK\$3,884 million)

39 Related parties transactions

Saved as disclosed elsewhere in these financial statements, transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 17 and 18. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation).

40 Legal proceedings

As at 31 December 2021, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Financial risk management

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

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK\$161,360 million at 31 December 2021 (2020: HK\$166,539 million). The decrease was mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, net redemption of perpetual capital securities, buy-back of issued shares, adverse working capital movements and capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 18% in HK dollars, 60% in US dollars, 4% in Renminbi, 9% in Euro, 4% in British Pounds and 5% in other currencies (2020: 22% were denominated in HK dollars, 48% in US dollars, 4% in Renminbi, 9% in Euro, 10% in British Pounds and 7% in other currencies).

Cash and cash equivalents represented 95% (2020: 94%) of the liquid assets, US Treasury notes and other listed debt securities 4% (2020: 4%) and listed equity securities 1% (2020: 2%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 77% (2020: 67%), government and government guaranteed notes of 14% (2020: 19%), and others of 9% (2020: 14%). Of these US Treasury notes and listed debt securities, 99% (2020: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.7 years (2020: 1.2 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

41 Financial risk management (continued)

(b) Interest rate exposure

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

At 31 December 2021, approximately 31% (2020: approximately 35%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% (2020: approximately 65%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$5,460 million (2020: approximately HK\$5,460 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK\$23,142 million (2020: HK\$17,264 million) principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 26% (2020: approximately 31%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 74% (2020: approximately 69%) were at fixed rates at 31 December 2021. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For subsidiaries, associated companies, joint arrangement, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to its underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations, except in relation to certain infrastructure investments. At 31 December 2021, the Group had foreign exchange forward contracts and cross currency swaps with banks to hedge these infrastructure investments. The total notional amount of these net investment hedges amounted to HK\$52,103 million (2020: HK\$53,584 million).

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2021, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollars, 34% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2020: 41% in US dollars, 42% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$23,790 million (2020: HK\$31,356 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 41% in US dollars, 42% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2020: 32% in US dollars, 51% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies).

41 Financial risk management (continued)

(d) Credit exposure

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

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

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 5% (2020: approximately 6%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 20) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 20) that bear interest at floating rate
- some of the bank and other debts (see note 26) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (2020: 100 basis points) increase in market interest rate at 31 December 2021, with all other variables held constant:

- profit for the year would increase by HK\$671 million due to increase in interest income (2020: HK\$605 million);
- total equity would increase by HK\$671 million due to increase in interest income (2020: HK\$605 million); and
- total equity would increase by HK\$596 million due to change in fair value of derivative financial instruments (2020: HK\$619 million).

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward foreign exchange contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 23)
- some of the liquid funds and other listed investments (see note 20)
- some of the bank and other debts (see note 26)

Under these assumptions, the impact of a hypothetical 5% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

Notes to the Financial Statements

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis (continued)

	2021		2020	
	Hypothetical increase (decrease) in profit after tax for the year HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million	Hypothetical increase (decrease) in profit after tax for the year HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million
Euro	39	(421)	83	(419)
British Pounds	105	(1,207)	585	(742)
Australian dollars	40	(435)	37	(505)
Renminbi	75	75	53	53
US dollars	2,240	2,251	2,785	2,794
Japanese Yen	(102)	(102)	(113)	(113)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:

- financial assets at FVOCI (see note 20)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

- no impact to profit for the year (2020: nil), and consequently no impact to total equity for the year (2020: nil); and
- other comprehensive income would increase by HK\$409 million (2020: HK\$527 million) due to increase in gains on financial assets at FVOCI, and consequently total equity would increase by the same amount for both years.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
	Within 1 year HK\$ million	After 1 year, but within 5 years HK\$ million	After 5 years HK\$ million	Total undiscounted cash flows HK\$ million		
At 31 December 2021						
Trade payables	23,382	–	–	23,382	–	23,382
Expenses and other accruals	40,636	–	–	40,636	–	40,636
Other payables	17,775	–	–	17,775	–	17,775
Interest free loans from non-controlling shareholders	427	–	–	427	–	427
Lease liabilities	17,688	42,075	51,213	110,976	(25,897)	85,079
Bank loans	36,309	63,006	–	99,315	(349)	98,966
Other loans	4	182	65	251	–	251
Notes and bonds	30,030	91,568	103,917	225,515	1,067	226,582
Interest bearing loans from non-controlling shareholders	759	–	–	759	–	759
Obligations for telecommunications licences and other rights	4,587	4,818	3,824	13,229	(1,671)	11,558
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	567	–	–	567	–	567
Amounts due to joint ventures	381	–	–	381	–	381
	172,545	203,815	159,019	535,379	(26,850)	508,529

