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## UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### HIGHLIGHTS

Six months ended 30 June	Post-IFRS 16 <sup>(1)</sup> Basis					Change
	2023	2022	2023	2022		
	HK\$ million	HK\$ million	HK\$ per share	HK\$ per share		
Total Revenue <sup>(2)</sup>	223,867	229,616				
Total EBITDA <sup>(2)</sup>	61,151	70,525				
Total EBIT <sup>(2)</sup>	29,613	37,648				
Reported earnings <sup>(3)</sup>	11,208	19,088	2.93	4.98		-41%
- Underlying	11,208	12,843				
- One-time items <sup>(4)</sup>	-	6,245				
Interim dividend per share			0.756	0.840		-10%

Six months ended 30 June	Pre-IFRS 16 <sup>(1)</sup> Basis					
	Reported		Underlying <sup>(4)</sup>			
	2023	2022	2023	2022	Reported currency change	Local currencies change
	HK\$ million	HK\$ million	HK\$ Million	HK\$ million		
Total Revenue <sup>(2)</sup>	223,867	229,616	223,867	229,616	-3%	+1%
Total EBITDA <sup>(2)</sup>	49,933	58,244	49,933	53,106	-6%	-3%
Total EBIT <sup>(2)</sup>	27,467	34,515	27,467	29,377	-7%	-4%
Reported earnings <sup>(3)</sup>	11,009	17,740	11,009	12,602	-13%	-10%

- As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 “Leases” (“IFRS 16”) and the precedent lease accounting standard International Accounting Standard 17 “Leases” (“IAS 17”) are referred to in this results announcement interchangeably with the relevant Hong Kong Financial Reporting Standards. The Group believes that the IAS 17 basis (“Pre-IFRS 16 basis”) metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis (“Post-IFRS 16 basis”), better reflect management’s view of the Group’s underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group’s EBITDA, EBIT and Reported earnings prepared under the Pre-IFRS 16 basis relating to the accounting for leases. Unless otherwise specified, the discussion of the Group’s operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.
- Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation (“EBITDA”) and earnings before interest expenses and other finance costs and tax (“EBIT”) include the Group’s proportionate share of associated companies and joint ventures’ respective items.
- Reported earnings represent profit attributable to shareholders. Reported earnings per share for the six months ended 30 June 2023 and 2022 is calculated based on profit attributable to ordinary shareholders and CKHH’s weighted average number of shares outstanding during the periods of 3,830,044,500 and 3,834,506,599 respectively.
- Underlying results for the six months ended 30 June 2022 exclude one-time net gain of HK\$5.1 billion at EBITDA, EBIT and Reported earnings, under pre-IFRS 16 and HK\$6.2 billion at post-IFRS 16 Reported earnings, comprising net gain from the Indonesian telecommunication business merger and a non-cash impairment of the Sri Lanka telecommunication business.

## CHAIRMAN'S STATEMENT

Global economic prospects remain clouded as inflationary pressures and geopolitical instability continue to weigh against a background of sluggish growth. Although headline inflation eased moderately through the half it remains above historical averages and above central banks' announced target rates in the US, Europe and the UK. Given continuing supply side risks, including tight labour markets and volatile commodity prices, inflation may be expected to persist for longer and prove more difficult to contain. At the same time, higher interest rates and tightening credit conditions in major markets present increasing challenges to growth.

The principal headwinds faced by the Group in the first half of 2023 were the continuing relative strength of the US dollar, input cost inflation (particularly in Europe and the UK and in our energy intensive telecom businesses) and the lack of any one-time gains realised in the half. The Group has continued to pursue longer term value accretive transaction initiatives and recently announced a major merger agreement in the UK and the formation of a network joint-venture in Italy. Excluding the one-time items in the first half of 2022 and the adverse foreign currency translation impact, EBITDA and EBIT, on a pre-IFRS 16 basis, decreased by 3% and 4% respectively against the same period last year in local currencies. In addition to the headwinds described above, the decline was attributable to lower contribution from Cenovus Energy, adverse performances in the Ports division as throughput and storage demand reduced, as well as 3 Group Europe with the incremental tower service fees in the UK for the full six months period, higher energy and operating costs, all of which more than offset upsides from repricing initiatives. These adverse variances were partly offset by robust recoveries of the Retail division in almost all regions.

Profit attributable to ordinary shareholders on a pre-IFRS 16 basis of HK\$11,009 million was a decrease of 38% in reported currency and 36% in local currencies when compared to the first half of 2022. Excluding the one-time net gain in 2022, underlying profit attributable to ordinary shareholders declined by 13% in reported currency and 10% in local currencies against the same period last year.

On a post-IFRS 16 basis, profit attributable to ordinary shareholders for the first half of 2023 was HK\$11,208 million, a 41% decrease compared to the same period last year and the underlying profit attributable to ordinary shareholders, excluding the 2022 one-time net gain, declined by 13%.

Reported earnings per share were HK\$2.93 for the six months ended 30 June 2023 (30 June 2022 – HK\$4.98).

### Dividend

The Board of Directors declares an interim dividend of HK\$0.756 per share (30 June 2022 – HK\$0.840 per share), payable on Thursday, 14 September 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 5 September 2023, being the record date for determining shareholders' entitlement to the interim dividend.

## Ports and Related Services

The Ports and Related Services division handled 39.3 million twenty-foot equivalent units (“TEU”) through 293 operating berths in the first half of 2023, a 7% drop compared to the same period last year, mainly due to lower export volume at HPH Trust, stagnant global demand for consumer goods and the accumulation of inventory in the US and Europe in late 2022, partly offset by higher volumes recovered from Shanghai given the exceptionally low throughput levels in the same period last year due to the pandemic lockdown.

Apart from the reduction in throughput, the easing of supply chain disruptions and port congestion have generally resulted in lower storage income across major ports. The division also reported weaker contribution from an associated company in the container shipping business driven by the sharp decline in freight rates. This division reported total revenue of HK\$19,863 million, EBITDA<sup>(1)</sup> of HK\$6,509 million and EBIT<sup>(1)</sup> of HK\$4,337 million, which excluding adverse foreign currency translation impacts, decreased by 12%, 20% and 27% respectively compared to the first half of 2022.

Looking into the second half, overstocking in the US and Europe will continue to hinder the recovery of cargo demand. The weak global demand, which is reflected in sub-par manufacturing activities in the Mainland, is expected to begin to recover moderately in the second half with reduced inventory levels and accordingly volume is projected to improve in the fourth quarter of 2023, and in the second half as compared to the same half in 2022.

The Ports division has publicly committed to submit its near-term and net-zero targets for validation by the Science Based Targets initiative and has launched a new decarbonisation strategy with a target to reduce scope 1 and 2 emissions by 46.2% by 2032 versus a 2021 baseline. To achieve these targets, among other initiatives, the division has mandated that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy going forward.

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<sup>(1)</sup> Under Post-IFRS 16 basis, EBITDA was HK\$7,840 million (30 June 2022: HK\$9,622 million); EBIT was HK\$4,903 million (30 June 2022: HK\$6,583 million).

## Retail

The Retail division had 16,164 stores across 28 markets at the end of June 2023, marginally lower against the same period last year by 1%. The division's total revenue, EBITDA<sup>(2)</sup> and EBIT<sup>(2)</sup> of HK\$88,619 million, HK\$7,056 million and HK\$5,420 million increased by 4%, 17% and 25% respectively in reported currency against last year. In local currencies, total revenue, EBITDA and EBIT increased by 7%, 20% and 28% respectively. The year-on-year improvements were primarily due to robust performances in Europe and Asia, as well as recovery in the Mainland, partly offset by adverse performance in Hong Kong due to subdued consumer spending.

The Health and Beauty segment, which represented 87% of the Retail division's revenue in the first half of 2023, reported total sales growth in local currencies of 12% from a strong 11% growth in comparable stores sales, contributing to the EBITDA and EBIT growth, in local currencies, of 22% and 30% respectively compared to the same period last year. Health and Beauty China reported 30% and 118% increase in EBITDA and EBIT in local currency respectively from the increased activities and mobility in the Mainland following the easing of lockdown restrictions at the end of 2022, as well as margin and productivity improvement. Health and Beauty Asia reported 27% and 32% increase in EBITDA and EBIT in local currencies driven primarily by higher sales from the increase in store traffic, with healthy EBITDA growth reported by Thailand, the Philippines and Malaysia. Even more encouragingly, performances in the Health and Beauty operations in Europe have exceeded pre-pandemic levels with 18% and 23% increase in EBITDA and EBIT in local currencies respectively against the same period last year, primarily from the UK, Germany and the Benelux countries as store traffic remained strong.

Looking into the rest of the year, the European and Asian businesses should continue to deliver strong performances, while further recovery is also expected for the Mainland operations. This division will continue to drive the key strategic pillars with its 151 million loyalty customer base serving to enhance customer engagement and lifetime value, as well as continue with its "O+O" platform strategy.

The Retail division continues its commitment to achieving its emission reduction targets which have been validated by the Science Based Targets initiative. It has committed by 2030 (versus a 2018 baseline) to reduce scope 1 and 2 emissions by 50.4%; reduce scope 3 emissions from purchased goods and services, upstream transportation and distribution, and use of sold products by 58% per Hong Kong dollar value added or per Hong Kong dollar increase in EBITDA and 33% of supplier emissions from purchased goods and services, upstream transportation and distribution to be subject to science-based targets by 2027. With over 90% of its footprint being attributable to scope 3 emissions, this division continues to implement a major supplier engagement programme including training and tools to report more accurate data through a dedicated scope 3 emissions platform.

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<sup>(2)</sup> Under Post-IFRS 16 basis, EBITDA was HK\$11,771 million (30 June 2022: HK\$10,763 million); EBIT was HK\$5,948 million (30 June 2022: HK\$4,779 million).

## **Infrastructure**

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

### **CKI**

CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK\$4,239 million, 4% lower than the same period last year, mainly from higher finance costs due to rising interest rates, as well as adverse foreign exchange translation impact against US dollars. In local currencies, net profit attributable to shareholders under Post-IFRS 16 basis increased by 4%.

In 2023, a number of CKI’s regulated businesses in the UK and Australia have entered or are scheduled to enter new regulatory regimes. Final determinations for the upcoming regulatory periods have been received, which facilitates revenue predictability for the coming five years. Regulated returns also mitigate cost inflation risks to this division.

In April, the Infrastructure division announced its first division-wide emissions reduction targets including halving emissions by 2035 versus 2020, and committing to the pursuit of net-zero by 2050. The division continues to contribute significantly through its businesses to the energy transition. The electricity distribution networks, UK Power Networks, SA Power Networks, Victoria Power Networks, United Energy and Wellington Electricity, are pioneers in their own countries in either battery development, smart grid management, solar energy export management, or electric vehicle charging initiatives; and the unregulated businesses of some of these companies and Australia’s Energy Developments are leaders in renewable energy solutions, such as that of solar and wind. The gas distribution networks of Northern Gas Networks, Wales & West Gas Networks and Australian Gas Networks are all strong proponents of hydrogen to help meet net-zero targets. Dutch Enviro Energy’s energy-from-waste and carbon capture projects, as well as EnviroNZ’s resource recycling and landfill gas-to-energy operations are successful environmental sustainable models. UK Rails continue to explore alternative sources of energy including hydrogen and batteries; and ista’s sub-meters facilitate energy saving for residential properties and energy efficiency solutions for corporations. In Hong Kong, the offshore LNG terminal partly owned and developed by HK Electric has commenced operations. This is a milestone development for the territory’s transition from coal to natural gas for power generation.

## CK Hutchison Group Telecom

Revenue of CK Hutchison Group Telecom (“CKHGT”) was HK\$41,761 million (€4,917 million), flat against the same period last year, whereas EBITDA<sup>(3)</sup> and EBIT<sup>(3)</sup> of HK\$10,019 million (€1,218 million) and HK\$335 million (€79 million) were 20% and 86% lower than the same period last year respectively in reported currency, which was impacted by a HK\$0.7 billion adverse year-on-year variance from the foreign currency revaluation impact of certain monetary assets, as well as lower contribution from 3 Group Europe. Excluding the foreign currency revaluation impact of certain monetary assets aforementioned, EBITDA and EBIT were 14% and 62% lower than first half 2022.

### 3 Group Europe

As at 30 June 2023, the active customer base of 3 Group Europe stands at 39.9 million, 2% higher against the same period last year mainly due to the UK, where the customer base increased 7% year-on-year driven by notable contract customer growth in the business customer segment, with better or relatively stable contract customer base reported by all the other operations.

Revenue of HK\$38,751 million was 1% higher against the same period last year in local currencies, primarily driven by the healthy growth in net customer services revenue due to the increase in the customer base, coupled with higher roaming income from increased travelling by the European customers, partly offset by lower wholesale revenues in Italy of HK\$0.7 billion. Most 3 Group Europe operations delivered a year-on-year improvement in total margin, which more than offsets the lower contribution from Italy and resulting in an overall 3% increase in total margin in local currencies.

However, EBITDA<sup>(4)</sup> was 10% or HK\$1,201 million lower against the same period last year in local currencies, as performance was adversely impacted primarily by the incremental tower service fees in the UK of HK\$0.6 billion following the tower assets disposal, the higher energy costs and other inflationary impacts of around HK\$1.0 billion, as well as higher other network costs from the expanded networks, particularly in the UK. Depreciation and amortisation was 1% or HK\$0.1 billion lower against the same period last year, as the higher depreciation in the UK from continued 5G rollout and digitalisation was more than offset by the savings arising from tower assets disposal and the lower depreciation in Italy, following the transfer of certain network assets to a newly setup joint venture in January 2023, as well as lower 5G network investment after its investment cycle has peaked in 2022. Correspondingly, EBIT<sup>(4)</sup> was 49% or HK\$1,073 million lower in local currencies, reflecting primarily the EBITDA shortfall mentioned above.

Inflation and energy cost hikes have adversely affected 3 Group Europe’s performance in the first half. Due to the phasing differences, the realisation of revenue upside benefits from in-contract repricing initiatives, which were phased across the first half, did not fully cover the incremental costs which were already at an elevated level since the beginning of the year. However, as the pricing ramp up continues, most operations are expected to cover the inflationary effects and improve the profitability in the second half.

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<sup>(3)</sup> Under Post-IFRS 16 basis, EBITDA was HK\$13,357 million (30 June 2022: HK\$15,947 million); EBIT was HK\$852 million (30 June 2022: HK\$3,067 million).

<sup>(4)</sup> Under Post-IFRS 16 basis, EBITDA was HK\$13,393 million (30 June 2022: HK\$14,910 million); EBIT was HK\$1,653 million (30 June 2022: HK\$2,773 million).

In May 2023, CK Hutchison Group Telecom Ltd (“CKHGT”) entered into an agreement to establish a joint venture with a private-equity firm to provide wholesale mobile and fixed communications services business in Italy. The joint venture will be 40% owned by CKHGT upon completion. In June 2023, CKHGT reached an agreement to combine 3 UK with Vodafone UK, with the merged entity being 49% owned by CKHGT upon completion. These transactions are expected to be earnings and cash flow accretive to the Group’s recurring performance, as well as on completion, realising substantial cash receipts of approximately €2.44 billion and £1.7 billion from the Italian and the UK transactions respectively. The completion of these transactions are subject to regulatory approvals and satisfaction of conditions precedent.

CKHGT continues its commitment to its climate action plan and the achievement of its Science-Based Targets, including reducing scope 1 and 2 emissions by 50% by 2030 and reducing scope 3 emissions by 42% by 2030 versus a 2020 baseline. It has also formally committed to setting a long-term net-zero target to be validated by the Science Based Targets initiative. As impactful reduction measures, the division continues to invest in the transition to 5G including network equipment upgrades, implementation of energy efficient network features, and virtualisation of networks, all of which are leading to more efficient processing of data traffic. Business units are also continuing to evaluate options for procuring long-term renewable power purchase agreements to replace energy attribute certificates.

## Hutchison Asia Telecommunications

Hutchison Asia Telecommunications (“HAT”) includes the Group’s telecommunication businesses in Indonesia, Vietnam and Sri Lanka. HAT’s active customer accounts increased by 6% compared to the same period last year to reach approximately 122.5 million as of 30 June 2023.

In the first half of 2023, total revenue, EBITDA<sup>(5)</sup> and EBIT<sup>(5)</sup> of HK\$5,775 million, HK\$1,877 million and HK\$723 million decreased by 1%, 75% and 88% respectively when compared to last year, mainly due to the net gain of HK\$5.1 billion<sup>(6)</sup> from the completion of the merger transaction in 2022, partly offset by a non-cash impairment in the Group’s telecommunication business in Sri Lanka. Excluding these one-off items in 2022, underlying EBITDA and EBIT decreased by 23% and 20%, mainly due to year-on-year lower net gains arising from disposal of non-core assets in the Indonesian joint venture, Indosat Ooredoo Hutchison (“IOH”).

For the first six months of 2023, IOH reported a 9.5% increase in total revenue, driven by a 3.9% higher customer base, as well as strong growth in data traffic. Excluding the lower net gains arising from disposal of non-core assets mentioned above, IOH’s underlying EBITDA and net profit, on a Post-IFRS 16 basis, increased by 24% and 751.9% respectively, from strong revenue growth and continued cost optimisation.

## Finance & Investments and Others

The Group’s 16.7% share of Cenovus Energy’s Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$4,132 million, HK\$1,993 million and HK\$1,445 million, a decrease of 47%, 65% and 63% compared to the same period last year respectively, mainly reflecting the decline in commodity prices, as well as reduced production volume due to unplanned outages and delays in completing certain downstream facility turnarounds. As these have mostly been resolved towards the end of the second quarter, performances should improve in the second half as almost all operational assets will return to its normal operational capacity.

Despite the above adverse variance, this segment reported favourable EBITDA and EBIT results in the first half of 2023, as certain treasury gains on non-core asset disposals, higher treasury investment returns and the Group’s share of HutchMed’s higher partnering revenue have more than offset the lower contribution from Cenovus Energy.

The Group’s liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK\$146,735 million and consolidated total bank and other debts<sup>(7)</sup> amounted to HK\$285,928 million, resulting in consolidated net debt<sup>(7)</sup> of HK\$139,193 million (31 December 2022 – HK\$133,109 million) and net debt to net total capital ratio<sup>(7)</sup> of 17.0% (31 December 2022 – 16.7%).

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<sup>(5)</sup> Under Post-IFRS 16 basis, EBITDA was HK\$2,929 million (30 June 2022: HK\$9,619 million); EBIT was HK\$1,112 million (30 June 2022: HK\$7,512 million).

<sup>(6)</sup> Under Post-IFRS 16 basis, the net gain was HK\$6.2 billion. For further information, please see Note 5(b)(xvii) to the Financial Statements of this Announcement.

<sup>(7)</sup> 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 debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 17.2% (31 December 2022: 16.9%).



## Sustainability

In April 2023, the Group released its fourth Sustainability Report, which details its first Group-wide emissions reduction targets. The Group has committed to halving scope 1 and 2 emissions by 2035 as well as to the pursuit of net-zero greenhouse gas emissions across its value chain by 2050. These targets are based on the robust strategies being put in place at each of the Group's core businesses.

The Ports, Retail and Telecommunications divisions have committed to the Science Based Targets initiative, with the Retail division and CKHGT having been validated already during 2022 and the Ports division expects to receive validation by end 2023. The Infrastructure division also announced its first division-wide targets in April 2023, including reducing scope 1 and 2 emissions by 50% by 2035 as well as a commitment to the pursuit of net-zero by 2050. The levers to achieve these targets vary in scope and scale depending on the industries which each core business operates. However, the overarching Group strategy is encapsulated in its 10 net-zero transition opportunities, which are laid out in its latest Sustainability Report.

The Group held two important conferences to share its best practices underway across the Group. In February 2023, it held its first global climate action conference for internal audiences and in March 2023, it also held its first investor sustainability engagement day to complement regular ongoing investor outreach.

The opportunity to help our customers achieve their sustainability goals is seen as a key strategic area for the Group, with customers increasingly signalling their preferences for more sustainable products and services. The Group's core businesses are embracing innovation and collaboration to address sustainable development challenges and opportunities, such as building resilience to climate change, reaching underserved communities, and engaging with customers to live and shop more sustainably. In February, the Retail division joined the EcoBeautyScore consortium, alongside 70 other cosmetics industry stakeholders, to develop a common environmental impact scoring system for cosmetic products to help consumers to make more informed purchasing decisions. In April 2023, 3 Ireland also launched its device trade-in initiative to allow the public the chance to obtain money-back for the return of their electronic devices, including mobile phones, tablets and electronic wearables.

Developing workplaces where employees of the Group feel supported, recognised and included continues to be one of the core objectives of the Group. During the first half of this year, 3 Ireland, 3 UK and Wind Tre were recognised by national awards schemes as being among the best national employers.

## Outlook

For the rest of the year, economic conditions are expected to remain challenging with downside risks of higher or more sustained inflation as well as lower growth particularly difficult to predict. Consumer and business confidence in particular may continue to soften as the longer term effects of higher interest rates and more constrained credit environments weigh on sentiment. Although energy and commodity prices have eased from their 2022 highs, they remain volatile and the risks of supply side driven spikes cannot be ruled out. Further, risks associated with climate change may be intensifying with impacts which are increasingly difficult to anticipate.

Overall, however, the Group's full year outlook remains resilient from an operational perspective as its business and geographical diversification have resulted in downward cycle of certain core businesses being compensated by strong recoveries in performances of other businesses within the Group. Although in the first half of the year certain European operations were adversely impacted by the higher year-on-year energy and inflation cost pressures, revenue increases from pricing initiatives in the Telecommunication division in Europe, robust performances in the Retail division, as well as the constructive outlook in commodity prices are expected to contribute to better recurring operational results in the second half. However, as the recently announced transactions by the Group will require regulatory and other approvals to complete, the Group may not be able to realise one-time net gains in the year, as compared to the reported one-time net gains, under post-IFRS 16 basis, of over HK\$10 billion in 2022. In line with our established policies, the Group will continue to explore long term value accretive transactions for our shareholders, and will seek to strengthen our balance sheet and overall financial profile. The Group will continue to aim to achieve growth in recurring earnings and increase shareholder return while maintaining a strong financial position and ensuring disciplined execution of prudent financial, liquidity and cash flow management.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group.