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$5,618 million in “within 1 year” maturity band, HK\$15,968 million in “after 1 year, but within 5 years” maturity band, and HK\$20,428 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

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 2021				
Cash flow hedges				
Interest rate swaps				
Net outflow	(97)	(163)	–	(260)
Cross currency interest rate swaps				
Net outflow	–	(418)	–	(418)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	9,222	–	–	9,222
Outflow	(9,369)	–	–	(9,369)
Cross currency swaps				
Inflow	1,522	674	–	2,196
Outflow	(1,526)	(701)	–	(2,227)
Other derivative financial instruments				
Net outflow	(108)	(53)	(3)	(164)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK\$ million	After 1 year, but within 5 years HK\$ million	After 5 years HK\$ million	Total undiscounted cash flows HK\$ million	Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
At 31 December 2020						
Trade payables	25,042	–	–	25,042	–	25,042
Expenses and other accruals	38,774	–	–	38,774	–	38,774
Other payables	27,479	–	–	27,479	–	27,479
Interest free loans from non-controlling shareholders	380	–	–	380	–	380
Lease liabilities	20,431	47,462	52,545	120,438	(26,173)	94,265
Bank loans	27,222	94,078	–	121,300	(547)	120,753
Other loans	4	195	75	274	–	274
Notes and bonds	20,800	103,325	102,059	226,184	1,860	228,044
Interest bearing loans from non-controlling shareholders	798	–	–	798	–	798
Obligations for telecommunications licences and other rights	1,355	7,198	1,124	9,677	(669)	9,008
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	717	–	–	717	–	717
Amounts due to joint ventures	380	–	–	380	–	380
	163,382	254,424	155,803	573,609	(25,529)	548,080

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$6,647 million in “within 1 year” maturity band, HK\$16,473 million in “after 1 year, but within 5 years” maturity band, and HK\$19,776 million in “after 5 years” maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

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 2020				
Cash flow hedges				
Interest rate swaps				
Net outflow	(116)	(269)	–	(385)
Cross currency interest rate swaps				
Net outflow	(44)	(2,159)	–	(2,203)
Forward foreign exchange contracts				
Inflow	128	–	–	128
Outflow	(129)	–	–	(129)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	25,540	–	–	25,540
Outflow	(26,255)	–	–	(26,255)
Cross currency swaps				
Inflow	687	6,414	8,884	15,985
Outflow	(682)	(6,788)	(9,063)	(16,533)
Other derivative financial instruments				
Net outflow	(168)	(278)	(55)	(501)

41 Financial risk management (continued)

- (h) In accordance with the disclosure requirement of HKFRS 7, the Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the income statement:

	2021 HK\$ million	2020 HK\$ million
Dividends from equity securities at FVOCI - related to investments held at the end of the reporting period	87	221
Interest from debt securities at FVOCI	101	103
Interest from assets held at amortised cost	658	1,465
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	(329)	(260)
Fair value gains on debt securities at FVPL	52	44
Net impairment expense recognised on trade receivables	(1,737)	(1,570)
Gains (losses) arising on derivatives in a designated fair value hedge	(104)	60
Gains (losses) arising on adjustment for hedged items in a designated fair value hedge	104	(60)

(i) Hedge accounting

- (i) Fair value hedges

2021								
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 swap – receive fixed and pay floating maturing in 2022	4.63%	5.28%	US\$ 700	5,460	4	–	–	–
				5,460	4	–	–	–
2021								
Hedged items	Carrying amount of the hedged item HK\$ million		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK\$ million		Line item in the statement of financial position in which the hedged item is included			
USD Fixed rate debts	5,444		4		Bank and other debts			

41 Financial risk management (continued)

(i) Fair value hedges (continued)

CKHH's 2021 Annual Report Page 224
F-397

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

2021								
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								
2022	0.67%	2.47%	GBP 150	1,558	–	–	(75)	–
2022	1.68%	1.96%	NZD 150	794	–	–	(2)	–
2023	0.74%	0.94%	US\$ 1,000	7,800	–	42	–	–
2025	0.85%	3.58%	AUD 509	2,850	–	–	–	(133)
				13,002	–	42	(77)	(133)
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	0.62%	0.05%	US\$ 1,300	10,140	–	–	–	(399)
– receive fixed and pay fixed maturing in								
2022 – 2023	2.82%	0.01%	US\$ 1,750	13,650	57	118	–	–
				23,790	57	118	–	(399)