**Victor T K Li**

*Chairman*

Hong Kong, 3 August 2023

## Financial Performance Summary

	Post-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2023		Post-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2022		Change %
	HK\$ million	%	HK\$ million	%	
<b>Revenue<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	19,863	9%	22,651	10%	-12%
Retail	88,619	40%	84,905	37%	4%
Infrastructure	27,540	12%	27,600	12%	-
CK Hutchison Group Telecom	41,761	19%	41,817	18%	-
Hutchison Asia Telecommunications	5,775	2%	5,839	3%	-1%
Finance & Investments and Others	40,309	18%	46,804	20%	-14%
<b>Total Revenue</b>	<b>223,867</b>	<b>100%</b>	<b>229,616</b>	<b>100%</b>	<b>-3%</b>
<b>EBITDA<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	7,840	13%	9,622	14%	-19%
Retail	11,771	19%	10,763	15%	9%
Infrastructure	14,839	24%	15,014	21%	-1%
CK Hutchison Group Telecom	13,357	22%	15,947	23%	-16%
Hutchison Asia Telecommunications	2,929	5%	9,619	14%	-70%
Finance & Investments and Others	10,415	17%	9,560	13%	9%
<b>Total EBITDA</b>	<b>61,151</b>	<b>100%</b>	<b>70,525</b>	<b>100%</b>	<b>-13%</b>
<b>EBIT<sup>(2)</sup></b>					
Ports and Related Services <sup>(2)</sup>	4,903	16%	6,583	17%	-26%
Retail	5,948	20%	4,779	13%	24%
Infrastructure	10,069	34%	9,870	26%	2%
CK Hutchison Group Telecom	852	3%	3,067	8%	-72%
Hutchison Asia Telecommunications	1,112	4%	7,512	20%	-85%
Finance & Investments and Others	6,729	23%	5,837	16%	15%
<b>Total EBIT</b>	<b>29,613</b>	<b>100%</b>	<b>37,648</b>	<b>100%</b>	<b>-21%</b>
Interest Expenses and other finance Costs <sup>(2)</sup>	(11,735)		(9,684)		-21%
Profit Before Tax	17,878		27,964		-36%
Tax <sup>(2)</sup>					
Current tax	(3,292)		(3,484)		6%
Deferred tax	(251)		(1,898)		87%
	(3,543)		(5,382)		34%
Profit after tax	14,335		22,582		-37%
Non-controlling interests and perpetual capital securities holders' interests	(3,127)		(3,494)		11%
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")</b>	<b>11,208</b>		<b>19,088</b>		<b>-41%</b>

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this results announcement interchangeably with the relevant Hong Kong Financial Reporting Standards.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

## Financial Performance Summary

	Pre-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2023		Pre-IFRS 16 <sup>(1)</sup> Unaudited Results for the six months ended 30 June 2022		Change %	Local currencies change %
	HK\$ million	%	HK\$ million	%		
<b>Revenue<sup>(2)</sup></b>						
Ports and Related Services <sup>(2)</sup>	19,863	9%	22,651	10%	-12%	-12%
Retail	88,619	40%	84,905	37%	4%	7%
Infrastructure	27,540	12%	27,600	12%	–	4%
CK Hutchison Group Telecom	41,761	19%	41,817	18%	–	3%
Hutchison Asia Telecommunications	5,775	2%	5,839	3%	-1%	3%
Finance & Investments and Others	40,309	18%	46,804	20%	-14%	-10%
<b>Total Revenue</b>	<b>223,867</b>	<b>100%</b>	<b>229,616</b>	<b>100%</b>	<b>-3%</b>	<b>1%</b>
<b>EBITDA<sup>(2)</sup></b>						
Ports and Related Services <sup>(2)</sup>	6,509	13%	8,273	14%	-21%	-20%
Retail	7,056	14%	6,030	10%	17%	20%
Infrastructure	14,681	29%	14,864	26%	-1%	4%
CK Hutchison Group Telecom	10,019	20%	12,512	22%	-20%	-18%
Hutchison Asia Telecommunications	1,877	4%	7,572	13%	-75%	-74%
Finance & Investments and Others	9,791	20%	8,993	15%	9%	13%
<b>Total EBITDA</b>	<b>49,933</b>	<b>100%</b>	<b>58,244</b>	<b>100%</b>	<b>-14%</b>	<b>-11%</b>
<b>EBIT<sup>(2)</sup></b>						
Ports and Related Services <sup>(2)</sup>	4,337	16%	6,042	17%	-28%	-27%
Retail	5,420	20%	4,331	12%	25%	28%
Infrastructure	10,041	37%	9,851	29%	2%	7%
CK Hutchison Group Telecom	335	1%	2,474	7%	-86%	-88%
Hutchison Asia Telecommunications	723	2%	6,047	18%	-88%	-87%
Finance & Investments and Others	6,611	24%	5,770	17%	15%	17%
<b>Total EBIT</b>	<b>27,467</b>	<b>100%</b>	<b>34,515</b>	<b>100%</b>	<b>-20%</b>	<b>-18%</b>
Interest Expenses and other finance Costs <sup>(2)</sup>	(9,757)		(7,872)		-24%	
Profit Before Tax	17,710		26,643		-34%	
Tax <sup>(2)</sup>						
Current tax	(3,292)		(3,482)		5%	
Deferred tax	(269)		(1,899)		86%	
	(3,561)		(5,381)		34%	
Profit after tax	14,149		21,262		-33%	
Non-controlling interests and perpetual capital securities holders' interests	(3,140)		(3,522)		11%	
<b>PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")</b>	<b>11,009</b>		<b>17,740</b>		<b>-38%</b>	<b>-36%</b>

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this results announcement interchangeably with the relevant Hong Kong Financial Reporting Standards. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

## Operations Highlights

### Ports and Related Services

	30 June 2023 HK\$ million	30 June 2022 HK\$ million	Change	Local currencies change
Total Revenue <sup>(1)</sup>	19,863	22,651	-12%	-12%
EBITDA <sup>(1)(4)</sup>	6,509	8,273	-21%	-20%
EBIT <sup>(1)(4)</sup>	4,337	6,042	-28%	-27%
Throughput (million TEU)	39.3	42.4	-7%	
Number of berths <sup>(3)</sup>	293	293	-	

	Throughput (million TEU)			Number of Berths <sup>(3)</sup>		
	30 June 2023	30 June 2022	Change	30 June 2023	30 June 2022	Change
HPH Trust	10.0	11.7	-15%	52	52	-
Mainland China and Other Hong Kong	6.4	6.0	+7%	44	44	-
Europe	7.8	8.6	-9%	67	67	-
Asia, Australia and Others <sup>(2)</sup>	15.1	16.1	-6%	130	130	-
Total	39.3	42.4	-7%	293	293	-

  

HK\$ million	Total Revenue <sup>(1)</sup>				Total EBITDA <sup>(1)(4)</sup>			
	30 June 2023	30 June 2022	Change	Local currencies change	30 June 2023	30 June 2022	Change	Local currencies change
HPH Trust	1,135	1,419	-20%	-20%	586	785	-25%	-25%
Mainland China and Other Hong Kong	886	968	-8%	-3%	319	361	-12%	-6%
Europe	6,622	6,966	-5%	-3%	1,622	1,975	-18%	-16%
Asia, Australia and Others <sup>(2)</sup>	9,219	9,578	-4%	-5%	3,297	3,547	-7%	-7%
Corporate costs & other port related services	2,001	3,720	-46%	-46%	685	1,605	-57%	-57%
Total	19,863	22,651	-12%	-12%	6,509	8,273	-21%	-20%

Note 1: Total Revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: Asia, Australia and Others includes Panama, Mexico and the Middle East.

Note 3: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$7,840 million (30 June 2022: HK\$9,622 million); EBIT was HK\$4,903 million (30 June 2022: HK\$6,583 million).

Throughput decreased by 7% to 39.3 million TEU in the first half of 2023, with 65% and 35% local and transshipment volume respectively (1H 2022: 64% and 36% local and transshipment volume respectively). The overall throughput volume has been affected by declining cargo export volume, particularly in HPH Trust, which dropped by 15% compared to the first half of 2022 due to weak China export to US and EU despite the relaxation of COVID measures and cross-border controls, along with stagnant global demand and the accumulation of inventory levels in the US and Europe since late 2022. Besides, the European ports reported 9% drop in volume also due to lower cargo demand under the high inflationary environment. The Asia, Australia and Others segment reported a 6% volume drop year-on-year as a result of weak consumer sentiment and reduced diverted transshipment volume with easing of port congestion. The aforementioned adverse variances were partly offset by 7% increase in volume in the Mainland China and Other Hong Kong segment given the exceptionally low throughput levels in the same period last year due to the pandemic lockdown.

As a result of the lower throughput as well as lower storage income particularly in Europe and HPH Trust segment, where storage income was at high base in the first half of 2022 resulted from port congestion and supply chain disruption, as well as the COVID lockdown measures for HPH Trust terminals during 2022, total revenue in the first half of 2023 was 12% below the same period last year in both reported and local currencies. EBITDA and EBIT decreased 21% and 28% respectively in reported currency against the same period last year. In local currencies, EBITDA and EBIT decreased 20% and 27% respectively, reflecting subpar performance as mentioned above. Europe segment reported a 18% and 24% decrease in EBITDA and EBIT respectively and HPH Trust segment reported a 25% and 43% decrease in EBITDA and EBIT respectively, primarily driven by the lower revenue as mentioned. The Asia, Australia and Others segment reported a 7% and 9% decrease in EBITDA and EBIT respectively reflected adverse performance in major ports including Australia and Thailand, partly offset by the favourable performance from Mexico and Pakistan. The adverse variance in the corporate costs and other port related services segment was mainly due to the weaker performance of an associated company in the container shipping business driven by the sharp decline in freight rates since the second half of 2022.

As at 30 June 2023, this division operates 293 berths. Two additional berths are expected to be operational from last quarter in 2023 when the terminal at Abu Qir in Egypt commences operations, taking the total number of berths at the end of the year to 295.

## Retail

	30 June 2023 HK\$ million	30 June 2022 HK\$ million	Change	Local currencies change
Total Revenue	88,619	84,905	+4%	+7%
EBITDA <sup>(1)</sup>	7,056	6,030	+17%	+20%
EBIT <sup>(1)</sup>	5,420	4,331	+25%	+28%
Store Numbers	16,164	16,244	-1%	

	Store Numbers			Net Change In Store Number	Comparable Stores Sales Growth (%) <sup>(2)</sup>			
	30 June 2023	30 June 2022	Change	30 June 2023	30 June 2023		30 June 2022	
H&B China	3,780	4,055	-7%	-275	+2.0%	+2.8% <sup>(3)</sup>	-17.6%	-15.6% <sup>(3)</sup>
H&B Asia	3,820	3,647	+5%	173	+16.8%		+18.0%	
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>7,600</b>	<b>7,702</b>	<b>-1%</b>	<b>-102</b>	<b>+11.3%</b>		<b>+2.0%</b>	
H&B Western Europe	5,717	5,670	+1%	47	+10.3%		+9.4%	
H&B Eastern Europe	2,442	2,450	-	-8	+15.8%		+12.1%	
<b>H&amp;B Europe Subtotal</b>	<b>8,159</b>	<b>8,120</b>	<b>+1%</b>	<b>39</b>	<b>+11.3%</b>		<b>+9.9%</b>	
<b>H&amp;B Subtotal</b>	<b>15,759</b>	<b>15,822</b>	<b>-</b>	<b>-63</b>	<b>+11.3%</b>		<b>+7.1%</b>	
Other Retail <sup>(4)</sup>	405	422	-4%	-17	-16.3%		+8.8%	
<b>Total Retail</b>	<b>16,164</b>	<b>16,244</b>	<b>-1%</b>	<b>-80</b>	<b>+7.2%</b>		<b>+7.4%</b>	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$11,771 million (30 June 2022: HK\$10,763 million); EBIT was HK\$5,948 million (30 June 2022: HK\$4,779 million).

Note 2: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Note 3: Adjusted to include loyalty members' sales recovered in proximate new stores.

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations, as well as one-time non-cash write offs in 1H 2022.

The Retail division consists of the A.S. Watson ("ASW") group of companies, the world's largest international Health and Beauty ("H&B") retailer with a 151 million loyalty member base. ASW operated 12 retail brands with 16,164 stores in 28 markets worldwide as of 30 June 2023. The division had a net store reduction of 1%, mainly in the Mainland as part of H&B China's store rationalisation strategy.

The division's total revenue, EBITDA and EBIT increased by 4%, 17% and 25% respectively in reported currency against the same period last year. Excluding the adverse foreign exchange translation effect, this division's total revenue, EBITDA and EBIT increased by 7%, 20% and 28% in local currencies respectively. The H&B segment, which represented 97% of the division's EBITDA in the first half of 2023, reported a total revenue, EBITDA and EBIT improvement of 12%, 22% and 30% respectively in local currencies, led by robust performance in Europe which exceeded pre-pandemic levels, strong performance in Asia from increase in store traffic and continued store expansion, as well as recovery in the Mainland following the easing of lockdown restrictions at the end of 2022. These favourable results were partly offset by the Other Retail segment which reported a reduction in total revenue of 17% in the first half of 2023, mainly arising from subdued consumer spending in Hong Kong.

HK\$ million	Total Revenue						Total EBITDA <sup>(1)</sup>							
	30 June 2023	%	30 June 2022	%	Change	Local currencies change	30 June 2023	%	EBITDA Margin	30 June 2022	%	EBITDA Margin	Change	Local currencies change
H&B China	8,884	10%	9,685	11%	-8%	-2%	751	11%	8%	623	10%	6%	+21%	+30%
H&B Asia	17,366	20%	15,304	18%	+13%	+20%	1,679	24%	10%	1,395	23%	9%	+20%	+27%
<b>H&amp;B China &amp; Asia Subtotal</b>	<b>26,250</b>	<b>30%</b>	<b>24,989</b>	<b>29%</b>	<b>+5%</b>	<b>+11%</b>	<b>2,430</b>	<b>35%</b>	<b>9%</b>	<b>2,018</b>	<b>33%</b>	<b>8%</b>	<b>+20%</b>	<b>+28%</b>
H&B Western Europe	40,399	45%	36,798	43%	+10%	+12%	3,240	46%	8%	2,744	46%	7%	+18%	+19%
H&B Eastern Europe	10,281	12%	8,903	11%	+15%	+17%	1,139	16%	11%	983	16%	11%	+16%	+16%
<b>H&amp;B Europe Subtotal</b>	<b>50,680</b>	<b>57%</b>	<b>45,701</b>	<b>54%</b>	<b>+11%</b>	<b>+13%</b>	<b>4,379</b>	<b>62%</b>	<b>9%</b>	<b>3,727</b>	<b>62%</b>	<b>8%</b>	<b>+18%</b>	<b>+18%</b>
<b>H&amp;B Subtotal</b>	<b>76,930</b>	<b>87%</b>	<b>70,690</b>	<b>83%</b>	<b>+9%</b>	<b>+12%</b>	<b>6,809</b>	<b>97%</b>	<b>9%</b>	<b>5,745</b>	<b>95%</b>	<b>8%</b>	<b>+19%</b>	<b>+22%</b>
Other Retail & Write-offs <sup>(4)</sup>	11,689	13%	14,215	17%	-18%	-17%	247	3%	2%	285	5%	2%	-13%	-13%
<b>Total Retail</b>	<b>88,619</b>	<b>100%</b>	<b>84,905</b>	<b>100%</b>	<b>+4%</b>	<b>+7%</b>	<b>7,056</b>	<b>100%</b>	<b>8%</b>	<b>6,030</b>	<b>100%</b>	<b>7%</b>	<b>+17%</b>	<b>+20%</b>

H&B loyalty members' participation & exclusives sales contribution	30 June 2023	30 June 2022
Total loyalty members in H&B segment (million)	150	140
Loyalty members' sales participation in H&B segment (%)	64%	63%
Exclusives sales contribution to total H&B sales (%)	37%	36%

Comparable stores sales growth for the H&B segment of 11.3% in the first half of 2023 was mainly contributed by the strong performance in the H&B operations in Europe which recorded a comparable stores sales growth of 11.3% from strong store traffic particularly in the UK, Germany and the Benelux countries. H&B Asia also recorded an encouraging improvement with comparable stores sales growth of 16.8% with Thailand, the Philippines and Malaysia as the key contributors through rebound in tourism and domestic demand. H&B China reported a mild comparable store sales growth of 2.0% as footfall continues to be below pre-pandemic levels.



## Infrastructure

	30 June 2023 HK\$ million	30 June 2022 HK\$ million	Change	Local currencies change
Total Revenue <sup>(1)</sup>	27,540	27,600	–	+4%
EBITDA <sup>(1)(2)</sup>	14,681	14,864	-1%	+4%
EBIT <sup>(1)(2)</sup>	10,041	9,851	+2%	+7%
CKI Reported Net Profit (under Post-IFRS 16 basis)	4,239	4,409	-4%	

Note 1: Total revenue, EBITDA and EBIT include the Group's share of results on the remaining 10% direct interest in the co-owned infrastructure assets with CKI after the divestment of 90% of the direct economic benefits in October 2018.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$14,839 million (30 June 2022: HK\$15,014 million); EBIT was HK\$10,069 million (30 June 2022: HK\$9,870 million).

The infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), the largest publicly listed infrastructure company on the SEHK, and the Group's 10% economic benefits deriving from the Group's direct holdings in six co-owned infrastructure assets, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

### CKI

CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States. CKI announced profit attributable to shareholders under Post-IFRS 16 basis of HK\$4,239 million in the first half of 2023, 4% lower against the same period last year, primarily resulted from higher finance costs due to rising interest rates, as well as adverse foreign exchange translation impact against US dollars. In local currencies, profit attributable to shareholders under Post-IFRS 16 basis increased by 4%.

Profit contribution under Post-IFRS 16 basis from Power Assets, a company listed on the SEHK and in which CKI holds a 36.01% interest as of 30 June 2023, was HK\$1,066 million in the first half of 2023, an increase of 3% and 7% in reported currency and local currencies respectively. Under Post-IFRS 16 basis, profit contribution from the UK portfolio was HK\$1,592 million in the first half of 2023, a 5% decrease against the same period last year, mainly due to adverse foreign exchange translation impact, higher finance costs and adverse regulatory reset impact of UK Power Networks. In local currency, profit contribution was flat against the first half of 2022. Under Post-IFRS 16 basis, profit contribution from Australian portfolio decreased by 18% to HK\$826 million in the first half of 2023 in reported currency. In local currency, profit decreased by 13% driven by the adverse regulatory reset impact of Australian Gas Networks and Multinet Gas, as well as one-off disposal gain recognised by United Energy in the first half of 2022. In Continental Europe, profit contribution under Post-IFRS 16 basis was HK\$424 million in the first half of 2023, a decrease of 1% in reported currency but flat in local currency. In Canada, profit contribution under Post-IFRS 16 basis increased by 31% and 40% in reported currency and local currency respectively to HK\$402 million in the first half of 2023, primarily due to strong performances of Canadian Power due to favourable power prices and of Park'N Fly due to post-COVID recovery in air travel in Canada. Profit contribution from New Zealand portfolio under Post-IFRS 16 basis decreased by 5% to HK\$72 million in the first half of 2023 mainly from adverse foreign exchange translation impact. In local currency, profit increased by 2% year-on-year. Hong Kong and the Mainland businesses reported a net profit of HK\$102 million in the first half of 2023 under Post-IFRS 16 basis, 13% lower against the same period last year, reflecting the weak traffic volume for the toll road operations and the adverse performance of the cement businesses in Hong Kong.

CKI has always been committed to prudent financial management and the risk management approach is conservative with the underlying financial position closely monitored. CKI's financial strength continues to be solid, with HK\$12 billion cash on hand and a net debt to net total capital ratio of 9.3% as at 30 June 2023. Credit rating from Standard & Poor's maintained at "A/ Stable".

## CK Hutchison Group Telecom

In million	30 June 2023 HK\$	30 June 2022 HK\$	Change	Local currencies change	30 June 2023 EURO	30 June 2022 EURO
<b>Total Revenue</b>	<b>41,761</b>	41,817	–	+3%	<b>4,917</b>	4,861
Total Margin	<b>30,258</b>	29,695	+2%	+5%	<b>3,562</b>	3,457
Total CACs	<b>(7,198)</b>	(7,244)	+1%		<b>(848)</b>	(843)
Less: Handset revenue	<b>5,186</b>	5,268	-2%		<b>611</b>	613
Total CACs (net of handset revenue)	<b>(2,012)</b>	(1,976)	-2%		<b>(237)</b>	(230)
Operating Expenses	<b>(18,227)</b>	(15,207)	-20%		<b>(2,107)</b>	(1,768)
<b>EBITDA <sup>(1)</sup></b>	<b>10,019</b>	12,512	-20%	-18%	<b>1,218</b>	1,459
Depreciation & Amortisation	<b>(9,684)</b>	(10,038)	+4%		<b>(1,139)</b>	(1,169)
<b>EBIT <sup>(1)</sup></b>	<b>335</b>	2,474	-86%	-88%	<b>79</b>	290

### 3 Group Europe

In million	30 June 2023 HK\$	30 June 2022 <sup>(2)</sup> HK\$	Change	Local currencies change
<b>Total Revenue</b>	<b>38,751</b>	39,407	-2%	+1%
Total Margin	<b>28,205</b>	28,241	–	+3%
Total CACs	<b>(6,963)</b>	(6,969)	–	
Less: Handset revenue	<b>5,047</b>	5,074	-1%	
Total CACs (net of handset revenue)	<b>(1,916)</b>	(1,895)	-1%	
Operating Expenses	<b>(16,029)</b>	(15,270)	-5%	
<i>Opex as a % of total margin</i>	<i>57%</i>	<i>54%</i>		
<b>EBITDA</b>	<b>10,260</b>	11,076	-7%	-5%
<i>EBITDA Margin % <sup>(3)</sup></i>	<i>30%</i>	<i>32%</i>		
EBITDA excluding energy inflation	<b>10,844</b>	11,076	-2%	–
Depreciation & Amortisation	<b>(9,117)</b>	(9,297)	+2%	
<b>EBIT</b>	<b>1,143</b>	1,779	-36%	-37%
EBIT excluding energy inflation	<b>1,727</b>	1,779	-3%	-4%
EBITDA per above	<b>10,260</b>	11,076	-7%	-5%
Proforma contribution from tower assets	–	613		
<b>Reported EBITDA <sup>(4)</sup></b>	<b>10,260</b>	11,689	-12%	-10%
EBIT per above	<b>1,143</b>	1,779	-36%	-37%
Proforma contribution from tower assets	–	409		
<b>Reported EBIT <sup>(4)</sup></b>	<b>1,143</b>	2,188	-48%	-49%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$13,357 million (30 June 2022: HK\$15,947 million); EBIT was HK\$852 million (30 June 2022: HK\$3,067 million).

Note 2: Due to the completion of disposal of the UK tower assets in November 2022, the 1H 2022 results of the UK were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2022 numbers.

Note 3: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$13,393 million (30 June 2022: HK\$14,910 million); EBIT was HK\$1,653 million (30 June 2022: HK\$2,773 million).

3 Group Europe's total revenue of HK\$38,751 million was 1% higher against the same period last year in local currencies, and total margin of HK\$28,205 million was 3% higher, primarily driven by the healthy growth in net customer service margin due to an increase in the customer base, coupled with higher roaming income from increased travelling of the European customers, partly offset by lower wholesale contribution in Italy. Active customer base as at 30 June 2023 of 39.9 million was 2% higher against the same period last year, mainly due to the UK, where the customer base increased 7% year-on-year, with better or relatively stable contract customer base reported by all the other operations. Average monthly customer churn rate of the contract customer base increased slightly to 1.2% for the first half of 2023 (1H 2022: 1.1%) mainly from higher churn in Italy where Wind Tre strategically allowed lower value customers to churn, with the decrease in its contract base partly offset by converting non-contract customers with contracts in order to improve margin stability.

3 Group Europe's net ARPU and net AMPU decreased by 3% and 1% to €12.77 and €11.48 respectively as compared to the first half of 2022, primarily due to adverse foreign exchange translation impact of Pound Sterling which depreciated 4% year-on-year against EURO, as well as the dilutive impact of higher mix of low value Internet of things (IoT) customers in Ireland, partly offset by the upside from repricing initiatives, better tariff mix and higher value propositions.

3 Group Europe's first half of 2023 results were adversely impacted by the full six-month incremental tower service fees of approximately HK\$0.6 billion in the UK following the completion of the tower assets disposal in early November 2022. On a normalised basis, EBITDA was 5% lower year-on-year in local currencies, as the improvements in overall total margin as mentioned was more than offset by increased operating expenses due to higher energy costs and other inflationary impacts, as well as higher network costs from the expanded networks, particularly in the UK. On a normalised basis, depreciation and amortisation was 1% higher in local currencies, as the higher depreciation in the UK from continued 5G rollout and digitalisation was largely offset by lower depreciation in Italy following the transfer of certain network assets to a newly setup joint venture in January 2023 and lower 5G network investment after its investment cycle has peaked in 2022. Correspondingly, EBIT was 37% lower year-on-year in local currencies on a normalised basis, reflecting primarily the EBITDA shortfall as mentioned.



Key Business Indicators

	Registered Customer Base								
	Registered Customers at 30 June 2023 ('000)			Registered Customer Growth (%) from 31 December 2022 to 30 June 2023			Registered Customer Growth (%) from 30 June 2022 to 30 June 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	4,434	8,891	<b>13,325</b>	-1%	+3%	<b>+2%</b>	-13%	+6%	<b>-1%</b>
Italy <sup>(11)</sup>	10,084	9,546	<b>19,630</b>	-4%	-1%	<b>-3%</b>	-6%	-1%	<b>-4%</b>
Sweden	765	1,760	<b>2,525</b>	+1%	+3%	<b>+2%</b>	+4%	+7%	<b>+6%</b>
Denmark	690	883	<b>1,573</b>	+3%	+2%	<b>+2%</b>	+5%	+2%	<b>+3%</b>
Austria	733	2,411	<b>3,144</b>	+1%	-1%	<b>-1%</b>	-2%	-2%	<b>-2%</b>
Ireland	850	3,286	<b>4,136</b>	-1%	+12%	<b>+9%</b>	-	+27%	<b>+20%</b>
<b>3 Group Europe Total</b>	<b>17,556</b>	<b>26,777</b>	<b>44,333</b>	<b>-2%</b>	<b>+2%</b>	<b>-</b>	<b>-7%</b>	<b>+5%</b>	<b>-</b>
HTHKH	2,438	1,467	<b>3,905</b>	+4%	-	<b>+2%</b>	+16%	-1%	<b>+9%</b>

	Active <sup>(12)</sup> Customer Base								
	Active Customers at 30 June 2023 ('000)			Active Customer Growth (%) from 31 December 2022 to 30 June 2023			Active Customer Growth (%) from 30 June 2022 to 30 June 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,794	8,751	<b>10,545</b>	-2%	+3%	<b>+2%</b>	+8%	+6%	<b>+7%</b>
Italy <sup>(11)</sup>	9,183	9,153	<b>18,336</b>	-4%	-1%	<b>-3%</b>	-7%	-1%	<b>-4%</b>
Sweden	760	1,760	<b>2,520</b>	+1%	+3%	<b>+3%</b>	+5%	+7%	<b>+7%</b>
Denmark	688	883	<b>1,571</b>	+3%	+2%	<b>+2%</b>	+6%	+2%	<b>+3%</b>
Austria	422	2,399	<b>2,821</b>	+5%	-2%	<b>-1%</b>	+9%	-3%	<b>-1%</b>
Ireland	850	3,286	<b>4,136</b>	-1%	+12%	<b>+9%</b>	-	+27%	<b>+20%</b>
<b>3 Group Europe Total</b>	<b>13,697</b>	<b>26,232</b>	<b>39,929</b>	<b>-3%</b>	<b>+2%</b>	<b>-</b>	<b>-3%</b>	<b>+5%</b>	<b>+2%</b>
HTHKH	1,940	1,467	<b>3,407</b>	+7%	-	<b>+4%</b>	+26%	-1%	<b>+13%</b>

Note 11: In addition to the above, Wind Tre has 2.8 million fixed line customers.

Note 12: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

**12-month Trailing Average Revenue per Active User ("ARPU")<sup>(13)</sup>  
to 30 June 2023**

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£6.01	£21.48	<b>£18.79</b>	–
Italy <sup>(16)</sup>	€9.63	€12.46	<b>€11.02</b>	-2%
Sweden	SEK117.18	SEK249.78	<b>SEK209.39</b>	-10%
Denmark	DKK93.45	DKK143.03	<b>DKK121.46</b>	-1%
Austria	€9.51	€23.12	<b>€21.18</b>	-1%
Ireland	€14.47	€10.45	<b>€11.36</b>	-16%
<b>3 Group Europe Average</b>	<b>€9.77</b>	<b>€18.19</b>	<b>€15.22</b>	<b>-4%</b>
HTHKH	HK\$12.87	HK\$194.04	<b>HK\$96.46</b>	+6%

**12-month Trailing Net Average Revenue per Active User ("Net ARPU")<sup>(14)</sup>  
to 30 June 2023**

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£6.01	£14.68	<b>£13.17</b>	+2%
Italy <sup>(16)</sup>	€9.63	€11.59	<b>€10.59</b>	-1%
Sweden	SEK117.18	SEK212.39	<b>SEK183.39</b>	+1%
Denmark	DKK93.45	DKK134.67	<b>DKK116.74</b>	-1%
Austria	€9.51	€19.60	<b>€18.16</b>	-3%
Ireland	€14.47	€7.97	<b>€9.44</b>	-17%
<b>3 Group Europe Average</b>	<b>€9.77</b>	<b>€14.42</b>	<b>€12.77</b>	<b>-3%</b>
HTHKH	HK\$12.87	HK\$177.10	<b>HK\$88.65</b>	+8%

**12-month Trailing Net Average Margin per Active User ("Net AMPU")<sup>(15)</sup>  
to 30 June 2023**

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£5.56	£13.14	<b>£11.83</b>	+2%
Italy <sup>(16)</sup>	€8.69	€10.51	<b>€9.59</b>	+2%
Sweden	SEK100.08	SEK186.99	<b>SEK160.52</b>	+1%
Denmark	DKK80.37	DKK112.55	<b>DKK98.55</b>	+2%
Austria	€8.59	€17.83	<b>€16.51</b>	-1%
Ireland	€13.33	€7.30	<b>€8.66</b>	-17%
<b>3 Group Europe Average</b>	<b>€8.80</b>	<b>€12.94</b>	<b>€11.48</b>	<b>-1%</b>
HTHKH	HK\$9.98	HK\$150.63	<b>HK\$74.88</b>	+4%

Note 13: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 14: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 15: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

Note 16: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

## CK Hutchison Group Telecom (continued)

### United Kingdom

3 UK's total margin grew strongly by 9%, driven primarily by 7% growth in customer base from contract customer, as well as higher MVNO performance. On a normalised basis<sup>(17)</sup> and in local currency, 3 UK's EBITDA decreased by 19% compared to the same period last year, mainly driven by higher network spending from increased 5G coverage, which more than offset growth in total margin as mentioned above. On a normalised basis<sup>(17)</sup> and in local currency, LBIT was £76 million in the first half of 2023, as compared to £15 million in the same period last year, primarily driven by increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout. 3 UK was awarded the fastest 5G network in UK by Ookla in 2023.

### Italy

Italy's net customer service margin moderately grew by 1% compared to the same period last year in local currency through continuing customer value management strategies. EBITDA also increased by 1%, mainly driven by the net customer service margin growth, as well as cost control initiatives including the formation of a joint venture for rural area network rollout to create synergies, which more than offset continued reduction in wholesale margin and higher energy costs. EBIT increased by 63% against the first half of 2022 due to lower depreciation and amortisation, mainly from the aforementioned synergies of the newly established joint venture, as well as lower network rollout with the 5G investment cycle contracting from its 2022 peak having reached over 95% and approximately 70% FDD and TDD coverage respectively.

### Sweden

Sweden, where the Group has a 60% interest, reported 10% increase in total margin primarily from customer base growth. EBITDA grew by 4% driven by higher total margin, partly offset by higher operating costs incurred from the enlarged network base, increased handset receivables sales costs and energy cost inflation. As a result of the ongoing network asset swap commenced in the second half of 2022, EBIT decreased by 27% when compared against the same period of 2022. The operation increased the 5G coverage by more than 50% as compared to the year end of 2022, providing extensive coverage in ten of the country's largest cities with full TDD coverage.

### Denmark

The operation in Denmark, where the Group has a 60% interest, reported 7% growth in total margin primarily driven by 3% customer base growth and lower national roaming costs. EBITDA decreased by 12% mainly due to higher operating costs from energy cost inflation and enlarged network base, partly offset by higher total margin. With majority of the network assets swap carried out by the end of 2022, the operation recognised lower depreciation charges in the first half of 2023 and resulted in 68% increase in EBIT. Denmark has reached approximately 80% 5G coverage with TDD coverage exceeded 50% of overall population.

### Austria

Total margin grew by 3% driven by strong MVNO performance. EBITDA and EBIT in local currency decreased by 7% and 19% respectively compared to the same period last year, primarily driven by higher operating expenses due to network expansion and increased data traffic, as well as energy costs inflation, partly offset by higher total margin as mentioned above. During the year, 3 Austria increased 5G coverage to more than 75% and 55% FDD and TDD coverage respectively.

### Ireland

Total margin was flat against the same period last year, as the base growth was offset by the lower net AMPU from the dilutive impact of higher mix of low value IoT customers. EBITDA and EBIT in local currency decreased by 16% and 84% respectively compared to the same period last year driven by higher operating expenses due to network expansion, energy cost inflation, as well as higher marketing and sponsorship following the uplift of lockdown restrictions. In the first half of 2023, 3 Ireland has reached 90% 5G coverage.

### Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$2,328 million was 1% higher as compared to the same period last year, mainly contributed by higher net customer service revenue of 15% compared to the same period last year driven by both local and roaming services recovery arising from a gradual normalisation of international travel and stabilised market competition, partly offset by lower hardware sales. EBITDA of HK\$614 million was 24% higher as compared to the same period last year, mainly due to notable rebound in roaming service revenue, partly offset by higher network operating costs associated with investments in 5G technology and network infrastructure expansion. Despite higher amortisation costs associated with capitalised CACs and higher depreciation from the enlarged asset base resulting from ongoing 5G network infrastructure expansion, EBIT for the first half of 2023 showed improvement and turned around from an LBIT of HK\$36 million for the first half of 2022 to EBIT of HK\$49 million for the first half of 2023.

Note 17: Due to the completion of disposals of tower assets in November 2022 as mentioned, the 1H 2022 results of the UK were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2022 numbers.

## Hutchison Asia Telecommunications

	30 June 2023 HK\$ million	30 June 2022 HK\$ million	Change	Local currencies change
<b>Total Revenue</b>	<b>5,775</b>	5,839	-1%	+3%
<b>EBITDA<sup>(18)</sup></b>	<b>1,877</b>	7,572	-75%	-74%
<b>EBIT<sup>(18)</sup></b>	<b>723</b>	6,047	-88%	-87%
<b>Total active customer base (million)</b>	<b>122.5</b>	115.1	+6%	
- Indonesia	<b>100.0</b>	96.2	+4%	
- Vietnam	<b>19.0</b>	15.0	+27%	
- Sri Lanka	<b>3.5</b>	3.9	-10%	

Note 18: Under Post-IFRS 16 basis, EBITDA was HK\$2,929 million (30 June 2022: HK\$9,619 million); EBIT was HK\$1,112 million (30 June 2022: HK\$7,512 million).

HAT's results at EBITDA and EBIT levels in the first half of 2022 included a gain of HK\$6,100 million from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in the telecommunication business in Sri Lanka of HK\$962 million amidst the challenging market condition following the outbreak of the political and economic crisis in the country.

Excluding the above one-off items, EBITDA and EBIT in the first half of 2023 of HK\$1,877 million and HK\$723 million decreased by 23% and 20% respectively, mainly due to lower net gains arising from disposal of non-core assets of Indosat Ooredoo Hutchison ("IOH") in the first half of 2023 as compared to the same period last year. Excluding contributions from these disposals, underlying EBITDA increased by 7% driven by the continued revenue growth momentum from the enlarged customer base in IOH, while EBIT grew by 526% from lower depreciation as a result of continued network optimisation in IOH following the merger.

IOH demonstrated strong financial performance during the first half of 2023 and reported a 9.5% year-on-year increase in total revenue to IDR24,675 billion, while underlying EBITDA<sup>(19)</sup> under Post-IFRS 16 basis of IDR11,383 billion increased by 24% year-on-year, due to a combination of top line growth and cost optimisation momentum. EBITDA margin stood at 46.1% in the first half of 2023. Profit for the Period Attributable to Owners of the Parent under Post-IFRS 16 basis, was IDR1,908 billion, decreased by IDR1,352 billion primarily driven by higher operating expenses, higher depreciation and amortisation, higher financing costs, as well as lower net gain on disposal of non-core assets, partly offset by higher revenue by IDR2,148 billion. Excluding the net gains, underlying net profit increased by 751.9% compared to the same period last year. IOH continues to deliver strong performance on synergy realisation through completion of network integration with above 166,000 4G BTS and on track to deliver full synergy benefit following the merger to support the growth momentum of an enlarged customer base and increase in data traffic.

Note 19: Excludes net gains arising from disposal of non-core assets in the first half of 2022 and 2023.

## Finance & Investments and Others

	30 June 2023 HK\$ million	30 June 2022 HK\$ million	Change	Local currencies change
Total Revenue	<b>40,309</b>	46,804	-14%	-10%
EBITDA <sup>(1)</sup>	<b>9,791</b>	8,993	+9%	+13%
EBIT <sup>(1)</sup>	<b>6,611</b>	5,770	+15%	+17%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$10,415 million (30 June 2022: HK\$9,560 million); EBIT was HK\$6,729 million (30 June 2022: HK\$5,837 million).

Finance & Investments and Others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group, the Marionnaud businesses, listed associate CK Life Sciences Group, listed associate Cenovus Energy and listed subsidiary, Hutchison Telecommunications (Australia) Limited, which has a 25.05% interest in TPG Telecom Limited.

EBITDA and EBIT grew 9% and 15% respectively from first half of 2022 primarily due to certain gains on non-core asset disposals, higher interest income from money market deposits and higher contribution from HWCL, which more than offset the Group's share of lower profit of the energy business. The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$4,132 million, HK\$1,993 million and HK\$1,445 million, a decrease of 47%, 65% and 63% compared to the same period last year respectively, mainly due to decline in commodity prices that resulted in lower operating margin, as well as unforeseen disruptions on production during the period.

As at 30 June 2023, the Group's holdings of cash and liquid investments totalled HK\$146,735 million. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of this results announcement.

## Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the six months ended 30 June 2023, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$9,757 million, increased by 24% when compared to the same period last year mainly due to the increase in interest rate. The Group's weighted average cost of debt for the six months ended 30 June 2023 was 2.9% (30 June 2022: 1.8%).

The Group recorded current and deferred tax charges of HK\$3,561 million in the six months ended 30 June 2023, a decrease of 34% compared to the same period last year, primarily reflected the lower profit before tax for the first half of 2023.



# Report on Review of Interim Financial Statements

**TO THE BOARD OF DIRECTORS OF  
CK HUTCHISON HOLDINGS LIMITED**  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial statements set out on pages 26 to 83, which comprises the condensed consolidated statement of financial position of CK Hutchison Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2023 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 3 August 2023

## Condensed Consolidated Income Statement

for the six months ended 30 June 2023

Unaudited 2023 # US\$ million		Note	Unaudited	
			2023 HK\$ million	2022 HK\$ million
17,100	Revenue	4, 5	133,377	131,358
(6,554)	Cost of inventories sold	6	(51,121)	(50,870)
(2,493)	Staff costs		(19,445)	(19,006)
(898)	Expensed customer acquisition and retention costs		(7,005)	(7,069)
(2,522)	Depreciation and amortisation	5, 6	(19,675)	(20,673)
(3,151)	Other expenses and losses	6	(24,573)	(22,832)
262	Other income and gains	6	2,047	7,512
	Share of profits less losses of:			
523	Associated companies		4,080	6,782
477	Joint ventures		3,720	4,001
2,744			21,405	29,203
(729)	Interest expenses and other finance costs	7	(5,687)	(4,393)
2,015	<b>Profit before tax</b>		15,718	24,810
(201)	Current tax charge	8	(1,573)	(1,754)
25	Deferred tax credit (charge)	8	198	(452)
1,839	<b>Profit after tax</b>		14,343	22,604
(402)	<b>Profit attributable to non-controlling interests and holders of perpetual capital securities</b>		(3,135)	(3,516)
1,437	<b>Profit attributable to ordinary shareholders</b>		11,208	19,088
US 37.5 cents	<b>Earnings per share for profit attributable to ordinary shareholders</b>	9	HK\$ 2.93	HK\$ 4.98

Details of distribution paid to the holders of perpetual capital securities and interim dividend payable to the ordinary shareholders are set out in note 10.

# See note 38.

## Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2023

Unaudited 2023 # US\$ million		Unaudited 2023 HK\$ million	2022 HK\$ million
1,839	<b>Profit after tax</b>	14,343	22,604
	<b>Other comprehensive income (losses)</b>		
	<b>Items that will not be reclassified to profit or loss</b>		
	Changes in fair value of equity instruments at fair value through other comprehensive income		
78		605	(211)
13	Remeasurement of defined benefit obligations	101	941
(69)	Share of other comprehensive income (losses) of associated companies	(539)	199
12	Share of other comprehensive income of joint ventures	94	276
(5)	Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(36)	(224)
29		225	981
	<b>Items that may be reclassified to profit or loss</b>		
	Changes in fair value of debt instruments at fair value through other comprehensive income		
(1)		(4)	(240)
1,146	Exchange gains (losses) on translation of foreign operations	8,941	(14,780)
43	Exchange losses reclassified to profit or loss	337	592
(147)	Gains (losses) on cash flow hedges	(1,145)	811
(177)	Gains (losses) on net investment hedges	(1,378)	3,957
(222)	Reclassification adjustments for hedging gains included in profit or loss	(1,735)	-
332	Share of other comprehensive income (losses) of associated companies	2,587	(104)
536	Share of other comprehensive income (losses) of joint ventures	4,181	(2,591)
-	Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	(1)	(5)
1,510		11,783	(12,360)
1,539	Other comprehensive income (losses), net of tax	12,008	(11,379)
3,378	<b>Total comprehensive income</b>	26,351	11,225
(554)	<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities</b>	(4,324)	(2,881)
2,824	<b>Total comprehensive income attributable to ordinary shareholders</b>	22,027	8,344

# See note 38.

## Condensed Consolidated Statement of Financial Position

at 30 June 2023

Unaudited 30 June 2023 # US\$ million		Note	Unaudited 30 June 2023 HK\$ million	Audited 31 December 2022 HK\$ million
	<b>Non-current assets</b>			
14,999	Fixed assets	11	116,991	112,650
8,033	Right-of-use assets	12	62,655	59,337
8,172	Telecommunications licences	13	63,739	60,689
10,785	Brand names and other rights	14	84,122	83,694
34,686	Goodwill	15	270,548	268,008
18,282	Associated companies	16	142,603	140,711
19,890	Interests in joint ventures	17	155,144	148,561
2,519	Deferred tax assets	18	19,651	18,509
2,307	Liquid funds and other listed investments	19	17,995	16,103
1,746	Other non-current assets	20	13,622	15,900
<b>121,419</b>			<b>947,070</b>	924,162
	<b>Current assets</b>			
16,505	Cash and cash equivalents	21	128,740	138,085
3,172	Inventories		24,742	23,283
7,473	Trade receivables and other current assets	22	58,282	56,811
27,150			211,764	218,179
-	Assets classified as held for sale	23	-	6,096
<b>27,150</b>			<b>211,764</b>	224,275
	<b>Current liabilities</b>			
5,526	Bank and other debts	24	43,104	70,130
464	Current tax liabilities		3,623	4,001
1,724	Lease liabilities	12	13,445	12,128
10,806	Trade payables and other current liabilities	25	84,285	89,129
18,520			144,457	175,388
-	Liabilities directly associated with assets classified as held for sale	23	-	1,127
<b>18,520</b>			<b>144,457</b>	176,515
<b>8,630</b>	Net current assets		<b>67,307</b>	47,760
<b>130,049</b>	Total assets less current liabilities		<b>1,014,377</b>	971,922
	<b>Non-current liabilities</b>			
30,736	Bank and other debts	24	239,740	214,196
327	Interest bearing loans from non-controlling shareholders	27	2,549	2,567
7,133	Lease liabilities	12	55,640	53,931
2,503	Deferred tax liabilities	18	19,525	19,290
283	Pension obligations	28	2,208	2,730
4,158	Other non-current liabilities	29	32,429	31,899
<b>45,140</b>			<b>352,091</b>	324,613
<b>84,909</b>	Net assets		<b>662,286</b>	647,309

# See note 38.

## Condensed Consolidated Statement of Financial Position

at 30 June 2023

Unaudited 30 June 2023 # US\$ million		Note	Unaudited 30 June 2023 HK\$ million	Audited 31 December 2022 HK\$ million
	<b>Capital and reserves</b>			
491	Share capital	30 (a)	3,830	3,830
31,151	Share premium	30 (a)	242,972	242,972
37,249	Reserves	31	290,546	276,711
<b>68,891</b>	Total ordinary shareholders' funds		<b>537,348</b>	523,513
575	Perpetual capital securities	30 (b)	4,483	4,561
15,443	Non-controlling interests		120,455	119,235
<b>84,909</b>	<b>Total equity</b>		<b>662,286</b>	647,309

# See note 38.

## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

Unaudited Total equity # US\$ million		Attributable to					Unaudited Total equity HK\$ million
		Ordinary shareholders			Holders of perpetual capital securities HK\$ million	Non- controlling interests HK\$ million	
		Share capital and share premium <sup>(a)</sup> HK\$ million	Reserves <sup>(b)</sup> HK\$ million	Total ordinary shareholders' funds HK\$ million			
82,988	At 1 January 2023	246,802	276,711	523,513	4,561	119,235	647,309
1,839	Profit for the period	-	11,208	11,208	89	3,046	14,343
	Other comprehensive income (losses)						
78	Changes in fair value of equity instruments at fair value through other comprehensive income	-	605	605	-	-	605
(1)	Changes in fair value of debt instruments at fair value through other comprehensive income	-	(4)	(4)	-	-	(4)
13	Remeasurement of defined benefit obligations	-	85	85	-	16	101
1,146	Exchange gains on translation of foreign operations	-	8,655	8,655	-	286	8,941
43	Exchange losses reclassified to profit or loss	-	334	334	-	3	337
(147)	Losses on cash flow hedges	-	(1,132)	(1,132)	-	(13)	(1,145)
(177)	Losses on net investment hedges	-	(1,095)	(1,095)	-	(283)	(1,378)
(222)	Reclassification adjustments for hedging gains included in profit or loss	-	(1,735)	(1,735)	-	-	(1,735)
263	Share of other comprehensive income of associated companies	-	1,822	1,822	-	226	2,048
548	Share of other comprehensive income of joint ventures	-	3,314	3,314	-	961	4,275
(5)	Tax relating to components of other comprehensive income (losses)	-	(30)	(30)	-	(7)	(37)
1,539	Other comprehensive income, net of tax	-	10,819	10,819	-	1,189	12,008
3,378	Total comprehensive income	-	22,027	22,027	89	4,235	26,351
(4)	Impact of hyperinflation	-	(21)	(21)	-	(5)	(26)
	Transactions with owners in their capacity as owners:						
(1,024)	Dividends paid relating to 2022	-	(7,989)	(7,989)	-	-	(7,989)
(390)	Dividends paid to non-controlling interests	-	-	-	-	(3,052)	(3,052)
(21)	Distribution paid on perpetual capital securities	-	-	-	(167)	-	(167)
(19)	Recognition of put option liabilities arising from business combinations	-	(148)	(148)	-	-	(148)
1	Relating to purchase of a subsidiary company	-	-	-	-	8	8
-	Relating to purchase of non-controlling interests	-	(34)	(34)	-	34	-
(1,457)		-	(8,192)	(8,192)	(167)	(3,015)	(11,374)
84,909	At 30 June 2023	246,802	290,546	537,348	4,483	120,455	662,286

# See note 38.

(a) See note 30(a) for details on share capital and share premium.