2021							
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							
2022	0.95	US\$ 13	101	2	–	–	–

2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve for continuing hedges HK\$ million
Interest rate risk	(267)	136
Foreign exchange risk	(2,220)	221

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

2020								
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								
2022	0.75%	2.39%	GBP 150	1,575	–	–	–	(110)
2022	0.99%	1.67%	NZD 150	830	–	–	–	(16)
2025	0.83%	3.56%	AUD 509	3,003	–	–	–	(310)
				5,408	–	–	–	(436)
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2021 – 2023	0.50%	0.05%	US\$ 1,520	11,856	–	–	(136)	(1,225)
– receive fixed and pay fixed maturing in								
2021 – 2023	2.54%	0.00%	US\$ 2,500	19,500	–	–	(345)	(731)
				31,356	–	–	(481)	(1,956)
2020								
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								
2021	1.19	US\$ 16	125	–	–	(4)	–	
2020								
Hedged items				Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve for continuing hedges HK\$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million		
Interest rate risk				108	403	–		
Foreign exchange risk				2,646	2,441	–		

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

2021							
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							
2022	6.10	CAD 277	1,688	4	–	(5)	–
2022	5.60	AUD 159	892	20	–	–	–
2022	5.29	NZD 280	1,481	59	–	–	–
2022	10.68	GBP 2,487	25,845	425	–	(63)	–
2022	8.84	EUR 65	574	47	–	–	–
			30,480	555	–	(68)	–
Cross currency swaps maturing in							
2022 - 2027	9.23	EUR 965	8,531	199	266	–	–
2022 - 2025	6.10	CAD 847	5,169	14	22	(17)	(31)
2027	5.86	AUD 1,415	7,923	–	153	–	–
			21,623	213	441	(17)	(31)
2021							
Hedged items	Change in value used for calculating hedge ineffectiveness HK\$ million			Surplus (deficit) in hedging reserve/exchange reserve for continuing hedges HK\$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million		
Foreign investments	(1,750)			(4,370)	(716)		

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

2020							
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							
2021	5.99	CAD 177	1,076	–	–	(23)	–
2021	5.69	AUD 159	940	–	–	(52)	–
2021	5.28	NZD 280	1,548	–	–	(100)	–
2021 - 2022	10.45	GBP 2,487	26,118	347	85	(848)	–
2022	9.69	EUR 65	617	–	–	–	–
			30,299	347	85	(1,023)	–
Cross currency swaps maturing in							
2022 - 2027	9.23	EUR 965	9,168	–	2	–	(63)
2021 - 2025	6.09	CAD 947	5,770	–	38	(7)	(39)
2027	5.86	AUD 1,415	8,347	–	–	–	(671)
			23,285	–	40	(7)	(773)
2020							
Hedged items			Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve/exchange reserve for continuing hedges HK\$ million	Surplus (deficit) in hedging reserve/exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million		
Foreign investments			2,229	(2,620)	(716)		

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

			2021		2020	
	Note	Classification under HKFRS 9 *	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	41	41	50	50
Listed equity securities, Hong Kong	20	FVOCI	701	701	3,423	3,423
Listed equity securities, outside Hong Kong	20	FVOCI	557	557	198	198
Listed equity securities (included in Managed funds)	20	FVOCI	260	260	226	226
Listed debt securities (included in Managed funds)	20	FVOCI	6,668	6,668	6,691	6,691
Unlisted investments						
Unlisted debt securities	21	Amortised cost	–	–	179	179
Unlisted equity securities	21	FVOCI	2,506	2,506	2,347	2,347
Unlisted equity securities	21	FVPL	2,648	2,648	2,614	2,614
Unlisted debt securities	21	FVPL	165	165	358	358
Derivative financial instruments						
Fair value hedges – Interest rate swaps	21 & 24	Fair value – hedges	4	4	108	108
Cash flow hedges						
Interest rate swaps	21	Fair value – hedges	42	42	–	–
Cross currency interest rate swaps	21 & 24	Fair value – hedges	175	175	–	–
Forward foreign exchange contracts	24	Fair value – hedges	2	2	–	–
Other contracts	21 & 24	Fair value – hedges	771	771	63	63
Net investment hedges						
Forward foreign exchange contracts	21 & 24	Fair value – hedges	555	555	432	432
Cross currency swaps	21 & 24	Fair value – hedges	654	654	40	40
Other derivative financial instruments	21	FVPL	37	37	823	823
Lease receivables	21	Amortised cost	232	232	383	383
Cash and cash equivalents	23	Amortised cost	153,133	153,133	155,951	155,951
Trade receivables	24	Amortised cost	16,697	16,697	16,898	16,898
Other receivables	24	Amortised cost	15,123	15,123	13,998	13,998
Amounts due from associated companies	17	Amortised cost	3,734	3,734	4,442	4,442
Amounts due from joint ventures	18	Amortised cost	37,616	37,616	39,397	39,397
			242,321	242,321	248,621	248,621