(b) See note 31 for details on reserves.

## Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

Unaudited Total equity # US\$ million		Attributable to					Unaudited Total equity HK\$ million
		Ordinary shareholders			Holders of perpetual capital securities HK\$ million	Non- controlling interests HK\$ million	
		Share capital and share premium <sup>(a)</sup> HK\$ million	Reserves <sup>(b)</sup> HK\$ million	Total ordinary shareholders' funds HK\$ million			
82,597	At 1 January 2022	247,003	266,149	513,152	12,414	118,689	644,255
2,898	Profit for the period	-	19,088	19,088	185	3,331	22,604
	Other comprehensive income (losses)						
	Changes in fair value of equity instruments at						
(27)	fair value through other comprehensive income	-	(211)	(211)	-	-	(211)
	Changes in fair value of debt instruments at fair						
(31)	value through other comprehensive income	-	(240)	(240)	-	-	(240)
121	Remeasurement of defined benefit obligations	-	758	758	-	183	941
(1,895)	Exchange losses on translation of foreign operations	-	(13,354)	(13,354)	-	(1,426)	(14,780)
76	Exchange losses reclassified to profit or loss	-	592	592	-	-	592
104	Gains on cash flow hedges	-	746	746	-	65	811
507	Gains on net investment hedges	-	2,994	2,994	-	963	3,957
	Share of other comprehensive income (losses)						
13	of associated companies	-	(90)	(90)	-	185	95
	Share of other comprehensive income (losses)						
(297)	of joint ventures	-	(1,755)	(1,755)	-	(560)	(2,315)
	Tax relating to components of other						
(30)	comprehensive income (losses)	-	(184)	(184)	-	(45)	(229)
(1,459)	Other comprehensive income (losses), net of tax	-	(10,744)	(10,744)	-	(635)	(11,379)
1,439	Total comprehensive income	-	8,344	8,344	185	2,696	11,225
(3)	Impact of hyperinflation	-	(21)	(21)	-	(5)	(26)
	Transactions with owners in their capacity as owners:						
(915)	Dividends paid relating to 2021	-	(7,132)	(7,132)	-	-	(7,132)
(420)	Dividends paid to non-controlling interests	-	-	-	-	(3,278)	(3,278)
(41)	Distribution paid on perpetual capital securities	-	-	-	(316)	-	(316)
(1,000)	Redemption of perpetual capital securities	-	-	-	(7,800)	-	(7,800)
25	Equity contribution from non-controlling interests	-	-	-	-	192	192
-	Buy-back and cancellation of issued shares	(8)	5	(3)	-	-	(3)
-	Relating to partial disposal of subsidiary companies	-	(9)	(9)	-	9	-
(2,354)		(8)	(7,157)	(7,165)	(8,116)	(3,082)	(18,363)
81,682	At 30 June 2022	246,995	267,336	514,331	4,483	118,303	637,117

# See note 38.

(a) See note 30(a) for details on share capital and share premium.

(b) See note 31 for details on reserves.

# Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023

Unaudited 2023 # US\$ million		Note	Unaudited	
			2023 HK\$ million	2022 HK\$ million
	<b>Operating activities</b>			
	Cash generated from operating activities before interest expenses			
4,558	and other finance costs, tax paid and changes in working capital	32 (a)	35,553	36,782
(721)	Interest expenses and other finance costs paid (net of capitalisation)		(5,621)	(4,401)
(227)	Tax paid		(1,760)	(1,774)
<b>3,610</b>	<b>Funds from operations (before principal elements of lease payments)</b>		<b>28,172</b>	<b>30,607</b>
(895)	Changes in working capital	32 (b)	(6,981)	(2,573)
<b>2,715</b>	<b>Net cash from operating activities</b>		<b>21,191</b>	<b>28,034</b>
	<b>Investing activities</b>			
(1,249)	Purchase of fixed assets		(9,746)	(10,011)
(129)	Additions to telecommunications licences		(1,009)	(138)
(83)	Additions to brand names and other rights		(649)	(634)
(10)	Purchase of subsidiary companies, net of cash acquired	32 (c)	(79)	-
(5)	Additions to unlisted investments		(39)	(391)
287	Repayments of loans from associated companies and joint ventures		2,241	395
(12)	Purchase of and advances to associated companies and joint ventures		(95)	(3,315)
2	Proceeds from disposal of fixed assets		19	226
329	Proceeds from disposal of subsidiary companies, net of cash disposed	32 (d)	2,563	(683)
93	Proceeds from disposal of joint ventures		723	-
9	Proceeds from disposal of other unlisted investments		74	-
	Cash flows used in investing activities before additions to /			
(768)	disposal of liquid funds and other listed investments		(5,997)	(14,551)
2	Disposal of liquid funds and other listed investments		15	176
(8)	Additions to liquid funds and other listed investments		(65)	-
(774)	<b>Cash flows used in investing activities</b>		<b>(6,047)</b>	<b>(14,375)</b>
<b>1,941</b>	<b>Net cash inflow before financing activities</b>		<b>15,144</b>	<b>13,659</b>
	<b>Financing activities</b>			
4,887	New borrowings	32 (e)	38,122	29,981
(5,643)	Repayment of borrowings	32 (e)	(44,012)	(60,890)
(962)	Principal elements of lease payments	32 (e)	(7,500)	(7,417)
(3)	Net loans from (to) non-controlling shareholders	32 (e)	(30)	2,102
-	Issue of equity securities by subsidiary companies to non-controlling shareholders		-	85
-	Redemption of perpetual capital securities		-	(7,800)
-	Payments for buy-back and cancellation of issued shares		-	(3)
(1,024)	Dividends paid to ordinary shareholders		(7,989)	(7,132)
(373)	Dividends paid to non-controlling interests		(2,913)	(3,087)
(21)	Distribution paid on perpetual capital securities		(167)	(316)
(3,139)	<b>Cash flows used in financing activities</b>		<b>(24,489)</b>	<b>(54,477)</b>
(1,198)	Decrease in cash and cash equivalents		(9,345)	(40,818)
17,703	Cash and cash equivalents at 1 January		138,085	153,133
<b>16,505</b>	<b>Cash and cash equivalents at 30 June</b>		<b>128,740</b>	<b>112,315</b>

# See note 38.



## Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2023

Unaudited 2023 # US\$ million		Note	Unaudited	
			2023 HK\$ million	2022 HK\$ million
<b>Analysis of cash, liquid funds and other listed investments at 30 June</b>				
16,505	Cash and cash equivalents, as above		128,740	112,315
2,307	Liquid funds and other listed investments	19	17,995	7,603
18,812	<b>Total cash, liquid funds and other listed investments</b>		<b>146,735</b>	119,918
36,508	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	24	284,766	287,230
327	Interest bearing loans from non-controlling shareholders	27	2,549	2,624
18,023	<b>Net debt</b>		<b>140,580</b>	169,936
(327)	Interest bearing loans from non-controlling shareholders		(2,549)	(2,624)
17,696	<b>Net debt (excluding interest bearing loans from non-controlling shareholders)</b>		<b>138,031</b>	167,312

# See note 38.

# Notes to the Interim Financial Statements

## 1 General information

CK Hutchison Holdings Limited (the “Company” or “CKHH”) is a company incorporated in the Cayman Islands with limited liability and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) as at and for the six months ended 30 June 2023 (the “Interim Financial Statements”) were authorised for issue by the Company’s board of directors on 3 August 2023.

The Chairman’s Statement and Operations Highlights, issued as part of CKHH 2023 Interim Results announcement and CKHH 2023 Interim Report, include discussions on the performance of the Group’s businesses for the current period and other important events that occurred since the end of the 2022 financial year.

The Group Capital Resources and Other Information, issued as part of CKHH 2023 Interim Results announcement and CKHH 2023 Interim Report, includes discussions on the Group’s liquidity and financial profile.

## 2 Use of judgements, assumptions and estimates

In preparing the Interim Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Interim Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop.

The significant judgements, assumptions and estimates made in preparing the Interim Financial Statements were the same as those described in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2022 (the “2022 Annual Financial Statements”).

## 3 Basis of preparation

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). They are regarded as “Condensed” as per HKAS 34 as they do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), and should be read in conjunction with the 2022 Annual Financial Statements.

The Interim Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, investment properties, and certain financial assets and liabilities (including derivative instruments) are measured at fair value, and non-current assets and disposal group classified as held for sale are generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position. The Interim Financial Statement are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management has determined that, at the date on which the Interim Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Interim Financial Statements is appropriate.

The accompanying financial statements and notes are unaudited. The results reported in the Interim Financial Statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

#### 4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Sale of goods	77,828	76,969
Revenue from services	51,389	52,376
Interest	4,089	1,943
Dividend income	71	70
	<b>133,377</b>	<b>131,358</b>

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15:

(i) By segments \*

	Six months ended 30 June 2023				
	Revenue from contracts with customers			Revenue from other sources	
	recognised at a point in time	recognised over time	Subtotal		Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	-	14,708	14,708	81	14,789
Retail	65,136	29	65,165	-	65,165
Infrastructure	1,966	-	1,966	1,564	3,530
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	5,718	33,023	38,741	6	38,747
Hutchison Telecommunications Hong Kong Holdings	535	1,793	2,328	-	2,328
Corporate and Others	13	120	133	488	621
	6,266	34,936	41,202	494	41,696
Hutchison Asia Telecommunications	-	474	474	-	474
Finance & Investments and Others	5,574	81	5,655	2,068	7,723
	78,942	50,228	129,170	4,207	133,377
	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue from other sources	
	recognised at a point in time	recognised over time	Subtotal		Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	-	15,448	15,448	75	15,523
Retail	64,103	42	64,145	-	64,145
Infrastructure	2,052	2	2,054	1,367	3,421
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	5,765	33,632	39,397	5	39,402
Hutchison Telecommunications Hong Kong Holdings	741	1,557	2,298	-	2,298
Corporate and Others	3	28	31	29	60
	6,509	35,217	41,726	34	41,760
Hutchison Asia Telecommunications	-	530	530	-	530
Finance & Investments and Others	5,310	89	5,399	580	5,979
	77,974	51,328	129,302	2,056	131,358

\* See note 5 for operating segment information.

#### 4 Revenue (continued)

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of HKFRS 15 (continued):

(ii) By geographical locations \*

	Six months ended 30 June 2023				
	Revenue from contracts with customers			Revenue	Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	from other sources HK\$ million	
Hong Kong	12,519	2,110	14,629	139	
Mainland China	10,744	115	10,859	14	10,873
The People's Republic of China	23,263	2,225	25,488	153	25,641
Europe	33,655	39,209	72,864	800	73,664
Canada	-	-	-	119	119
Asia, Australia and Others	16,450	8,713	25,163	1,067	26,230
	<b>50,105</b>	<b>47,922</b>	<b>98,027</b>	<b>1,986</b>	<b>100,013</b>
	<b>73,368</b>	<b>50,147</b>	<b>123,515</b>	<b>2,139</b>	<b>125,654</b>
Finance & Investments and Others	5,574	81	5,655	2,068	7,723
	<b>78,942</b>	<b>50,228</b>	<b>129,170</b>	<b>4,207</b>	<b>133,377</b>
	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue	Total
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million	from other sources HK\$ million	
Hong Kong	14,896	1,787	16,683	20	16,703
Mainland China	11,693	209	11,902	17	11,919
The People's Republic of China	26,589	1,996	28,585	37	28,622
Europe	31,607	40,085	71,692	950	72,642
Canada	-	-	-	127	127
Asia, Australia and Others	14,468	9,158	23,626	362	23,988
	<b>46,075</b>	<b>49,243</b>	<b>95,318</b>	<b>1,439</b>	<b>96,757</b>
	<b>72,664</b>	<b>51,239</b>	<b>123,903</b>	<b>1,476</b>	<b>125,379</b>
Finance & Investments and Others	5,310	89	5,399	580	5,979
	<b>77,974</b>	<b>51,328</b>	<b>129,302</b>	<b>2,056</b>	<b>131,358</b>

\* See note 5 for operating segment information.

#### 4 Revenue (continued)

##### (c) Contract balances related to contracts with customers within the scope of HKFRS 15

Under HKFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of HKFRS 15.

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 22)	<b>15,301</b>	14,945
Trade receivables, which are included in "Assets classified as held for sale" (see note 23)	-	21
Contract assets (see notes 20 and 22)	<b>5,909</b>	6,314
Contract liabilities (see note 25)	<b>(6,592)</b>	(6,027)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. For the six months ended 30 June 2023, HK\$300 million (30 June 2022: HK\$514 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. For the six months ended 30 June 2023, HK\$387 million (30 June 2022: HK\$438 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK\$2,574 million (30 June 2022: HK\$2,754 million) was recognised as revenue for the six months ended 30 June 2023 that was included in the contract liability balance at the beginning of the year.

#### 5 Operating segment information

##### (a) Description of segments and basis of presentation of segment information

As at 30 June 2023, the Group has four core businesses – ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

###### *Ports and Related Services:*

The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

###### *Retail:*

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 151 million loyalty member base. ASW operated 12 retail brands with 16,164 stores in 28 markets worldwide as at 30 June 2023.

## 5 Operating segment information (continued)

### (a) Description of segments and basis of presentation of segment information (continued)

#### *Infrastructure:*

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange as well as 10% of the economic benefits derived from the Group's direct holdings in six infrastructure investments co-owned with CKI, comprising of interests in Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

#### *Telecommunications:*

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") which consolidates the 3 Group businesses in Europe ("3 Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange, as well as Hutchison Asia Telecommunications.

Finance & Investments and Others is presented to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position. Finance & Investments and Others covers the activities of other areas of the Group that are not presented separately and includes a 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 25.05% attributable interest in a listed associated company TPG Telecom Limited ("TPG"), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated companies Hutchison China MediTech ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy Inc. ("Cenovus Energy"), corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items.

The Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for or superior to the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative periods, and the Group's consolidated statement of financial position as at 30 June 2023 and 31 December 2022.

## 5 Operating segment information (continued)

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

#### (i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated mainly attributable to Retail of HK\$40 million (30 June 2022: HK\$24 million), Hutchison Telecommunications Hong Kong Holdings of HK\$14 million (30 June 2022: HK\$10 million) and Hutchison Asia Telecommunications of HK\$1 million (30 June 2022: HK\$1 million).

	Revenue							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	14,789	5,074	19,863	9%	15,523	7,128	22,651	10%
Retail	65,165	23,454	88,619	40%	64,145	20,760	84,905	37%
Infrastructure	3,530	24,010	27,540	12%	3,421	24,179	27,600	12%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	38,747	4	38,751	17%	39,402	5	39,407	17%
Hutchison Telecommunications								
Hong Kong Holdings	2,328	-	2,328	1%	2,298	-	2,298	1%
Corporate and Others	621	61	682	-	60	52	112	-
Hutchison Asia Telecommunications	41,696	65	41,761	18%	41,760	57	41,817	18%
Finance & Investments and Others	474	5,301	5,775	3%	530	5,309	5,839	3%
	7,723	32,586	40,309	18%	5,979	40,825	46,804	20%
	<b>133,377</b>	<b>90,490</b>	<b>223,867</b>	<b>100%</b>	131,358	98,258	229,616	100%
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	556	556		-	680	680	
Divestiture of infrastructure investments	-	357	357		-	410	410	
	<b>133,377</b>	<b>91,403</b>	<b>224,780</b>		131,358	99,348	230,706	
HKFRS 16 impact	-	-	-		-	-	-	
	<b>133,377</b>	<b>91,403</b>	<b>224,780</b>		131,358	99,348	230,706	

## 5 Operating segment information (continued)

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

The Group uses two measures of segment results, EBITDA (see note 5(b)(xiv)) and EBIT (see note 5(b)(xv)). Analyses of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

#### (ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) <sup>(xiv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Ports and Related Services	4,677	1,832	6,509	13%	4,972	3,301	8,273	14%
Retail	5,210	1,846	7,056	14%	4,461	1,569	6,030	10%
Infrastructure	1,738	12,943	14,681	29%	1,781	13,083	14,864	26%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	10,104	156	10,260	21%	11,689	-	11,689	20%
Hutchison Telecommunications	583	31	614	1%	467	29	496	1%
Hong Kong Holdings	(853)	(2)	(855)	-2%	314	13	327	1%
Corporate and Others								
	9,834	185	10,019	20%	12,470	42	12,512	22%
Hutchison Asia Telecommunications <sup>(xvii)</sup>	24	1,853	1,877	4%	5,114	2,458	7,572	13%
Finance & Investments and Others <sup>(xvi)</sup>	3,348	6,443	9,791	20%	387	8,606	8,993	15%
<b>EBITDA</b>	<b>24,831</b>	<b>25,102</b>	<b>49,933</b>	<b>100%</b>	<b>29,185</b>	<b>29,059</b>	<b>58,244</b>	<b>100%</b>
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	378	378		-	467	467	
<b>EBITDA <sup>^</sup></b>	<b>24,831 <sup>^</sup></b>	<b>25,480 <sup>^</sup></b>	<b>50,311 <sup>^</sup></b>		<b>29,185 <sup>^</sup></b>	<b>29,526 <sup>^</sup></b>	<b>58,711 <sup>^</sup></b>	
Depreciation and amortisation	(12,650)	(9,952)	(22,602)		(13,328)	(10,538)	(23,866)	
Interest expenses and other finance costs	(4,462)	(5,295)	(9,757)		(3,227)	(4,645)	(7,872)	
Current tax	(1,573)	(1,719)	(3,292)		(1,752)	(1,730)	(3,482)	
Deferred tax	189	(458)	(269)		(449)	(1,450)	(1,899)	
Non-controlling interests	(3,148)	(234)	(3,382)		(3,544)	(308)	(3,852)	
	3,187	7,822	11,009		6,885	10,855	17,740	
<b>HKFRS 16 impact</b>								
EBITDA <sup>^</sup>	8,449 <sup>^</sup>	2,769 <sup>^</sup>	11,218 <sup>^</sup>		9,908 <sup>^</sup>	2,373 <sup>^</sup>	12,281 <sup>^</sup>	
Depreciation and amortisation	(7,025)	(2,047)	(9,072)		(7,345)	(1,803)	(9,148)	
Interest expenses and other finance costs	(1,225)	(753)	(1,978)		(1,166)	(646)	(1,812)	
Current tax	-	-	-		(2)	-	(2)	
Deferred tax	9	9	18		(3)	4	1	
Non-controlling interests	13	-	13		28	-	28	
	3,408	7,800	11,208		8,305	10,783	19,088	
<b><sup>^</sup> Reconciliation to Post-HKFRS 16 basis EBITDA:</b>								
Pre-HKFRS 16 basis EBITDA per above	24,831	25,480	50,311		29,185	29,526	58,711	
HKFRS 16 impact per above	8,449	2,769	11,218		9,908	2,373	12,281	
Post-HKFRS 16 basis EBITDA (see note 32(a)(i))	33,280	28,249	61,529		39,093	31,899	70,992	



## 5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) <sup>(xv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	Total HK\$ million	%
Ports and Related Services	3,245	1,092	4,337	16%	3,494	2,548	6,042	17%
Retail	3,928	1,492	5,420	20%	3,115	1,216	4,331	12%
Infrastructure	1,594	8,447	10,041	37%	1,618	8,233	9,851	29%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	10,104	156	10,260		11,689	-	11,689	
Depreciation	(5,441)	(128)	(5,569)		(5,803)	-	(5,803)	
Amortisation of licence fees, customer acquisition and retention costs and other rights	(3,548)	-	(3,548)		(3,698)	-	(3,698)	
EBIT - 3 Group Europe	1,115	28	1,143	4%	2,188	-	2,188	7%
Hutchison Telecommunications								
Hong Kong Holdings	41	8	49	-	(42)	6	(36)	-
Corporate and Others	(855)	(2)	(857)	-3%	309	13	322	-
Hutchison Asia Telecommunications <sup>(xvii)</sup>	301	34	335	1%	2,455	19	2,474	7%
Finance & Investments and Others <sup>(xvi)</sup>	(141)	864	723	2%	4,888	1,159	6,047	18%
EBIT	12,181	15,286	27,467	100%	15,857	18,658	34,515	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	-	242	242		-	330	330	
EBIT <sup>^</sup>	12,181 <sup>^</sup>	15,528 <sup>^</sup>	27,709 <sup>^</sup>		15,857 <sup>^</sup>	18,988 <sup>^</sup>	34,845 <sup>^</sup>	
Interest expenses and other finance costs	(4,462)	(5,295)	(9,757)		(3,227)	(4,645)	(7,872)	
Current tax	(1,573)	(1,719)	(3,292)		(1,752)	(1,730)	(3,482)	
Deferred tax	189	(458)	(269)		(449)	(1,450)	(1,899)	
Non-controlling interests	(3,148)	(234)	(3,382)		(3,544)	(308)	(3,852)	
	3,187	7,822	11,009		6,885	10,855	17,740	
HKFRS 16 impact								
EBIT <sup>^</sup>	1,424 <sup>^</sup>	722 <sup>^</sup>	2,146 <sup>^</sup>		2,563 <sup>^</sup>	570 <sup>^</sup>	3,133 <sup>^</sup>	
Interest expenses and other finance costs	(1,225)	(753)	(1,978)		(1,166)	(646)	(1,812)	
Current tax	-	-	-		(2)	-	(2)	
Deferred tax	9	9	18		(3)	4	1	
Non-controlling interests	13	-	13		28	-	28	
	3,408	7,800	11,208		8,305	10,783	19,088	
<sup>^</sup> Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	12,181	15,528	27,709		15,857	18,988	34,845	
HKFRS 16 impact per above	1,424	722	2,146		2,563	570	3,133	
Post-HKFRS 16 basis EBIT	13,605	16,250	29,855		18,420	19,558	37,978	

## 5 Operating segment information (continued)

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

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Company and Subsidiaries	Associates and JV	Total	Company and Subsidiaries	Associates and JV	Total
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	1,432	740	2,172	1,478	753	2,231
Retail	1,282	354	1,636	1,346	353	1,699
Infrastructure	144	4,496	4,640	163	4,850	5,013
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	8,989	128	9,117	9,501	-	9,501
Hutchison Telecommunications Hong Kong Holdings	542	23	565	509	23	532
Corporate and Others	2	-	2	5	-	5
	9,533	151	9,684	10,015	23	10,038
Hutchison Asia Telecommunications	165	989	1,154	226	1,299	1,525
Finance & Investments and Others	94	3,086	3,180	100	3,123	3,223
	12,650	9,816	22,466	13,328	10,401	23,729
<i>Portion attributable to:</i>						
Non-controlling interests of HPH Trust	-	136	136	-	137	137
	12,650	9,952	22,602	13,328	10,538	23,866
HKFRS 16 impact	7,025	2,047	9,072	7,345	1,803	9,148
	19,675	11,999	31,674	20,673	12,341	33,014

(v) An analysis of capital expenditure by segments

	Capital expenditure <sup>(xxi)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Fixed assets	Telecom- munications licences	Brand names and other rights	Total	Fixed assets	Telecom- munications licences	Brand names and other rights	Total
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	2,209	-	-	2,209	968	-	-	968
Retail	863	-	-	863	780	-	-	780
Infrastructure	160	-	2	162	89	-	3	92
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	6,388	1,005	643	8,036	8,112	-	612	8,724
Hutchison Telecommunications Hong Kong Holdings	163	-	-	163	157	138	-	295
Corporate and Others	1	-	-	1	-	-	2	2
	6,552	1,005	643	8,200	8,269	138	614	9,021
Hutchison Asia Telecommunications	69	4	-	73	153	-	14	167
Finance & Investments and Others	65	-	4	69	27	-	3	30
	9,918	1,009	649	11,576	10,286	138	634	11,058
HKFRS 16 impact	(172)	-	-	(172)	(275)	-	-	(275)
	9,746	1,009	649	11,404	10,011	138	634	10,783

## 5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Total assets								
	30 June 2023				31 December 2022				
	Segment assets <sup>(xix)</sup>	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets	Segment assets <sup>(xix)</sup>	Deferred tax assets	Assets classified as held for sale <sup>(xxii)</sup>	Investments in associated companies and interests in joint ventures	Total assets
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	74,419	492	21,776	96,687	72,263	352	-	23,200	95,815
Retail	199,562	1,397	16,033	216,992	198,358	1,471	-	15,630	215,459
Infrastructure	59,631	1	171,191	230,823	65,516	3	-	165,138	230,657
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	273,764	16,066	2,633	292,463	263,859	15,067	5,178	10	284,114
Hutchison Telecommunications									
Hong Kong Holdings	15,888	4	135	16,027	16,148	4	-	157	16,309
Corporate and Others	34,483	-	2	34,485	35,040	-	-	2	35,042
	324,135	16,070	2,770	342,975	315,047	15,071	5,178	169	335,465
Hutchison Asia									
Telecommunications	2,597	-	14,256	16,853	2,668	-	-	15,395	18,063
Finance & Investments and Others	128,214	62	73,667	201,943	130,789	57	-	71,635	202,481
	788,558	18,022	299,693	1,106,273	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	52,878	1,629	(1,946)	52,561	49,919	1,555	918	(1,895)	50,497
	841,436	19,651	297,747	1,158,834	834,560	18,509	6,096	289,272	1,148,437

(vii) An analysis of total liabilities by segments

	Total liabilities								
	30 June 2023				31 December 2022				
	Segment liabilities <sup>(xix)</sup>	Current & non-current borrowings <sup>(xx)</sup> and other liabilities	Current & deferred tax liabilities	Total liabilities	Segment liabilities <sup>(xix)</sup>	Current & non-current borrowings <sup>(xx)</sup> and other liabilities	Liabilities directly associated with assets classified as held for sale <sup>(xxii)</sup>	Current & deferred tax liabilities	Total liabilities
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	10,872	15,320	4,704	30,896	10,948	14,604	-	4,696	30,248
Retail	24,911	7,247	10,481	42,639	24,598	10,531	-	10,619	45,748
Infrastructure	6,313	25,894	572	32,779	7,338	28,416	-	556	36,310
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	32,340	15,578	3,555	51,473	37,008	14,989	207	3,393	55,597
Hutchison Telecommunications									
Hong Kong Holdings	1,795	2,338	77	4,210	1,808	2,371	-	50	4,229
Corporate and Others	1,242	53,551	16	54,809	777	50,923	-	11	51,711
	35,377	71,467	3,648	110,492	39,593	68,283	207	3,454	111,537
Hutchison Asia									
Telecommunications	990	354	1	1,345	939	533	-	1	1,473
Finance & Investments and Others	8,992	198,702	4,784	212,478	9,721	197,490	-	4,859	212,070
	87,455	318,984	24,190	430,629	93,137	319,857	207	24,185	437,386
HKFRS 16 impact	68,123	(1,162)	(1,042)	65,919	64,781	(1,065)	920	(894)	63,742
	155,578	317,822	23,148	496,548	157,918	318,792	1,127	23,291	501,128

## 5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong	14,768	2,184	16,952	8%	16,703	2,270	18,973	8%
Mainland China	10,873	3,809	14,682	6%	11,919	5,841	17,760	8%
The People's Republic of China	25,641	5,993	31,634	14%	28,622	8,111	36,733	16%
Europe	73,664	37,232	110,896	50%	72,642	34,755	107,397	47%
Canada	119	1,854	1,973	1%	127	1,630	1,757	1%
Asia, Australia and Others	26,230	12,825	39,055	17%	23,988	12,937	36,925	16%
	100,013	51,911	151,924	68%	96,757	49,322	146,079	64%
	125,654	57,904	183,558	82%	125,379	57,433	182,812	80%
Finance & Investments and Others	7,723	32,586	40,309	18%	5,979	40,825	46,804	20%
	133,377	90,490	223,867	** 100%	131,358	98,258	229,616	** 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) <sup>(xiv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong	615	823	1,438	3%	851	944	1,795	3%
Mainland China	1,090	1,237	2,327	5%	611	2,467	3,078	5%
The People's Republic of China	1,705	2,060	3,765	8%	1,462	3,411	4,873	8%
Europe	13,712	9,858	23,570	47%	16,816	9,431	26,247	45%
Canada	126	1,102	1,228	2%	128	872	1,000	2%
Asia, Australia and Others	5,940	5,639	11,579	23%	10,392	6,739	17,131	30%
	19,778	16,599	36,377	72%	27,336	17,042	44,378	77%
	21,483	18,659	40,142	80%	28,798	20,453	49,251	85%
Finance & Investments and Others	3,348	6,443	9,791	20%	387	8,606	8,993	15%
	24,831	25,102	49,933	## 100%	29,185	29,059	58,244	## 100%

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

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) <sup>(xv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
Hong Kong	(149)	358	209	1%	124	465	589	2%
Mainland China	635	851	1,486	5%	86	2,070	2,156	6%
The People's Republic of China	486	1,209	1,695	6%	210	2,535	2,745	8%
Europe	3,745	6,889	10,634	39%	6,310	6,281	12,591	36%
Canada	126	768	894	3%	127	536	663	2%
Asia, Australia and Others	4,570	3,063	7,633	28%	8,923	3,823	12,746	37%
	8,441	10,720	19,161	70%	15,360	10,640	26,000	75%
	8,927	11,929	20,856	76%	15,570	13,175	28,745	83%
Finance & Investments and Others	3,254	3,357	6,611	24%	287	5,483	5,770	17%
	12,181	15,286	27,467	@@ 100%	15,857	18,658	34,515	@@ 100%

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included 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 <sup>(xxi)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Fixed	Telecom-	Brand names	Total	Fixed	Telecom-	Brand names	Total
	assets	munications	and other		assets	munications	and other	
HK\$ million	licences	rights	HK\$ million	HK\$ million	licences	rights	HK\$ million	
Hong Kong	471	-	-	471	393	138	-	531
Mainland China	135	-	-	135	88	-	-	88
The People's Republic of China	606	-	-	606	481	138	-	619
Europe	7,146	1,005	643	8,794	8,713	-	614	9,327
Asia, Australia and Others	2,101	4	2	2,107	1,065	-	17	1,082
	9,247	1,009	645	10,901	9,778	-	631	10,409
	9,853	1,009	645	11,507	10,259	138	631	11,028
Finance & Investments and Others	65	-	4	69	27	-	3	30
	9,918	1,009	649	11,576	10,286	138	634	11,058
HKFRS 16 impact	(172)	-	-	(172)	(275)	-	-	(275)
	9,746	1,009	649	11,404	10,011	138	634	10,783

(xii) An analysis of total assets by geographical locations

	Total assets								
	30 June 2023				31 December 2022				
	Segment assets <sup>(xix)</sup>	Deferred tax assets	Investments in associated companies and interests in joint ventures	Total assets	Segment assets <sup>(xix)</sup>	Deferred tax assets	Assets classified for sale <sup>(xxii)</sup>	Investments in associated companies and interests in joint ventures	Total assets
Hong Kong	45,136	87	10,977	56,200	52,253	79	-	10,708	63,040
Mainland China	34,938	660	15,542	51,140	37,850	765	-	17,209	55,824
The People's Republic of China	80,074	747	26,519	107,340	90,103	844	-	27,917	118,864
Europe	439,810	16,472	115,730	572,012	420,785	15,512	5,178	106,525	548,000
Canada	5,519	2	12,704	18,225	4,169	3	-	12,238	16,410
Asia, Australia and Others	134,941	739	71,073	206,753	138,795	538	-	72,852	212,185
	580,270	17,213	199,507	796,990	563,749	16,053	5,178	191,615	776,595
	660,344	17,960	226,026	904,330	653,852	16,897	5,178	219,532	895,459
Finance & Investments and Others	128,214	62	73,667	201,943	130,789	57	-	71,635	202,481
	788,558	18,022	299,693	1,106,273	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	52,878	1,629	(1,946)	52,561	49,919	1,555	918	(1,895)	50,497
	841,436	19,651	297,747	1,158,834	834,560	18,509	6,096	289,272	1,148,437

## 5 Operating segment information (continued)

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

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

An analysis by segments of EBITDA before net gains from major transaction activities and other one-off items

	EBITDA (LBITDA) <sup>(xiv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries		Associates and JV		Company and Subsidiaries		Associates and JV	
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
EBITDA before one-off items								
Ports and Related Services	4,677	1,832	6,509	13%	4,972	3,301	8,273	16%
Retail	5,210	1,846	7,056	14%	4,461	1,569	6,030	11%
Infrastructure	1,738	12,943	14,681	29%	1,781	13,083	14,864	28%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	10,104	156	10,260	21%	11,689	-	11,689	22%
Hutchison Telecommunications								
Hong Kong Holdings	583	31	614	1%	467	29	496	1%
Corporate and Others	(853)	(2)	(855)	-2%	314	13	327	-
	9,834	185	10,019	20%	12,470	42	12,512	23%
Hutchison Asia Telecommunications	24	1,853	1,877	4%	(24)	2,458	2,434	5%
Finance & Investments and Others <sup>(xvi)</sup>	3,348	6,443	9,791	20%	387	8,606	8,993	17%
	24,831	25,102	49,933	100%	24,047	29,059	53,106	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia <sup>(xvii)</sup>	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka <sup>(xvii)</sup>	-	-	-		(962)	-	(962)	
	24,831	25,102	49,933	##	29,185	29,059	58,244	##

## see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included 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 by geographical locations of EBITDA before net gains from major transaction activities and other one-off items

	EBITDA (LBITDA) <sup>(xiv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HKS million	HKS million	HKS million		HKS million	HKS million	HKS million	
EBITDA before one-off items								
Hong Kong	615	823	1,438	3%	851	944	1,795	3%
Mainland China	1,090	1,237	2,327	5%	611	2,467	3,078	6%
The People's Republic of China	1,705	2,060	3,765	8%	1,462	3,411	4,873	9%
Europe	13,712	9,858	23,570	47%	16,816	9,431	26,247	49%
Canada	126	1,102	1,228	2%	128	872	1,000	2%
Asia, Australia and Others	5,940	5,639	11,579	23%	5,254	6,739	11,993	23%
	19,778	16,599	36,377	72%	22,198	17,042	39,240	74%
Finance & Investments and Others <sup>(xvi)</sup>	21,483	18,659	40,142	80%	23,660	20,453	44,113	83%
	3,348	6,443	9,791	20%	387	8,606	8,993	17%
	24,831	25,102	49,933	100%	24,047	29,059	53,106	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia <sup>(xvii)</sup>	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka <sup>(xvii)</sup>	-	-	-		(962)	-	(962)	
	24,831	25,102	49,933	##	29,185	29,059	58,244	##

## see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included 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 by segments of EBIT before net gains from major transaction activities and other one-off items

	EBIT (LBIT) <sup>(xv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
EBIT before one-off items								
Ports and Related Services	3,245	1,092	4,337	16%	3,494	2,548	6,042	21%
Retail	3,928	1,492	5,420	20%	3,115	1,216	4,331	15%
Infrastructure	1,594	8,447	10,041	37%	1,618	8,233	9,851	33%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	1,115	28	1,143	4%	2,188	-	2,188	7%
Hutchison Telecommunications								
Hong Kong Holdings	41	8	49	-	(42)	6	(36)	-
Corporate and Others	(855)	(2)	(857)	-3%	309	13	322	1%
	301	34	335	1%	2,455	19	2,474	8%
Hutchison Asia Telecommunications	(141)	864	723	2%	(250)	1,159	909	3%
Finance & Investments and Others <sup>(xvi)</sup>	3,254	3,357	6,611	24%	287	5,483	5,770	20%
	12,181	15,286	27,467	100%	10,719	18,658	29,377	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia <sup>(xvii)</sup>	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka <sup>(xvii)</sup>	-	-	-		(962)	-	(962)	
	12,181	15,286	27,467	@@	15,857	18,658	34,515	@@

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included 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 by geographical locations of EBIT before net gains from major transaction activities and other one-off items

	EBIT (LBIT) <sup>(xv)</sup>							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries	Associates and JV	Total	%	Company and Subsidiaries	Associates and JV	Total	%
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
EBIT before one-off items								
Hong Kong	(149)	358	209	1%	124	465	589	2%
Mainland China	635	851	1,486	5%	86	2,070	2,156	7%
The People's Republic of China	486	1,209	1,695	6%	210	2,535	2,745	9%
Europe	3,745	6,889	10,634	39%	6,310	6,281	12,591	43%
Canada	126	768	894	3%	127	536	663	2%
Asia, Australia and Others	4,570	3,063	7,633	28%	3,785	3,823	7,608	26%
	8,441	10,720	19,161	70%	10,222	10,640	20,862	71%
Finance & Investments and Others <sup>(xvi)</sup>	8,927	11,929	20,856	76%	10,432	13,175	23,607	80%
	3,254	3,357	6,611	24%	287	5,483	5,770	20%
	12,181	15,286	27,467	100%	10,719	18,658	29,377	100%
One-off items								
Gains from disposal of telecommunications business in Indonesia <sup>(xvii)</sup>	-	-	-		6,100	-	6,100	
Impairment of telecommunications business in Sri Lanka <sup>(xvii)</sup>	-	-	-		(962)	-	(962)	
	12,181	15,286	27,467	@@	15,857	18,658	34,515	@@

@@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included 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) On 14 June 2023, the Group entered into a warrant repurchase agreement with Cenovus Energy, under which the Group sold 26.3 million Cenovus Energy share warrants to Cenovus Energy for a total consideration of approximately C\$410 million. Before their disposal, these share warrants, as hedging instrument in a cash flow hedge, were measured at fair value through other comprehensive income and reported under "Finance & Investments and Others" in the segment information note and under other non-current assets in the consolidated balance sheet. The disposal has resulted in a gain (after reclassification adjustments of hedging gains to profit or loss) of approximately HK\$1,829 million (HK\$1,829 million at Post-HKFRS 16 basis). This gain amount is reported under "Finance & Investments and Others" in the segment results and under "Other income and gains" in the consolidated income statement.
- (xvii) Included in the comparative period balance are (a) an impairment charge of HK\$962 million (HK\$1,000 million at Post-HKFRS 16 basis) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka and (b) a disposal gain of HK\$6,100 million (HK\$7,245 million at Post-HKFRS 16 basis) arising from the completion of the merger of the Group's telecommunications business in Indonesia with PT Indosat Tbk. These two items are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, the impairment charge of HK\$1,000 million is reported in "Other expenses and losses" (see note 6(b)) and the disposal gain of HK\$7,245 million is reported in "Other income and gains" (see note 32(d)).
- (xviii) 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)

(xix) 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 intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

See note 5(b)(vi) and 5(b)(vii) for reconciliation of segment assets and segment liabilities from Pre-HKFRS 16 basis to Post-HKFRS 16 basis.

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

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Hong Kong	<b>69,112</b>	76,195
Mainland China	<b>59,747</b>	63,398
The People's Republic of China	<b>128,859</b>	139,593
Europe	<b>517,579</b>	487,612
Canada	<b>62,132</b>	59,262
Asia, Australia and Others	<b>194,399</b>	193,888
	<b>774,110</b>	740,762
	<b>902,969</b>	880,355

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

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

(xxii) See note 23.

## 5 Operating segment information (continued)

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

(i) Consolidated Income Statement

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million
Revenue	133,377	-	133,377	131,358	-	131,358
Cost of inventories sold	(51,139)	18	(51,121)	(50,892)	22	(50,870)
Staff costs	(19,445)	-	(19,445)	(19,006)	-	(19,006)
Expensed customer acquisition and retention costs	(7,199)	194	(7,005)	(7,281)	212	(7,069)
Depreciation and amortisation	(12,650)	(7,025)	(19,675)	(13,328)	(7,345)	(20,673)
Other expenses and losses	(32,810)	8,237	(24,573)	(31,361)	8,529	(22,832)
Other income and gains	2,047	-	2,047	6,367	1,145	7,512
Share of profits less losses of:						
Associated companies	4,100	(20)	4,080	6,791	(9)	6,782
Joint ventures	3,722	(2)	3,720	4,064	(63)	4,001
	20,003	1,402	21,405	26,712	2,491	29,203
Interest expenses and other finance costs	(4,462)	(1,225)	(5,687)	(3,227)	(1,166)	(4,393)
<b>Profit before tax</b>	<b>15,541</b>	<b>177</b>	<b>15,718</b>	<b>23,485</b>	<b>1,325</b>	<b>24,810</b>
Current tax charge	(1,573)	-	(1,573)	(1,752)	(2)	(1,754)
Deferred tax credit (charge)	189	9	198	(449)	(3)	(452)
<b>Profit after tax</b>	<b>14,157</b>	<b>186</b>	<b>14,343</b>	<b>21,284</b>	<b>1,320</b>	<b>22,604</b>
<b>Profit attributable to non-controlling interests and holders of perpetual capital securities</b>	<b>(3,148)</b>	<b>13</b>	<b>(3,135)</b>	<b>(3,544)</b>	<b>28</b>	<b>(3,516)</b>
<b>Profit attributable to ordinary shareholders</b>	<b>11,009</b>	<b>199</b>	<b>11,208</b>	<b>17,740</b>	<b>1,348</b>	<b>19,088</b>
<b>Earnings per share for profit attributable to ordinary shareholders</b>	<b>HK\$ 2.87</b>	<b>HK\$ 0.06</b>	<b>HK\$ 2.93</b>	<b>HK\$ 4.63</b>	<b>HK\$ 0.35</b>	<b>HK\$ 4.98</b>

## 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

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million
<b>Profit after tax</b>	<b>14,157</b>	<b>186</b>	<b>14,343</b>	21,284	1,320	22,604
<b>Other comprehensive income (losses)</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Changes in fair value of equity instruments at fair value through other comprehensive income	605	-	605	(211)	-	(211)
Remeasurement of defined benefit obligations	101	-	101	941	-	941
Share of other comprehensive income (losses) of associated companies	(539)	-	(539)	199	-	199
Share of other comprehensive income of joint ventures	94	-	94	276	-	276
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(36)	-	(36)	(224)	-	(224)
	225	-	225	981	-	981
<b>Items that may be reclassified to profit or loss</b>						
Changes in fair value of debt instruments at fair value through other comprehensive income	(4)	-	(4)	(240)	-	(240)
Exchange gains (losses) on translation of foreign operations	9,211	(270)	8,941	(15,275)	495	(14,780)
Exchange losses reclassified to profit or loss	337	-	337	585	7	592
Gains (losses) on cash flow hedges	(1,145)	-	(1,145)	811	-	811
Gains (losses) on net investment hedges	(1,378)	-	(1,378)	3,957	-	3,957
Reclassification adjustments for hedging gains included in profit or loss	(1,735)	-	(1,735)	-	-	-
Share of other comprehensive income (losses) of associated companies	2,594	(7)	2,587	(112)	8	(104)
Share of other comprehensive income (losses) of joint ventures	4,203	(22)	4,181	(2,623)	32	(2,591)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	(1)	-	(1)	(5)	-	(5)
	12,082	(299)	11,783	(12,902)	542	(12,360)
Other comprehensive income (losses), net of tax	12,307	(299)	12,008	(11,921)	542	(11,379)
<b>Total comprehensive income</b>	<b>26,464</b>	<b>(113)</b>	<b>26,351</b>	9,363	1,862	11,225
<b>Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities</b>	<b>(4,410)</b>	<b>86</b>	<b>(4,324)</b>	(2,748)	(133)	(2,881)
<b>Total comprehensive income attributable to ordinary shareholders</b>	<b>22,054</b>	<b>(27)</b>	<b>22,027</b>	6,615	1,729	8,344