Notes to the Financial Statements

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	Note	Classification under HKFRS 9 *	2021		2020	
			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	325,799	336,283	349,071	358,717
Trade payables	27	Amortised cost	23,382	23,382	25,042	25,042
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value – hedges	210	210	436	436
Cross currency interest rate swaps	27 & 31	Fair value – hedges	399	399	2,437	2,437
Forward foreign exchange contracts	27	Fair value – hedges	–	–	4	4
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	68	68	1,023	1,023
Cross currency swaps	27 & 31	Fair value – hedges	48	48	780	780
Other derivative financial instruments	27 & 31	FVPL	119	119	503	503
Interest free loans from non-controlling shareholders	27	Amortised cost	427	427	380	380
Expenses and other accruals	27	Amortised cost	40,636	40,636	38,774	38,774
Other payables	27	Amortised cost	17,775	17,775	27,479	27,479
Lease liabilities	13	Amortised cost	85,079	85,079	94,265	94,265
Interest bearing loans from non-controlling shareholders	29	Amortised cost	759	759	798	798
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	11,558	11,558	9,008	9,008
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166	2,166	2,166
Amounts due to associated companies	17	Amortised cost	567	567	717	717
Amounts due to joint ventures	18	Amortised cost	381	381	380	380
			509,373	519,857	553,263	562,909

* see note 47(n).

- (i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities (continued)

	2021		2020	
	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost	226,576	226,576	231,298	231,298
FVOCI	10,692	10,692	12,885	12,885
FVPL	2,850	2,850	3,795	3,795
Fair value – hedges	2,203	2,203	643	643
	242,321	242,321	248,621	248,621
Financial liabilities measured at				
Amortised cost	508,529	519,013	548,080	557,726
FVPL	119	119	503	503
Fair value – hedges	725	725	4,680	4,680
	509,373	519,857	553,263	562,909

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

Notes to the Financial Statements

41 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

		2021				2020			
	Note	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	701	–	–	701	3,423	–	–	3,423
Listed equity securities, outside Hong Kong	20	557	–	–	557	198	–	–	198
Listed equity securities (included in Managed funds)	20	260	–	–	260	226	–	–	226
Listed debt securities (included in Managed funds)	20	6,668	–	–	6,668	6,691	–	–	6,691
Unlisted investments									
Unlisted equity securities – FVOCI	21	–	–	2,506	2,506	–	–	2,347	2,347
Unlisted equity securities – FVPL	21	–	2,262	386	2,648	–	2,136	478	2,614
Unlisted debt securities	21	–	–	165	165	–	180	178	358
Derivative financial instruments									
Fair value hedges – Interest rate swaps	21 & 24	–	4	–	4	–	108	–	108
Cash flow hedges									
Interest rate swaps	21	–	42	–	42	–	–	–	–
Cross currency interest rate swaps	21 & 24	–	175	–	175	–	–	–	–
Forward foreign exchange contracts	24	–	2	–	2	–	–	–	–
Other contracts	21 & 24	–	771	–	771	–	63	–	63
Net investment hedges									
Forward foreign exchange contracts	21 & 24	–	555	–	555	–	432	–	432
Cross currency swaps	21 & 24	–	654	–	654	–	40	–	40
Other derivative financial instruments	21	–	37	–	37	–	823	–	823
		8,186	4,502	3,057	15,745	10,538	3,782	3,003	17,323
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	27 & 31	–	210	–	210	–	436	–	436
Cross currency interest rate swaps	27 & 31	–	399	–	399	–	2,437	–	2,437
Forward foreign exchange contracts	27	–	–	–	–	–	4	–	4
Net investment hedges									
Forward foreign exchange contracts	27	–	68	–	68	–	1,023	–	1,023
Cross currency swaps	27 & 31	–	48	–	48	–	780	–	780
Other derivative financial instruments	27 & 31	–	119	–	119	–	503	–	503
		–	844	–	844	–	5,183	–	5,183

41 Financial risk management (continued)

(k) Fair value measurements (continued)

- (i) Financial assets and financial liabilities measured at fair value (continued)

Fair value hierarchy (continued)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the year ended 31 December 2021 and 2020, there were no transfer between the Level 1 and Level 2 fair value measurements, and no transfer into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2021 HK\$ million	2020 HK\$ million
At 1 January	3,003	2,647
Total gains (losses) recognised in		
Income statement	(329)	147
Other comprehensive income	97	(69)
Additions	325	601
Disposals	(14)	(353)
Exchange translation differences	(25)	30
At 31 December	3,057	3,003
Total gains (losses) recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(329)	147

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

Notes to the Financial Statements

41 Financial risk management (continued)

(k) Fair value measurements (continued)

- (ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 41(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
At 31 December 2021				
Bank and other debts	233,152	103,131	–	336,283
At 31 December 2020				
Bank and other debts	235,264	123,453	–	358,717

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

41 Financial risk management (continued)

(1) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements or similar agreements

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:

- (1) are offset in the Group's consolidated statement of financial position; or
- (2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
	HK\$ million	HK\$ million	HK\$ million	Financial assets (liabilities)	Cash collateral pledged (received)	HK\$ million
At 31 December 2021						
Financial assets						
Trade receivables	46	(30)	16	(7)	–	9
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	422	–	422	(68)	–	354
Cross currency swaps	27	–	27	(31)	–	(4)
Other receivables and prepayments	496	(24)	472	–	–	472
	991	(54)	937	(106)	–	831
Financial liabilities						
Trade payables	(502)	30	(472)	–	–	(472)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(68)	–	(68)	68	–	–
Cross currency swaps	(31)	–	(31)	31	–	–
Other payables and accruals	(31)	24	(7)	7	–	–
	(632)	54	(578)	106	–	(472)
At 31 December 2020						
Financial assets						
Trade receivables	91	(51)	40	(10)	–	30
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	393	–	393	(793)	–	(400)
Cross currency swaps	40	–	40	(737)	–	(697)
Other receivables and prepayments	488	(142)	346	–	–	346
	1,012	(193)	819	(1,540)	–	(721)
Financial liabilities						
Trade payables	(4,782)	51	(4,731)	–	–	(4,731)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(793)	–	(793)	793	–	–
Cross currency swaps	(737)	–	(737)	737	–	–
Other payables and accruals	(142)	142	–	10	–	10
	(6,454)	193	(6,261)	1,540	–	(4,721)

Notes to the Financial Statements

42 Statement of financial position of the Company, as at 31 December 2021

	2021 HK\$ million	2020 HK\$ million
Non-current assets		
Subsidiary companies – Unlisted shares ^(a)	355,164	355,164
Current assets		
Amounts due from subsidiary companies ^(b)	13,139	11,058
Other receivables	11	27
Cash	2	3
Current liabilities		
Other payables and accruals	97	85
Net current assets	13,055	11,003
Net assets	368,219	366,167
Capital and reserves		
Share capital (see note 32(a))	3,834	3,856
Share premium (see note 32(a))	243,169	244,377
Reserves – Retained profit ^(c)	121,216	117,934
Shareholders' funds	368,219	366,167

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2021 (continued)

- (a) Particulars regarding the principal subsidiary companies are set forth on pages 259 to 262.
- (b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.
- (c) Reserves – Retained profit

	HK\$ million
At 1 January 2020	116,259
Profit for the year	12,913
Dividends paid relating to 2019	(8,870)
Dividends paid relating to 2020	(2,368)
At 31 December 2020	117,934
Profit for the year	12,918
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)
Dividends paid relating to 2020	(6,555)
Dividends paid relating to 2021	(3,072)
At 31 December 2021	121,216

- (d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.
- (e) The net profit of the Company is HK\$12,918 million (2020: HK\$12,913 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.
- (f) At 31 December 2021, the Company's share premium and retained profit amounted to HK\$243,169 million (2020: HK\$244,377 million) and HK\$121,216 million (2020: HK\$117,934 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. Following the completion of the transaction, the Group holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in IOH. Consequently, H3I is de-consolidated and the Group accounts for its interests in IOH as an associated company using the equity method of accounting.

On 3 March 2022, the UK Competition and Markets Authority issued a conditional approval of the Group's tower asset transaction in the UK. Subject to the satisfactory conclusions to the conditions, the transaction is expected to complete in the second half of 2022.

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these financial statements as of, and for the year ended, 31 December 2021, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

45 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

46 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 47, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgement and assumptions are based on historical factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates experience and other contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

(a) Significant judgements in applying the Group's accounting policies

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

(i) Basis of consolidation and classification of investee entities

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iii) Determination of lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

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

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

(iv) Business combinations

As disclosed in note 47(c), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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