## 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

	30 June 2023			31 December 2022		
	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million
<b>Non-current assets</b>						
Fixed assets	119,123	(2,132)	116,991	114,564	(1,914)	112,650
Right-of-use assets	-	62,655	62,655	-	59,337	59,337
Leasehold land	6,129	(6,129)	-	6,129	(6,129)	-
Telecommunications licences	63,739	-	63,739	60,689	-	60,689
Brand names and other rights	84,122	-	84,122	83,694	-	83,694
Goodwill	270,548	-	270,548	268,008	-	268,008
Associated companies	143,394	(791)	142,603	141,475	(764)	140,711
Interests in joint ventures	156,299	(1,155)	155,144	149,692	(1,131)	148,561
Deferred tax assets	18,022	1,629	19,651	16,954	1,555	18,509
Liquid funds and other listed investments	17,995	-	17,995	16,103	-	16,103
Other non-current assets	13,097	525	13,622	15,358	542	15,900
	892,468	54,602	947,070	872,666	51,496	924,162
<b>Current assets</b>						
Cash and cash equivalents	128,740	-	128,740	138,085	-	138,085
Inventories	24,742	-	24,742	23,283	-	23,283
Trade receivables and other current assets	60,323	(2,041)	58,282	58,728	(1,917)	56,811
	213,805	(2,041)	211,764	220,096	(1,917)	218,179
Assets classified as held for sale	-	-	-	5,178	918	6,096
	213,805	(2,041)	211,764	225,274	(999)	224,275
<b>Current liabilities</b>						
Bank and other debts	43,539	(435)	43,104	70,430	(300)	70,130
Current tax liabilities	3,787	(164)	3,623	4,040	(39)	4,001
Lease liabilities	-	13,445	13,445	-	12,128	12,128
Trade payables and other current liabilities	85,247	(962)	84,285	90,407	(1,278)	89,129
	132,573	11,884	144,457	164,877	10,511	175,388
Liabilities directly associated with assets classified as held for sale	-	-	-	207	920	1,127
	132,573	11,884	144,457	165,084	11,431	176,515
Net current assets	81,232	(13,925)	67,307	60,190	(12,430)	47,760
Total assets less current liabilities	973,700	40,677	1,014,377	932,856	39,066	971,922
<b>Non-current liabilities</b>						
Bank and other debts	240,467	(727)	239,740	214,963	(767)	214,196
Interest bearing loans from non-controlling shareholders	2,549	-	2,549	2,567	-	2,567
Lease liabilities	-	55,640	55,640	-	53,931	53,931
Deferred tax liabilities	20,403	(878)	19,525	20,145	(855)	19,290
Pension obligations	2,208	-	2,208	2,730	-	2,730
Other non-current liabilities	32,429	-	32,429	31,897	2	31,899
	298,056	54,035	352,091	272,302	52,311	324,613
<b>Net assets</b>	675,644	(13,358)	662,286	660,554	(13,245)	647,309
<b>Capital and reserves</b>						
Share capital	3,830	-	3,830	3,830	-	3,830
Share premium	242,972	-	242,972	242,972	-	242,972
Reserves	300,029	(9,483)	290,546	286,167	(9,456)	276,711
Total ordinary shareholders' funds	546,831	(9,483)	537,348	532,969	(9,456)	523,513
Perpetual capital securities	4,483	-	4,483	4,561	-	4,561
Non-controlling interests	124,330	(3,875)	120,455	123,024	(3,789)	119,235
<b>Total equity</b>	675,644	(13,358)	662,286	660,554	(13,245)	647,309

## 5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows

	Six months ended 30 June 2023			Six months ended 30 June 2022		
	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million	Pre- HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post- HKFRS 16 basis HK\$ million
	(A)		(B)	(A)		(B)
<b>Operating activities</b>						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	27,137	8,416	35,553	28,229	8,553	36,782
Interest expenses and other finance costs paid (net of capitalisation)	(4,396)	(1,225)	(5,621)	(3,235)	(1,166)	(4,401)
Tax paid	(1,760)	-	(1,760)	(1,774)	-	(1,774)
<b>Funds from operations (Funds from operations under (B) is before principal elements of lease payments)</b>	<b>20,981</b>	<b>7,191</b>	<b>28,172</b>	<b>23,220</b>	<b>7,387</b>	<b>30,607</b>
Changes in working capital	(7,140)	159	(6,981)	(2,504)	(69)	(2,573)
<b>Net cash from operating activities</b>	<b>13,841</b>	<b>7,350</b>	<b>21,191</b>	<b>20,716</b>	<b>7,318</b>	<b>28,034</b>
<b>Investing activities</b>						
Purchase of fixed assets	(9,918)	172	(9,746)	(10,286)	275	(10,011)
Additions to telecommunications licences	(1,009)	-	(1,009)	(138)	-	(138)
Additions to brand names and other rights	(649)	-	(649)	(634)	-	(634)
Purchase of subsidiary companies, net of cash acquired	(79)	-	(79)	-	-	-
Additions to unlisted investments	(39)	-	(39)	(391)	-	(391)
Repayments of loans from associated companies and joint ventures	2,241	-	2,241	395	-	395
Purchase of and advances to associated companies and joint ventures	(95)	-	(95)	(3,315)	-	(3,315)
Proceeds from disposal of fixed assets	19	-	19	226	-	226
Proceeds from disposal of subsidiary companies, net of cash disposed	2,563	-	2,563	(683)	-	(683)
Proceeds from disposal of joint ventures	723	-	723	-	-	-
Proceeds from disposal of other unlisted investments	74	-	74	-	-	-
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(6,169)	172	(5,997)	(14,826)	275	(14,551)
Disposal of liquid funds and other listed investments	15	-	15	176	-	176
Additions to liquid funds and other listed investments	(65)	-	(65)	-	-	-
<b>Cash flows used in investing activities</b>	<b>(6,219)</b>	<b>172</b>	<b>(6,047)</b>	<b>(14,650)</b>	<b>275</b>	<b>(14,375)</b>
<b>Net cash inflow before financing activities</b>	<b>7,622</b>	<b>7,522</b>	<b>15,144</b>	<b>6,066</b>	<b>7,593</b>	<b>13,659</b>
<b>Financing activities</b>						
New borrowings	38,294	(172)	38,122	30,256	(275)	29,981
Repayment of borrowings	(44,162)	150	(44,012)	(60,989)	99	(60,890)
Principal elements of lease payments	-	(7,500)	(7,500)	-	(7,417)	(7,417)
Net loans from (to) non-controlling shareholders	(30)	-	(30)	2,102	-	2,102
Issue of equity securities by subsidiary companies to non-controlling shareholders	-	-	-	85	-	85
Redemption of perpetual capital securities	-	-	-	(7,800)	-	(7,800)
Payments for buy-back and cancellation of issued shares	-	-	-	(3)	-	(3)
Dividends paid to ordinary shareholders	(7,989)	-	(7,989)	(7,132)	-	(7,132)
Dividends paid to non-controlling interests	(2,913)	-	(2,913)	(3,087)	-	(3,087)
Distribution paid on perpetual capital securities	(167)	-	(167)	(316)	-	(316)
<b>Cash flows used in financing activities</b>	<b>(16,967)</b>	<b>(7,522)</b>	<b>(24,489)</b>	<b>(46,884)</b>	<b>(7,593)</b>	<b>(54,477)</b>
Decrease in cash and cash equivalents	(9,345)	-	(9,345)	(40,818)	-	(40,818)
Cash and cash equivalents at 1 January	138,085	-	138,085	153,133	-	153,133
<b>Cash and cash equivalents at 30 June</b>	<b>128,740</b>	<b>-</b>	<b>128,740</b>	<b>112,315</b>	<b>-</b>	<b>112,315</b>
<b>Analysis of cash, liquid funds and other listed investments at 30 June</b>						
Cash and cash equivalents, as above	128,740	-	128,740	112,315	-	112,315
Liquid funds and other listed investments	17,995	-	17,995	7,603	-	7,603
<b>Total cash, liquid funds and other listed investments</b>	<b>146,735</b>	<b>-</b>	<b>146,735</b>	<b>119,918</b>	<b>-</b>	<b>119,918</b>
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	285,928	(1,162)	284,766	288,308	(1,078)	287,230
Interest bearing loans from non-controlling shareholders	2,549	-	2,549	2,624	-	2,624
<b>Net debt</b>	<b>141,742</b>	<b>(1,162)</b>	<b>140,580</b>	<b>171,014</b>	<b>(1,078)</b>	<b>169,936</b>
Interest bearing loans from non-controlling shareholders	(2,549)	-	(2,549)	(2,624)	-	(2,624)
<b>Net debt (excluding interest bearing loans from non-controlling shareholders)</b>	<b>139,193</b>	<b>(1,162)</b>	<b>138,031</b>	<b>168,390</b>	<b>(1,078)</b>	<b>167,312</b>

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

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Cost of goods sold:		
included in “cost of inventories sold”	51,121	50,870
included in “expensed customer acquisition and retention costs”	4,311	4,203
	<b>55,432</b>	<b>55,073</b>
Depreciation and amortisation:		
Fixed assets (see note 11)	8,489	9,009
Right-of-use assets (see note 12(b))	7,293	7,615
Telecommunications licences (see note 13)	477	483
Brand names and other rights (see note 14)	1,626	1,741
Customer acquisition and retention costs (see note 20(a))	1,790	1,825
	<b>19,675</b>	<b>20,673</b>
Other expenses and losses:		
Cost of providing services <sup>(a)</sup>	14,597	12,534
Office and general administrative expenses and others	4,789	4,379
Expenses for short-term, low-value assets leases and payment for variable rent (see note 12(b))	1,672	1,991
Advertising and promotion expenses	2,321	2,276
Legal and professional fees	944	652
Impairment loss against goodwill and other assets of the telecommunications business in Sri Lanka <sup>(b)</sup>	-	1,000
Loss on disposal of a subsidiary (see note 32(d))	250	-
	<b>24,573</b>	<b>22,832</b>
Other income and gains:		
Gains on disposal of financial instruments (see note 5(b)(xvi))	(1,829)	-
Gains on disposal of subsidiaries (see note 32(d))	-	(7,245)
Gains on disposals of interests in associated companies and joint ventures	(213)	(11)
Rent concessions <sup>(c)</sup>	-	(112)
Employment and other subsidies <sup>(d)</sup>	(5)	(144)
	<b>(2,047)</b>	<b>(7,512)</b>

- (a) Cost of providing services of HK\$14,597 million (30 June 2022: HK\$12,534 million) includes telecommunication network related costs of HK\$9,510 million (30 June 2022: HK\$6,168 million), repair and maintenance of HK\$2,051 million (30 June 2022: HK\$3,015 million) and others of HK\$3,036 million (30 June 2022: HK\$3,351 million).



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

- (b) For the comparative period, the impairment charge of HK\$1,000 million arose in the telecommunications business in Sri Lanka, which is included as part of the Telecommunications segment under Hutchison Asia Telecommunications. Sri Lanka was in the midst of a deep and unprecedented economic crisis and facing rampant fuel and food shortages. These external events led the Group to carry out an impairment test on this business at 30 June 2022 and as a result the Group recognised an impairment loss of HK\$1,000 million in the first half of 2022, of which HK\$174 million against goodwill and HK\$826 million against telecommunications licences, tangible and other assets. The impairment loss was primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. The recoverable amount of this business at 30 June 2022 was determined based on value-in-use calculations, as it was not practical to arrive at a fair value less costs of disposal calculations under the current circumstances. The value-in-use calculations used cash flow projections based on the latest financial budget available at 30 June 2022 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 17.6% (31 December 2021: 8.3%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2021: 3%) 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 2021 annual impairment test on this business.
- (c) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.
- (d) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.

## 7 Interest expenses and other finance costs

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Bank loans and overdrafts	1,937	599
Other loans	2	2
Notes and bonds	2,408	2,503
Interest bearing loans from non-controlling shareholders	52	10
Other finance costs	78	109
Amortisation of loan facilities fees and premiums or discounts relating to debts	119	127
Other non-cash interest adjustments <sup>(a)</sup>	(53)	(135)
	<b>4,543</b>	<b>3,215</b>
Less: interest capitalised	(100)	(6)
Interest on lease liabilities (see note 12(b))	1,244	1,184
	<b>5,687</b>	<b>4,393</b>

- (a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK\$170 million (30 June 2022: HK\$248 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

## 8 Tax

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Current tax charge		
Hong Kong	25	49
Outside Hong Kong	1,548	1,705
	<b>1,573</b>	<b>1,754</b>
Deferred tax charge (credit)		
Hong Kong	7	52
Outside Hong Kong	(205)	400
	<b>(198)</b>	<b>452</b>
	<b>1,375</b>	<b>2,206</b>

Hong Kong profits tax has been provided for at the rate of 16.5% (30 June 2022: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

## 9 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\$11,208 million (30 June 2022: HK\$19,088 million) and 3,830,044,500 shares in issue during the six months ended 30 June 2023 (30 June 2022: weighted average number of 3,834,506,599 shares outstanding during the six months ended 30 June 2022).

The Company and its subsidiary companies do not have a share option scheme or other dilutive potential ordinary shares as at 30 June 2023 and 30 June 2022. Certain of the Company's associated companies have employee share options outstanding as at 30 June 2023 and 30 June 2022. The employee share options of these associated companies outstanding as at 30 June 2023 and 30 June 2022 did not have a dilutive effect on earnings per share.

## 10 Distributions and dividends

### (a) Distribution paid on perpetual capital securities

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Distribution paid on perpetual capital securities	167	316

### (b) Dividends

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Interim dividend, declared of HK\$0.756 per share (30 June 2022: HK\$0.84 per share)	2,896	3,221

In addition, final dividend in respect of the year 2022 of HK\$2.086 per share totalling HK\$7,989 million (2021: HK\$1.86 per share totalling HK\$7,132 million) was approved and paid during the current period.

## 11 Fixed assets

	Land and buildings	Telecom- munications network assets	Other assets	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
<b>At 31 December 2022</b>				
Cost	28,981	70,505	88,835	188,321
Accumulated depreciation and impairment	(7,210)	(30,943)	(37,518)	(75,671)
	21,771	39,562	51,317	112,650
<b>Six months ended 30 June 2023</b>				
Opening net book value	21,771	39,562	51,317	112,650
Additions	427	970	8,349	9,746
Relating to subsidiaries acquired (see note 32(c))	-	-	5	5
Disposals	(1)	(22)	(66)	(89)
Depreciation charge for the period	(561)	(3,991)	(3,937)	(8,489)
Transfer between categories	214	4,795	(5,009)	-
Exchange translation differences	365	1,136	1,667	3,168
Closing net book value	22,215	42,450	52,326	116,991
<b>At 30 June 2023</b>				
Cost	30,194	77,889	94,168	202,251
Accumulated depreciation and impairment	(7,979)	(35,439)	(41,842)	(85,260)
	22,215	42,450	52,326	116,991

## 12 Leases

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

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
<b>Right-of-use assets</b>		
Container terminals	15,233	15,225
Retail stores	20,830	20,715
Telecommunications network infrastructure sites	16,012	13,085
Leasehold land	6,129	6,129
Other assets	4,451	4,183
	<b>62,655</b>	59,337
<b>Lease liabilities</b>		
Current	13,445	12,128
Non-current	55,640	53,931
	<b>69,085</b>	66,059

During the six months ended 30 June 2023, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments and, in respect of certain of these new leases, additional variable payments depending on the turnover. On leases that commenced during the six months ended 30 June 2023, the Group has recognised HK\$5,858 million (30 June 2022: HK\$5,047 million) of right-of-use assets, and HK\$5,858 million of lease liabilities (30 June 2022: HK\$5,047 million).

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>HK\$ million</b>	HK\$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	217	364
Expenses relating to leases of low-value assets that are not short term leases (included in "Other expenses and losses")	275	321
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	1,180	1,306
	<b>1,672</b>	1,991
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")	7,293	7,615
Interest on lease liabilities (included in "Interest expenses and other finance costs")	1,244	1,184
	<b>10,209</b>	10,790

### 13 Telecommunications licences

	HK\$ million
<b>At 31 December 2022</b>	
Cost	67,054
Accumulated amortisation and impairment	(6,365)
	<u>60,689</u>
<b>Six months ended 30 June 2023</b>	
Opening net book value	60,689
Additions	1,009
Amortisation for the period	(477)
Exchange translation differences	2,518
	<u>63,739</u>
Closing net book value	<u>63,739</u>
<b>At 30 June 2023</b>	
Cost	70,791
Accumulated amortisation and impairment	(7,052)
	<u>63,739</u>

The Group's telecommunications licences in the UK and Italy with a carrying value of HK\$20,034 million and HK\$33,742 million respectively (31 December 2022: HK\$18,924 million and HK\$32,527 million respectively) are considered to have an indefinite useful life. As at 30 June 2023, these telecommunications licences have been allocated to the Telecommunications segment.

### 14 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
<b>At 31 December 2022</b>			
Cost	66,985	31,825	98,810
Accumulated amortisation and impairment	(86)	(15,030)	(15,116)
	<u>66,899</u>	<u>16,795</u>	<u>83,694</u>
<b>Six months ended 30 June 2023</b>			
Opening net book value	66,899	16,795	83,694
Additions	-	649	649
Relating to subsidiaries acquired (see note 32(c))	3	6	9
Amortisation for the period	(6)	(1,620)	(1,626)
Exchange translation differences	1,103	293	1,396
	<u>67,999</u>	<u>16,123</u>	<u>84,122</u>
Closing net book value	<u>67,999</u>	<u>16,123</u>	<u>84,122</u>
<b>At 30 June 2023</b>			
Cost	68,088	33,277	101,365
Accumulated amortisation and impairment	(89)	(17,154)	(17,243)
	<u>67,999</u>	<u>16,123</u>	<u>84,122</u>

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 30 June 2023 of HK\$49,735 million (31 December 2022: HK\$49,294 million) and HK\$18,091 million (31 December 2022: HK\$17,424 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 30 June 2023, the carrying value of these rights amounted to HK\$10,094 million (31 December 2022: HK\$10,433 million) and HK\$6,029 million (31 December 2022: HK\$6,362 million) respectively.

## 15 Goodwill

	HK\$ million
<b>At 31 December 2022</b>	
Cost	293,070
Accumulated impairment	(25,062)
	<b>268,008</b>
<b>Six months ended 30 June 2023</b>	
Opening net book value	<b>268,008</b>
Relating to subsidiaries acquired (see note 32(c))	75
Exchange translation differences	<b>2,465</b>
	<b>270,548</b>
Closing net book value	<b>270,548</b>
<b>At 30 June 2023</b>	
Cost	<b>296,540</b>
Accumulated impairment	<b>(25,992)</b>
	<b>270,548</b>

As at 30 June 2023, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK\$84,310 million (31 December 2022: HK\$81,771 million), Retail segment of HK\$114,099 million (31 December 2022: HK\$114,098 million), and Infrastructure segment of HK\$39,123 million (31 December 2022: HK\$39,123 million).

See note 6(b) for impairment charge against goodwill recognised for the comparative period.

## 16 Associated companies

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Unlisted shares	9,071	9,071
Listed shares, Hong Kong	62,919	62,919
Listed shares, outside Hong Kong	81,012	81,012
Share of undistributed post acquisition reserves	(13,397)	(15,264)
	<b>139,605</b>	137,738
Amounts due from (net with amounts due to) associated companies	<b>2,998</b>	2,973
	<b>142,603</b>	140,711

## 17 Interests in joint ventures

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Unlisted shares	120,374	118,039
Share of undistributed post acquisition reserves	6,174	1,049
	<b>126,548</b>	119,088
Amounts due from (net with amounts due to) joint ventures	<b>28,596</b>	29,473
	<b>155,144</b>	148,561

## 18 Deferred tax

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Deferred tax assets	<b>19,651</b>	18,509
Deferred tax liabilities	<b>19,525</b>	19,290
Net deferred tax assets (liabilities)	<b>126</b>	(781)

### Analysis of net deferred tax assets (liabilities):

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Tax losses	<b>15,569</b>	14,703
Accelerated depreciation allowances	<b>(2,441)</b>	(2,555)
Fair value adjustments arising from acquisitions	<b>(11,759)</b>	(11,625)
Revaluation of investment properties and other investments	<b>16</b>	16
Withholding tax on undistributed profits	<b>(895)</b>	(875)
Other temporary differences	<b>(364)</b>	(445)
	<b>126</b>	(781)

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 30 June 2023, the Group has recognised accumulated deferred tax assets amounting to HK\$19,651 million (31 December 2022: HK\$18,509 million) of which HK\$16,184 million (31 December 2022: HK\$15,191 million) relates to 3 Group Europe.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling HK\$127,092 million (31 December 2022: HK\$131,153 million). Their potential tax effect amounted to HK\$30,437 million at 30 June 2023 (31 December 2022: HK\$29,082 million).

## 19 Liquid funds and other listed investments

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Financial assets at amortised cost		
Managed funds - cash and cash equivalents, outside Hong Kong	<b>43</b>	40
Financial assets at fair value through other comprehensive income ("FVOCI") <sup>(a)</sup>		
Listed equity securities, Hong Kong <sup>(b)</sup>	<b>625</b>	608
Listed equity securities, outside Hong Kong <sup>(b)</sup>	<b>10,912</b>	9,096
Managed funds - listed debt securities, outside Hong Kong <sup>(c)</sup>	<b>6,415</b>	6,359
	<b>17,952</b>	16,063
	<b>17,995</b>	16,103

(a) The fair values are based on quoted market prices.

(b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. As at 30 June 2023, the Group has collar agreements with banks to hedge fair values of certain of these listed equity securities. Fair value deficits of HK\$370 million and HK\$547 million at 30 June 2023 of these collar arrangements are included in current and non-current liabilities (see notes 25 and 29, respectively). The comparative balance of the listed equity securities, outside Hong Kong includes HK\$216 million fair value of these collar agreements.

(c) Managed funds - listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes.

## 20 Other non-current assets

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Investment properties	408	408
Customer acquisition and retention costs <sup>(a)</sup>	4,071	3,660
Contract assets	2,162	2,095
Unlisted investments		
Financial assets at FVOCI - equity securities <sup>(b)</sup>	2,371	2,451
Financial assets at fair value through profit or loss - equity securities	439	417
Financial assets at fair value through profit or loss - debt securities	585	555
Pension assets (see note 28)	1,675	1,311
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	94	84
Cross currency interest rate swaps	74	132
Other contracts	37	3,081
Net investment hedges - Cross currency swaps	1,180	1,164
Lease receivables	526	542
	<b>13,622</b>	<b>15,900</b>

- (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 period's income statement of HK\$1,790 million (30 June 2022: HK\$1,825 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.
- (b) These equity securities are not investments held for trading purpose. The Group made an election to recognise and measure these investments at fair value through other comprehensive income as the Group considered this FVOCI category to be the appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

## 21 Cash and cash equivalents

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Cash at bank and in hand	30,192	27,769
Short term bank deposits	98,548	110,316
	<b>128,740</b>	<b>138,085</b>

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



## 22 Trade receivables and other current assets

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Trade receivables <sup>(a)</sup>	<b>19,118</b>	18,650
Less: loss allowance provision	<b>(3,817)</b>	(3,705)
	<b>15,301</b>	14,945
Other current assets		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	-	153
Cross currency interest rate swaps	-	622
Forward foreign exchange contracts	-	1
Other contracts	<b>74</b>	167
Net investment hedges		
Cross currency interest rate swaps	-	112
Forward foreign exchange contracts	<b>101</b>	44
Cross currency swaps	-	9
Contract assets	<b>3,747</b>	4,219
Prepayments	<b>21,752</b>	22,978
Other receivables	<b>17,180</b>	13,433
Current tax receivables	<b>127</b>	128
	<b>58,282</b>	56,811

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

At the end of the period / year, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Less than 31 days	<b>10,994</b>	10,609
Within 31 to 60 days	<b>1,602</b>	1,704
Within 61 to 180 days	<b>1,607</b>	1,681
Over 180 days	<b>4,915</b>	4,656
	<b>19,118</b>	18,650

## 23 Assets and liabilities classified as held for sale

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Assets classified as held for sale		
Disposal group held for sale	-	6,096
Liabilities directly associated with assets classified as held for sale	-	1,127

On 3 January 2023, Wind Tre S.p.A. (“Wind Tre”), a wholly owned subsidiary, and Iliad Italia S.p.A. announced the closing of Zefiro Net S.r.l., a 50:50 joint venture which is dedicated to accelerate the deployment of mobile phone networks in less densely populated areas of Italy. Under the joint venture arrangement, both parties will jointly manage their respective mobile phone networks via the joint venture in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into the joint venture were classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 were as follows:

	<b>30 June 2023 HK\$ million</b>	31 December 2022 HK\$ million
Assets		
Fixed assets	-	3,145
Right-of-use assets	-	918
Goodwill	-	2,012
Trade receivables	-	21
Assets classified as held for sale	-	6,096
Liabilities		
Lease liabilities	-	920
Provision	-	205
Other non-current liabilities	-	2
Liabilities directly associated with assets classified as held for sale	-	1,127
Net assets directly associated with disposal group	-	4,969
Cumulative amounts included in other comprehensive income:		
Exchange reserve deficit	-	(324)
Reserves of disposal group classified as held for sale	-	(324)

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

## 24 Bank and other debts

	30 June 2023			31 December 2022		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Principal amounts						
Bank loans	24,373	63,130	87,503	40,697	53,806	94,503
Other loans	4	223	227	4	225	229
Notes and bonds	18,765	175,805	194,570	29,505	159,370	188,875
	<b>43,142</b>	<b>239,158</b>	<b>282,300</b>	<b>70,206</b>	<b>213,401</b>	<b>283,607</b>
Unamortised fair value adjustments arising from acquisitions	-	2,466	2,466	-	2,623	2,623
Subtotal before the following items	43,142	241,624	284,766	70,206	216,024	286,230
Unamortised loan facilities fees and premiums or discounts related to debts	(38)	(1,884)	(1,922)	(76)	(1,828)	(1,904)
	<b>43,104</b>	<b>239,740</b>	<b>282,844</b>	<b>70,130</b>	<b>214,196</b>	<b>284,326</b>

Bank and other debts at principal amount are scheduled for repayment by calendar year as follows:

	30 June 2023			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2023, remainder of year	14,913	2	12,915	27,830
2024	12,914	154	33,739	46,807
2025	25,071	4	6,458	31,533
2026	13,664	4	19,440	33,108
2027	11,511	3	18,636	30,150
2028 to 2032	9,430	19	61,254	70,703
2033 to 2042	-	41	30,428	30,469
2043 and thereafter	-	-	11,700	11,700
	<b>87,503</b>	<b>227</b>	<b>194,570</b>	<b>282,300</b>
Less: current portion	(24,373)	(4)	(18,765)	(43,142)
	<b>63,130</b>	<b>223</b>	<b>175,805</b>	<b>239,158</b>
	31 December 2022			
	Bank loans HK\$ million	Other loans HK\$ million	Notes and bonds HK\$ million	Total HK\$ million
2023	40,697	4	29,505	70,206
2024	13,007	156	33,243	46,406
2025	25,082	4	6,225	31,311
2026	5,003	4	18,966	23,973
2027	10,714	3	18,426	29,143
2028 to 2032	-	19	50,450	50,469
2033 to 2042	-	39	20,360	20,399
2043 and thereafter	-	-	11,700	11,700
	<b>94,503</b>	<b>229</b>	<b>188,875</b>	<b>283,607</b>
Less: current portion	(40,697)	(4)	(29,505)	(70,206)
	<b>53,806</b>	<b>225</b>	<b>159,370</b>	<b>213,401</b>

## 25 Trade payables and other current liabilities

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Trade payables <sup>(a)</sup>	21,776	21,356
Other current liabilities		
Derivative financial instruments		
Fair value hedges - Collar agreements	370	-
Cash flow hedges		
Forward foreign exchange contracts	1	2
Other contracts	215	151
Net investment hedges		
Cross currency interest rate swaps	58	-
Forward foreign exchange contracts	460	891
Cross currency swaps	4	-
Other derivative financial instruments	672	795
Interest free loans from non-controlling shareholders	438	472
Contract liabilities	6,592	6,027
Obligations for telecommunications licences and other rights	335	680
Provisions (see note 26)	1,325	1,341
Expenses and other accruals	34,599	35,995
Other payables	17,440	21,419
	<b>84,285</b>	<b>89,129</b>

(a) At the end of the period / year, the ageing analysis of the trade payables is as follows:

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Less than 31 days	13,784	13,566
Within 31 to 60 days	3,174	2,912
Within 61 to 90 days	1,271	1,427
Over 90 days	3,547	3,451
	<b>21,776</b>	<b>21,356</b>

## 26 Provisions

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
Provision for commitments, onerous contracts and other guarantees	18,453	18,477
Closure obligation	104	80
Assets retirement obligation	1,291	1,272
Other provisions	1,340	1,289
	<b>21,188</b>	<b>21,118</b>
Provisions are analysed as:		
Current portion (see note 25)	1,325	1,341
Non-current portion (see note 29)	19,863	19,777
	<b>21,188</b>	<b>21,118</b>

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

## 27 Interest bearing loans from non-controlling shareholders

At 30 June 2023, these loans bear interest at rates at Euro Interbank Offered Rate (“EURIBOR”) +2.0% and Stockholm Interbank Offered Rate (“STIBOR”) +0.7% (31 December 2022: EURIBOR+2.0% and STIBOR+0.7%) per annum. The carrying amounts of the borrowings approximate their fair values.

## 28 Pension obligations

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. The Group’s major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands.

Amounts recognised in the consolidated statement of financial position are as follows:

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Defined benefit assets (see note 20)	<b>1,675</b>	1,311
Defined benefit liabilities	<b>2,208</b>	2,730
Net defined benefit liabilities	<b>533</b>	1,419

The amounts recognised in the consolidated statement of financial position are determined as follows:

Present value of defined benefit obligations	<b>15,683</b>	15,163
Fair value of plan assets	<b>15,156</b>	13,750
Restrictions on assets recognised	<b>527</b>	1,413
	<b>6</b>	6
Net defined benefit liabilities	<b>533</b>	1,419

## 29 Other non-current liabilities

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
Derivative financial instruments		
Fair value hedges - Collar agreements	<b>547</b>	-
Net investment hedges - Cross currency swaps	<b>395</b>	314
Obligations for telecommunications licences and other rights	<b>3,692</b>	3,309
Other non-current liabilities	<b>5,766</b>	6,333
Liabilities relating to the economic benefits agreements <sup>(a)</sup>	<b>2,166</b>	2,166
Provisions (see note 26)	<b>19,863</b>	19,777
	<b>32,429</b>	31,899

- (a) In October 2018, the Group completed the divestiture of an aggregated 90% economic benefits in Australian Gas Networks. As part of the arrangement, upon the occurrence of certain events, the Group is required to return the consideration. The Group recognises liabilities measured by reference to the amount of consideration it received under this arrangement from entities outside the Group.

### 30 Share capital, share premium and perpetual capital securities

#### (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	<b>8,000,000,000</b>	<b>8,000</b>	-	<b>8,000</b>
Issued and fully paid:				
Ordinary shares				
At 1 January 2022	3,834,634,500	3,834	243,169	247,003
Cancellation of issued shares <sup>(i)</sup>	(100,000)	-	(5)	(5)
Cancellation of issued shares <sup>(ii)</sup>	(4,490,000)	(4)	(192)	(196)
At 31 December 2022, 1 January 2023 and 30 June 2023	<b>3,830,044,500</b>	<b>3,830</b>	<b>242,972</b>	<b>246,802</b>

- (i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. Upon the cancellation of the 100,000 shares, HK\$5 million have been deducted from share premium with a corresponding credit to retained profit.
- (ii) During the year ended 31 December 2022, the Company acquired a total of 4,490,000 of its own ordinary shares through purchases on the Stock Exchange. The purchased shares were cancelled before the reporting date of 31 December 2022. The total amount paid to acquire these shares was approximately HK\$197 million, of which approximately HK\$4 million and HK\$192 million have been deducted from share capital and share premium respectively, and the remaining balance of HK\$1 million has been charged to retained profit.

#### (b) Perpetual capital securities

	30 June 2023 HK\$ million	31 December 2022 HK\$ million
EUR500 million issued in 2018	<b>4,483</b>	4,561

In December 2018, a wholly owned subsidiary company of the Group issued perpetual capital securities with nominal amount of EUR500 million (approximately HK\$4,475 million) for cash.

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

### 31 Reserves

	Six months ended 30 June 2023				Total HK\$ million
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others <sup>(a)</sup> HK\$ million	
At 1 January 2023	657,443	(40,203)	5,332	(345,861)	276,711
Profit for the period	11,208	-	-	-	11,208
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	605	605
Changes in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(4)	(4)
Remeasurement of defined benefit obligations	85	-	-	-	85
Exchange gains on translation of foreign operations	-	8,655	-	-	8,655
Exchange losses reclassified to profit or loss	-	334	-	-	334
Losses on cash flow hedges	-	-	(1,132)	-	(1,132)
Losses on net investment hedges	-	(1,095)	-	-	(1,095)
Reclassification adjustments for hedging gains included in profit or loss	-	-	(1,735)	-	(1,735)
Share of other comprehensive income (losses) of associated companies	20	2,208	156	(562)	1,822
Share of other comprehensive income of joint ventures	67	2,720	525	2	3,314
Tax relating to components of other comprehensive income (losses)	(29)	-	(1)	-	(30)
Other comprehensive income (losses), net of tax	143	12,822	(2,187)	41	10,819
Impact of hyperinflation	(21)	-	-	-	(21)
Transfer of gain on disposal of equity securities at FVOCI to retained profit	13	-	-	(13)	-
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2022	(7,989)	-	-	-	(7,989)
Recognition of put option liabilities arising from business combinations	-	-	-	(148)	(148)
Relating to purchase of non-controlling interests	-	-	-	(34)	(34)
At 30 June 2023	660,797	(27,381)	3,145	(346,015)	290,546

### 31 Reserves (continued)

	Six months ended 30 June 2022				Total HK\$ million
	Attributable to ordinary shareholders				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others <sup>(a)</sup> HK\$ million	
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the period	19,088	-	-	-	19,088
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	(211)	(211)
Changes in fair value of debt instruments at fair value through other comprehensive income	-	-	-	(240)	(240)
Remeasurement of defined benefit obligations	758	-	-	-	758
Exchange losses on translation of foreign operations	-	(13,354)	-	-	(13,354)
Exchange losses reclassified to profit or loss	-	592	-	-	592
Gains on cash flow hedges	-	-	746	-	746
Gains on net investment hedges	-	2,994	-	-	2,994
Share of other comprehensive income (losses) of associated companies	168	(1,326)	1,199	(131)	(90)
Share of other comprehensive income (losses) of joint ventures	213	(3,848)	1,881	(1)	(1,755)
Tax relating to components of other comprehensive income (losses)	(181)	-	(3)	-	(184)
Other comprehensive income (losses), net of tax	958	(14,942)	3,823	(583)	(10,744)
Impact of hyperinflation	(21)	-	-	-	(21)
Transfer of gain on disposal of equity securities at FVOCI to retained profit	64	-	-	(64)	-
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	-	-	-	(7,132)
Buy-back and cancellation of issued shares	5	-	-	-	5
Relating to partial disposal of subsidiary companies	-	-	-	(9)	(9)
At 30 June 2022	644,143	(35,867)	2,445	(343,385)	267,336

- (a) Other reserves comprise revaluation reserve and other capital reserves. As at 30 June 2023, revaluation reserve deficit amounted to HK\$2,896 million (1 January 2023: HK\$3,472 million, 30 June 2022: HK\$2,102 million and 1 January 2022: HK\$1,574 million), and other capital reserves deficit amounted to HK\$343,119 million (1 January 2023: HK\$342,389 million, 30 June 2022: HK\$341,283 million and 1 January 2022: HK\$341,155 million). Included in the other capital reserves account is a deficit of HK\$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.



### 32 Notes to condensed 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

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
<b>Profit after tax</b>	<b>14,343</b>	<b>22,604</b>
Less: share of profits less losses of		
Associated companies	(4,080)	(6,782)
Joint ventures	(3,720)	(4,001)
	<b>6,543</b>	<b>11,821</b>
Adjustments for:		
Current tax charge	1,573	1,754
Deferred tax charge (credit)	(198)	452
Interest expenses and other finance costs	5,687	4,393
Depreciation and amortisation	19,675	20,673
	<b>33,280</b>	<b>39,093</b>
<b>EBITDA of Company and subsidiaries</b> <sup>(i)</sup>	<b>33,280</b>	<b>39,093</b>
Dividends received from associated companies and joint ventures	6,057	6,177
Impairment loss on telecommunications business in Sri Lanka (see note 6(b))	-	1,000
Losses on disposal of fixed assets	70	40
Gains on disposals of interests in associated companies and joint ventures (see note 6)	(213)	(11)
Losses (gains) on disposal of subsidiaries (see note 32(d))		
Italian network business	250	-
Indonesia telecommunications businesses	-	(7,245)
Gains on disposal of financial instruments (see note 5(b)(xvi))	(1,829)	-
Customer acquisition and retention costs capitalised in the period	(2,085)	(1,727)
Other non-cash items	23	(545)
	<b>35,553</b>	<b>36,782</b>

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	33,280	39,093
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of:		
Associated companies	4,080	6,782
Joint ventures	3,720	4,001
Adjustments for:		
Depreciation and amortisation	11,999	12,341
Interest expenses and other finance costs	6,048	5,291
Current tax charge	1,719	1,730
Deferred tax charge	449	1,446
Non-controlling interests	234	308
	<b>28,249</b>	<b>31,899</b>
EBITDA (see note 5(b)(ii))	<b>61,529</b>	<b>70,992</b>

### 32 Notes to condensed consolidated statement of cash flows (continued)

#### (b) Changes in working capital

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Increase in inventories	(1,079)	(1,260)
Decrease (increase) in trade receivables and other current assets	(843)	3,075
Decrease in trade payables and other current liabilities	(7,570)	(3,192)
Other non-cash items	2,511	(1,196)
	<b>(6,981)</b>	<b>(2,573)</b>

#### (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 periods:

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	87	-
	<b>87</b>	<b>-</b>
Fair value		
Fixed assets	5	-
Brand names and other rights	9	-
Deferred tax assets	3	-
Cash and cash equivalents	8	-
Trade receivables and other current assets	29	-
Trade payables and other current liabilities and current tax liabilities	(31)	-
Bank and other debts	(2)	-
Pension obligations	(1)	-
Net identifiable assets acquired	20	-
Non-controlling interests	(8)	-
Goodwill	12	-
	75	-
Total consideration	<b>87</b>	<b>-</b>
Net cash outflow arising from acquisition:		
Cash and cash equivalents paid	87	-
Cash and cash equivalents acquired	(8)	-
Total net cash outflow	<b>79</b>	<b>-</b>

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

For the six months ended 30 June 2023, the contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the period since the respective date of acquisition was not material. The acquisition related costs were not material.

### 32 Notes to condensed consolidated statement of cash flows (continued)

#### (d) Disposal of subsidiary companies

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
Equity securities received	2,563	14,234
Cash and cash equivalents received (paid) <sup>(i)</sup>	2,563	(3,019)
Carrying amount of net assets disposed	(5,052)	(3,378)
Gains before reclassification of exchange losses	74	7,837
Cumulative exchange losses reclassified to profit or loss	(324)	(592)
Gains (loss) on disposal	(250)	7,245
Analysis of assets and liabilities over which control was lost		
Fixed assets	-	7,182
Right-of-use assets	-	8,180
Telecommunications licences	-	3,836
Trade receivables and other current assets	-	1,143
Inventories	-	29
Assets classified as held for sale	6,202	-
Trade payables and other current liabilities and current tax liabilities	-	(3,207)
Bank and other debts	-	(356)
Leases liabilities	-	(8,824)
Deferred tax liabilities	-	(233)
Pension obligations	-	(116)
Other non-current liabilities	-	(4,939)
Liabilities directly associated with assets classified as held for sale	(1,150)	-
Net assets (excluding cash and cash equivalents) disposed	5,052	2,695
Cash and cash equivalents disposed <sup>(ii)</sup>	-	683
Net assets disposed	5,052	3,378

Disposal of subsidiary companies for the current period mainly related to the disposal of the Group's former subsidiary Zefiro Net S.r.l. which has become a 50% owned joint venture in the current period (see note 23). For the comparative period, the disposal of subsidiary companies mainly related to the disposal of the Group's former subsidiary Hutchison 3 Indonesia, following the completion of its merger with PT Indosat Tbk. The gains (loss) on these disposals are recognised in the consolidated income statement, with the current period's loss on disposal included in the line item titled "Other expenses and losses" and the comparative period's gains on disposal included in the line item titled "Other income and gains" in the consolidated income statement. See note 6.

Saved as disclosed for the effect arising from the gains (loss) on disposal, the effect on the Group's results from the subsidiaries disposed during the period are not material for the periods ended 30 June 2023 and 2022.

- (i) The current period amount is presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows. The comparative period amount was included in "Purchase of and advances to associated companies and joint ventures" in the consolidated statement of cash flows.
- (ii) The comparative period amount is presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows.

### 32 Notes to condensed 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 2023	284,326	66,059	2,567	472	2,166	355,590
Financing cash flows						
New borrowings	38,122	-	-	-	-	38,122
Repayment of borrowings	(44,012)	-	-	-	-	(44,012)
Principal elements of lease payments	-	(7,500)	-	-	-	(7,500)
Net loans from (to) non-controlling shareholders	-	-	4	(34)	-	(30)
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	119	-	-	-	-	119
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	(170)	-	-	-	-	(170)
Increase in lease liabilities from entering into new leases during the period (see note 12(a))	-	5,858	-	-	-	5,858
Interest on lease liabilities (see note 7)	-	1,244	-	-	-	1,244
Interest element of lease liabilities paid (included in "net cash from operating activities")	-	(1,187)	-	-	-	(1,187)
Remeasurement / write off of lease liabilities	-	3,026	-	-	-	3,026
Relating to subsidiaries acquired (see note 32(c))	2	-	-	-	-	2
Exchange translation differences	4,457	1,585	(22)	-	-	6,020
At 30 June 2023	282,844	69,085	2,549	438	2,166	357,082
At 1 January 2022	325,799	85,079	759	427	2,166	414,230
Financing cash flows						
New borrowings	29,981	-	-	-	-	29,981
Repayment of borrowings	(60,890)	-	-	-	-	(60,890)
Principal elements of lease payments	-	(7,417)	-	-	-	(7,417)
Net loans from non-controlling shareholders	-	-	2,057	45	-	2,102
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	127	-	-	-	-	127
Gains arising on adjustment for hedged items in a designated fair value hedge	(3)	-	-	-	-	(3)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 7(a))	(248)	-	-	-	-	(248)
Increase in lease liabilities from entering into new leases during the period (see note 12(a))	-	5,047	-	-	-	5,047
Interest on lease liabilities (see note 7)	-	1,184	-	-	-	1,184
Interest element of lease liabilities paid (included in "net cash from operating activities")	-	(1,094)	-	-	-	(1,094)
Remeasurement / write off of lease liabilities						
Rent concessions (see note 6(c))	-	(112)	-	-	-	(112)
Others	-	1,353	-	-	-	1,353
Relating to subsidiaries disposed (see note 32(d))	(356)	(8,824)	-	-	-	(9,180)
Exchange translation differences	(9,301)	(3,820)	(192)	-	-	(13,313)
At 30 June 2022	285,109	71,396	2,624	472	2,166	361,767

### 33 Contingent liabilities and guarantees

At 30 June 2023, the Company and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$4,902 million (31 December 2022: HK\$4,856 million).

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

	<b>30 June 2023</b>	31 December 2022
	<b>HK\$ million</b>	HK\$ million
To associated companies	<b>3,474</b>	3,527
To joint ventures	<b>1,138</b>	1,096

At 30 June 2023, the Group had provided performance and other guarantees of HK\$5,277 million (31 December 2022: HK\$5,033 million).

### 34 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2022 except for the amounts taken up during the period in the normal course of business.

### 35 Related parties transactions

There have been no material changes in the total amount of outstanding balances with associated companies and joint ventures since 31 December 2022.

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Saved as disclosed elsewhere in the Interim Financial Statements, transactions between the Group and other related parties during the period are not significant to the Group. No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation).

### 36 Legal proceedings

At 30 June 2023 and 31 December 2022, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

### 37 Fair value measurements

#### (a) Carrying amounts and fair values of financial assets and financial liabilities

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

	Note	Classification under HKFRS 9	30 June 2023		31 December 2022	
			Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
<b>Financial assets</b>						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	19	Amortised cost	43	43	40	40
Listed equity securities, Hong Kong	19	FVOCI	625	625	608	608
Listed equity securities, outside Hong Kong	19	FVOCI	10,912	10,912	8,880	8,880
Fair value hedges - Collar agreements	19	Fair value - hedges	-	-	216	216
Listed debt securities (included in Managed funds)	19	FVOCI	6,415	6,415	6,359	6,359
Unlisted investments						
Unlisted equity securities	20	FVOCI	2,371	2,371	2,451	2,451
Unlisted equity securities	20	Fair value through profit or loss ("FVPL")	439	439	417	417
Unlisted debt securities	20	FVPL	585	585	555	555
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	20 & 22	Fair value - hedges	94	94	237	237
Cross currency interest rate swaps	20 & 22	Fair value - hedges	74	74	754	754
Forward foreign exchange contracts	22	Fair value - hedges	-	-	1	1
Other contracts	20 & 22	Fair value - hedges	111	111	3,248	3,248
Net investment hedges						
Cross currency interest rate swaps	22	Fair value - hedges	-	-	112	112
Forward foreign exchange contracts	22	Fair value - hedges	101	101	44	44
Cross currency swaps	20 & 22	Fair value - hedges	1,180	1,180	1,173	1,173
Lease receivables	20	Amortised cost	526	526	542	542
Cash and cash equivalents	21	Amortised cost	128,740	128,740	138,085	138,085
Trade receivables	22	Amortised cost	15,301	15,301	14,945	14,945
Other receivables	22	Amortised cost	17,180	17,180	13,433	13,433
Amount due from associated companies		Amortised cost	3,565	3,565	3,542	3,542
Amount due from joint ventures		Amortised cost	28,969	28,969	29,792	29,792
			<b>217,231</b>	<b>217,231</b>	225,434	225,434
<b>Financial liabilities</b>						
Bank and other debts <sup>(i)</sup>	24	Amortised cost	282,844	266,353	284,326	265,418
Trade payables	25	Amortised cost	21,776	21,776	21,356	21,356
Derivative financial instruments						
Fair value hedges - Collar agreements	25 & 29	Fair value - hedges	917	917	-	-
Cash flow hedges						
Forward foreign exchange contracts	25	Fair value - hedges	1	1	2	2
Other contracts	25	Fair value - hedges	215	215	151	151
Net investment hedges						
Cross currency interest rate swaps	25	Fair value - hedges	58	58	-	-
Forward foreign exchange contracts	25	Fair value - hedges	460	460	891	891
Cross currency swaps	25 & 29	Fair value - hedges	399	399	314	314
Other derivative financial instruments	25	FVPL	672	672	795	795
Interest free loans from non-controlling shareholders						
shareholders	25	Amortised cost	438	438	472	472
Expenses and other accruals	25	Amortised cost	34,599	34,599	35,995	35,995
Other payables	25	Amortised cost	17,440	17,440	21,419	21,419
Lease liabilities	12	Amortised cost	69,085	69,085	66,059	66,059
Interest bearing loans from non-controlling shareholders						
shareholders		Amortised cost	2,549	2,549	2,567	2,567
Obligations for telecommunications licences and other rights	25 & 29	Amortised cost	4,027	4,027	3,989	3,989
Liabilities relating to the economic benefits agreements						
agreements	29	Amortised cost	2,166	2,166	2,166	2,166
Amount due to associated companies		Amortised cost	567	567	569	569
Amount due to joint ventures		Amortised cost	373	373	319	319
			<b>438,586</b>	<b>422,095</b>	441,390	422,482

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

### 37 Fair value measurements (continued)

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

	30 June 2023		31 December 2022	
	Carrying amounts	Fair values	Carrying amounts	Fair values
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Representing:				
Financial assets measured at				
Amortised cost	194,324	194,324	200,379	200,379
FVOCI	20,323	20,323	18,298	18,298
FVPL	1,024	1,024	972	972
Fair value - hedges	1,560	1,560	5,785	5,785
	<b>217,231</b>	<b>217,231</b>	225,434	225,434
Financial liabilities measured at				
Amortised cost	435,864	419,373	439,237	420,329
FVPL	672	672	795	795
Fair value - hedges	2,050	2,050	1,358	1,358
	<b>438,586</b>	<b>422,095</b>	441,390	422,482

### 37 Fair value measurements (continued)

#### (b) 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).

	Note	30 June 2023				31 December 2022			
		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
<b>Financial assets</b>									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	19	625	-	-	625	608	-	-	608
Listed equity securities, outside									
Hong Kong	19	10,912	-	-	10,912	8,880	-	-	8,880
Fair value hedges - Collar agreements	19	-	-	-	-	-	-	216	216
Listed debt securities									
(included in Managed funds)	19	6,415	-	-	6,415	6,359	-	-	6,359
Unlisted investments									
Unlisted equity securities - FVOCI	20	-	-	2,371	2,371	-	-	2,451	2,451
Unlisted equity securities - FVPL	20	-	46	393	439	-	46	371	417
Unlisted debt securities	20	-	-	585	585	-	-	555	555
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	20 & 22	-	94	-	94	-	237	-	237
Cross currency interest rate swaps	20 & 22	-	74	-	74	-	754	-	754
Forward foreign exchange contracts	22	-	-	-	-	-	1	-	1
Other contracts	20 & 22	-	111	-	111	-	3,248	-	3,248
Net investment hedges									
Cross currency interest rate swaps	22	-	-	-	-	-	112	-	112
Forward foreign exchange contracts	22	-	101	-	101	-	44	-	44
Cross currency swaps	20 & 22	-	1,180	-	1,180	-	1,173	-	1,173
		<b>17,952</b>	<b>1,606</b>	<b>3,349</b>	<b>22,907</b>	<b>15,847</b>	<b>5,615</b>	<b>3,593</b>	<b>25,055</b>
<b>Financial liabilities</b>									
Derivative financial instruments									
Fair value hedges - Collar agreements	25 & 29	-	-	917	917	-	-	-	-
Cash flow hedges									
Forward foreign exchange contracts	25	-	1	-	1	-	2	-	2
Other contracts	25	-	215	-	215	-	151	-	151
Net investment hedges									
Cross currency interest rate swaps	25	-	58	-	58	-	-	-	-
Forward foreign exchange contracts	25	-	460	-	460	-	891	-	891
Cross currency swaps	25 & 29	-	399	-	399	-	314	-	314
Other derivative financial instruments	25	-	672	-	672	-	795	-	795
		-	<b>1,805</b>	<b>917</b>	<b>2,722</b>	-	<b>2,153</b>	-	<b>2,153</b>

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 six months ended 30 June 2023 and 2022, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.



### 37 Fair value measurements (continued)

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

##### 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:

	Six months ended 30 June	
	2023	2022
	HK\$ million	HK\$ million
At 1 January	3,593	3,057
Total losses recognised in		
Income statement	(5)	-
Other comprehensive income	(1,141)	(5)
Additions	39	384
Disposals	(74)	-
Exchange translation differences	20	(36)
At 30 June	2,432	3,400
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(5)	-

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.

### 38 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 six months ended, 30 June 2023, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

### 39 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.

#### 40 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those adopted in the 2022 Annual Financial Statements, except for the adoption of the new standards, interpretations and amendments became effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments apply for the first time to financial reporting periods commencing on or after 1 January 2023, but do not have an impact on the Interim Financial Statements:

(a) Disclosure of Accounting Policies – Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support these amendments, the HKICPA also amended HKFRS Practice Statement 2 “Making Materiality Judgements” to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments relate to disclosures of accounting policies in complete financial statements, and thus, had no impact on the Interim Financial Statements, but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.

(b) Definition of Accounting Estimates – Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to HKAS 12 Income Taxes

The amendments narrow the scope of the initial recognition exemption in HKAS 12 so that it does not apply to transactions such as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions. The amendments are applied prospectively to transactions that occur on or after the beginning of the earliest comparative period presented. Entities should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date.

#### 40 New standards, interpretations and amendments adopted by the Group (continued)

##### (d) International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12 Income Taxes

The amendments clarify the application of HKAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (“Pillar Two income taxes”).

The amendments provide a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities arising from implementation of the OECD’s Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with HKAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”. In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD’s Pillar Two Model Rules. The disclosures in respect of the current tax expense related to the Pillar Two income taxes and the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after 1 January 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before 31 December 2023.

## Group Capital Resources and Other Information

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### Group Capital Resources and Liquidity

#### Treasury Management

The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive 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 derivative instruments to hedge the Group's earnings were entered during the period or remain outstanding at the end of the period. 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.

#### 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.

#### 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 30 June 2023, approximately 31% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% were at fixed rates (31 December 2022: 34% floating; 66% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$3,437 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 30% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 70% were at fixed rates at 30 June 2023 (31 December 2022: 27% floating; 73% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

#### Foreign Currency Exposure

For subsidiaries, associated companies, joint arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-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 overseas subsidiaries and associated companies, except in relation to certain infrastructure investments.

The Group has operations in over 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and British Pounds. Reported EBITDA<sup>(1)</sup> for the first half of 2023 was HK\$49,933 million, of which 47% was derived from European operations, including 20% from the UK. At 30 June 2023, of the Group's total principal amount of bank and other debts after currency swap arrangements, 36% and 4% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 17% Euro and 5% British Pounds denominated cash and cash equivalents. As a result, 55% and 3% of the Group's consolidated net debt<sup>(2)</sup> of HK\$139,193 million were denominated in Euro and British Pounds respectively. Net assets<sup>(3)</sup> was HK\$675,644 million, with 20% and 22% attributable to Continental Europe and the UK operations respectively.

At 30 June 2023, the Group's total principal amount of bank and other debts were denominated as follows: 34% in Euro, 47% in US dollars, 5% in HK dollars, 6% in British Pounds and 8% in other currencies. The Group had currency swap arrangements with banks to swap British Pounds principal amount of borrowings equivalent to HK\$5,000 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 36% in Euro, 47% in US dollars, 5% in HK dollars, 4% in British Pounds and 8% in other currencies.

For purposes of illustrating the Group's currency sensitivity, based on the results for the first half of 2023, a 10% depreciation of British Pounds would result in a HK\$1.0 billion decrease in EBITDA, a HK\$0.2 billion decrease in NPAT, HK\$0.5 billion decrease in net debt and 0.3%-point increase in net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK\$1.1 billion decrease in EBITDA, a HK\$0.3 billion decrease in NPAT, HK\$7.7 billion decrease in net debt and 0.5%-point decrease on net debt to net total capital ratio. Actual sensitivity will depend on actual results and cash flows for the period under consideration.

### 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.

### Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook) respectively. The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A on the S&P Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom"), a wholly-owned subsidiary of the Group, obtained long term credit rating from Moody's, S&P and Fitch at Baa1 (stable outlook), A- (stable outlook) and A- (stable outlook) respectively. CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

### Market Price Risk

The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 12% (31 December 2022 – approximately 10%) of the cash, liquid funds and other listed investments ("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.

Note 1: Under Post-IFRS 16 basis, EBITDA for the first half of 2023 was HK\$61,151 million (30 June 2022 – HK\$70,525 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 30 June 2023 was HK\$138,031 million (31 December 2022 – HK\$132,042 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 30 June 2023 was HK\$662,286 million (31 December 2022 – HK\$647,309 million).

## Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$146,735 million at 30 June 2023, a decrease of 5% from the balance of HK\$154,188 million at 31 December 2022, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, capital expenditure and investment spending, partly offset by cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 16% in HK dollars, 51% in US dollars, 4% in Renminbi, 17% in Euro, 5% in British Pounds and 7% in other currencies.

Cash and cash equivalents represented 88% (31 December 2022 – 90%) of the liquid assets, US Treasury notes and listed debt securities 4% (31 December 2022 – 4%) and listed equity securities 8% (31 December 2022 – 6%). The US Treasury notes and listed debt securities, including those held under managed funds, consisted of US Treasury notes of 71%, government and government guaranteed notes of 25% and others of 4%. Of these US Treasury notes and listed debt securities, 99% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.2 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

## Cash Flow

EBITDA in the first half of 2023 was HK\$49,933 million, a decrease of 14% compared to HK\$58,244 million for the same period last year. Consolidated funds from operations<sup>(4)</sup> ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK\$20,981 million for the first half of 2023, a decrease of 10% against the same period last year of HK\$23,220 million.

The Group's capital expenditures (including licences, brand name and other rights) for the first half of 2023 amounted to HK\$11,576 million (30 June 2022 – HK\$11,058 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK\$2,209 million (30 June 2022 – HK\$968 million); for the retail division HK\$863 million (30 June 2022 – HK\$780 million); for the infrastructure division HK\$162 million (30 June 2022 – HK\$92 million); for CK Hutchison Group Telecom HK\$8,200 million (30 June 2022 – HK\$9,021 million); for HAT HK\$73 million (30 June 2022 – HK\$167 million); and for the finance and investments and others segment HK\$69 million (30 June 2022 – HK\$30 million).

The Group's dividends received from associated companies and joint ventures for the first half of 2023 amounted to HK\$6,057 million (30 June 2022 – HK\$6,177 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK\$1,338 million (30 June 2022 – HK\$1,017 million); for the retail division HK\$1,475 million (30 June 2022 – HK\$836 million); for the infrastructure division HK\$2,317 million (30 June 2022 – HK\$3,855 million); for HAT HK\$338 million (30 June 2022 – nil); and for the finance and investments and others segment HK\$589 million (30 June 2022 – HK\$469 million).

The Group's purchases of and advances to associated companies and joint ventures amounted to HK\$95 million (30 June 2022 – HK\$3,315 million). Purchases of and advances to associated companies and joint ventures for the ports and related services division was nil (30 June 2022 – HK\$77 million); for the infrastructure division HK\$56 million (30 June 2022 – HK\$100 million); for CK Hutchison Group Telecom HK\$34 million (30 June 2022 – HK\$23 million); for HAT was nil (30 June 2022 – HK\$3,019 million); and for the finance and investments and others segment HK\$5 million (30 June 2022 – HK\$96 million).

Net cash inflow before financing activities<sup>(5)</sup> was HK\$7,622 million, an increase of 26% compared to HK\$6,066 million for the same period last year, mainly due to proceeds from the disposal of subsidiaries and joint ventures, and higher loan repayment from associated companies and joint ventures, partly offset by adverse working capital movements.

The capital expenditures and investments of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(b)(v) to the Financial Statements and the "Condensed Consolidated Statement of Cash Flows" section of this Announcement.

Note 4: Under Post-IFRS 16 basis, FFO for the first half of 2023 was HK\$28,172 million (30 June 2022 – HK\$30,607 million).

Note 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for the first half of 2023 was HK\$15,144 million (30 June 2022 – HK\$13,659 million).

## Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 30 June 2023 amounted to HK\$285,928 million (31 December 2022 – HK\$287,297 million) which comprises principal amount of bank and other debts of HK\$283,462 million (31 December 2022 – HK\$284,674 million) and unamortised fair value adjustments arising from acquisitions of HK\$2,466 million (31 December 2022 – HK\$2,623 million). The Group's total principal amount of bank and other debts at 30 June 2023 consist of 69% notes and bonds (31 December 2022 – 66%) and 31% bank and other loans (31 December 2022 – 34%). The Group's weighted average cost of debt for the period ended 30 June 2023 is 2.9% (30 June 2022 – 1.8%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$2,549 million as at 30 June 2023 (31 December 2022 – HK\$2,567 million).

The maturity profile of the Group's total principal amount of bank and other debts at 30 June 2023 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In the remainder of 2023	–	–	8%	2%	–	<b>10%</b>
In 2024	1%	9%	6%	–	1%	<b>17%</b>
In 2025	–	6%	2%	–	3%	<b>11%</b>
In 2026	1%	3%	6%	1%	1%	<b>12%</b>
In 2027	–	6%	2%	–	2%	<b>10%</b>
In 2028 – 2032	3%	11%	10%	–	1%	<b>25%</b>
In 2033 – 2042	–	8%	2%	1%	–	<b>11%</b>
Beyond 2042	–	4%	–	–	–	<b>4%</b>
<b>Total</b>	<b>5%</b>	<b>47%</b>	<b>36%</b>	<b>4%</b>	<b>8%</b>	<b>100%</b>

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate the maturity dates of any outstanding consolidated Group's debt.

## Changes in Debt Financing

The significant financing activities for the Group in the first half of 2023 were as follows:

- In February, repaid a floating rate term loan facility of US\$1,300 million (approximately HK\$10,140 million) on maturity;
- In February, obtained a three year term loan facility of EUR800 million (approximately HK\$6,776 million);
- In March, obtained a three year floating rate term loan facility of HK\$1,000 million;
- In March, repaid a floating rate term loan facility of HK\$1,000 million on maturity;
- In March, repaid US\$750 million (approximately HK\$5,850 million) principal amount of fixed rate notes on maturity;
- In April, obtained a three year floating rate term loan facility of US\$80 million (approximately HK\$624 million);
- In April, repaid a floating rate term loan facility of US\$90 million (approximately HK\$702 million) on maturity;
- In April, repaid EUR1,350 million (approximately HK\$11,624 million) principal amount of fixed rate notes on maturity;
- In April, issued US\$1,250 million (approximately HK\$9,750 million) guaranteed fixed rate notes due 2028 and US\$1,250 million (approximately HK\$9,750million) guaranteed fixed rate notes due 2033;
- In April, prepaid a floating rate term loan facility of US\$128 million (approximately HK\$998 million) maturing in November 2023;
- In April, obtained a five year floating rate term loan facility of HK\$2,000 million;
- In May, repaid two floating rate term loan facilities of AUD350 million (approximately HK\$1,822 million) and AUD200 million (approximately HK\$1,041 million) on maturity;
- In June, repaid a floating rate term loan facility of US\$1,000 million (approximately HK\$7,800 million) on maturity;
- In June, obtained a five year floating rate revolving credit facility of HK\$2,000 million; and
- In June, obtained a five year floating rate term loan facility of HK\$3,900 million.

## Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities<sup>(6)</sup> increased to HK\$551,314 million as at 30 June 2023, compared to HK\$537,530 million as at 31 December 2022, mainly reflecting profit for the first half of 2023 and other items recognised directly in reserves, partly offset by the Group's 2022 final dividends and distributions paid.

Perpetual capital securities are optionally redeemable capital instruments and provides the Group an alternative source of non-dilutive capital to support its capital management objectives. The Group has issued these instruments since 2010 and remains committed to keeping a sufficient amount of such instruments outstanding in our capital structure to the extent that such instruments continue to support our current long term investment grade credit ratings and satisfy rating agencies requirements to continue to assign equity credit to such instruments. If the Group were to exercise their right to redeem these securities, it is the management's intention to replace such securities with instruments that are equally recognised as capital instrument by the credit rating agencies ahead of such redemption.

As at 30 June 2023, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$139,193 million (31 December 2022 – HK\$133,109 million), a 5% increase compared to the net debt at the beginning of the year mainly due to dividend payments, capital expenditure and investment spending, partly offset by net cash generated from operating activities. The Group's consolidated net debt to net total capital ratio<sup>(7)</sup> was 17.0% as at 30 June 2023 (31 December 2022 – 16.7%; 30 June 2022 – 20.5%). The Group's consolidated cash and liquid investments as at 30 June 2023 were sufficient to repay all of the Group's outstanding debt maturing before 31 December 2026 and cover 21% of outstanding debt due in 2027.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income in the first half of 2023 was HK\$307 million (30 June 2022 – HK\$1,292 million) primarily due to higher interest income, partly offset by higher interest expenses and other finance costs. EBITDA of HK\$49,933 million (30 June 2022: HK\$58,244 million) and FFO excluding net interest<sup>(8)</sup> of HK\$21,288 million (30 June 2022 – HK\$24,512 million) for the period covered consolidated net interest expenses and other finance costs 149.3 times (30 June 2022 – 43.6 times) and 69.3 times (30 June 2022 – 19.0 times) respectively.

## Secured Financing

At 30 June 2023, assets of the Group totalling HK\$1,459 million (31 December 2022 – HK\$1,442 million) were pledged as security for bank loans.

## Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 30 June 2023 amounted to the equivalent of HK\$7,755 million (31 December 2022 – HK\$8,252 million).

## Contingent Liabilities

At 30 June 2023, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$4,902 million (31 December 2022 – HK\$4,856 million), of which HK\$4,612 million (31 December 2022 – HK\$4,623 million) has been drawn down as at 30 June 2023 and also provided performance and other guarantees of HK\$5,277 million (31 December 2022 – HK\$5,033 million).

Note 6: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 30 June 2023 was HK\$541,831 million (31 December 2022 – HK\$528,074 million).

Note 7: Under Post-IFRS 16 basis, net debt to net total capital ratio for the first half of 2023 was 17.2% (31 December 2022 – 16.9%; 30 June 2022 – 20.7%).

Note 8: Under Post-IFRS 16 basis, FFO excluding net interest for the first half of 2023 was HK\$29,704 million (30 June 2022 – HK\$33,065 million).



## Employee Relations

At 30 June 2023, the Company and its subsidiaries employed 172,622 people (30 June 2022 – 170,294 people). The employee costs for the six-month period, excluding Directors' emoluments, totalled HK\$21,650 million (2022 – HK\$21,235 million). Including the Group's associated companies, at 30 June 2023, the Group employed 300,817 people of whom 16,138 were employed in Hong Kong. All of the Group's subsidiaries are equal opportunity employers, with the selection and promotion of individuals based on suitability for the position offered. The salary and benefit levels of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Company does not have a share option scheme for the purchase of ordinary shares in the Company. Certain subsidiaries and associates of the Group offer various equity-linked compensation elements appropriate to their sectors and markets. A wide range of benefits including medical coverage, provident funds and retirement plans and long service awards is also provided to employees. In addition, training and development programmes are provided on an on-going basis throughout the Group. Many social, sporting and recreational activities are arranged for employees on a Group-wide basis. Group employees also participated in community-oriented events.

## Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

## Compliance with the Corporate Governance Code

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

The Company has complied throughout the six months ended 30 June 2023 with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than as summarised below.

The position of Managing Director of the Company has been jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015, and Mr Li also took on the position of Chairman in 2018. With the Group being a multinational conglomerate with diverse businesses in over 50 countries/markets, Mr Li and Mr Fok in their position as Group Co-Managing Directors share responsibilities in the overall strategic direction and day-to-day management of the Group, with no single individual having unfettered management decision power. Further, the Board of Directors (the "Board") which comprises experienced and seasoned professionals continues to scrutinise material business matters and monitor performance of the Group to ensure that management function is effectively and properly exercised with balance of power and authority. The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an Independent Non-executive Director, also provide strong independent oversight of the management in their respective areas of responsibilities and expertise. Hence, the current arrangements provide checks and balances without jeopardising the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

## Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the six months ended 30 June 2023.

## Review of Interim Financial Statements

The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2023 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report of PricewaterhouseCoopers is set out on page 25 in the announcement. The unaudited condensed consolidated financial statements of the Company and its subsidiary companies for the six months ended 30 June 2023 have also been reviewed by the Audit Committee of the Company.

## Record Date for Interim Dividend

The record date for determining the entitlement of shareholders to the interim dividend is Tuesday, 5 September 2023. In order to qualify for the interim dividend payable on Thursday, 14 September 2023, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 pm on Tuesday, 5 September 2023.

## Corporate Strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. Technology transformation also remains a key initiative of the Group to capture new cost and revenue opportunities in all businesses. At the same time, the Group is committed to maintaining long-term investment grade ratings, preserving strong liquidity and flexibility, sustaining a long and balanced debt maturity profile and actively managing cash flow and working capital. The Group explores opportunities to enhance shareholders' returns, which include potential telecom divestures and solidifying strategic alliances with global technology partners. The Chairman's Statement and the Operations Highlights contained in this announcement and the Operations Analysis posted on the Group's website (<http://www.ckh.com.hk/en/ir/presentation.php>), include discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. The Group also focuses on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

## Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2023 interim results announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the 2023 interim results announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2023 interim results announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

### Executive Directors:

Mr LI Tzar Kuoi, Victor (*Chairman and Group Co-Managing Director*)

Mr FOK Kin Ning, Canning (*Group Co-Managing Director*)

Mr Frank John SIXT (*Group Finance Director and Deputy Managing Director*)

Mr IP Tak Chuen, Edmond (*Deputy Managing Director*)

Mr KAM Hing Lam (*Deputy Managing Director*)

Mr LAI Kai Ming, Dominic (*Deputy Managing Director*)

Ms Edith SHIH

### Non-executive Directors:

Mr CHOW Kun Chee, Roland

Mrs CHOW WOO Mo Fong, Susan

Mr LEE Yeh Kwong, Charles

Mr George Colin MAGNUS

### Independent Non-executive Directors:

Mr Philip Lawrence KADOORIE

Ms LEE Wai Mun, Rose

Mrs LEUNG LAU Yau Fun, Sophie

Mr Paul Joseph TIGHE

Mr WONG Kwai Lam

Dr WONG Yick-ming, Rosanna