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長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1)

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

	Post-IFRS 16[1] Basis		
	2020 HK$ million	2019 HK$ million	Reported currency change
Total Revenue [2]	**403,846**	439,856	-8%
Total EBITDA [2]	**122,348**	136,049	-10%
Total EBIT [2]	**58,304**	75,344	-23%
Profit attributable to ordinary shareholders	**29,143**	39,830	-27%
Earnings per share [3]	**HK$7.56**	HK$10.33	-27%
Final dividend per share	**HK$1.70**	HK$2.30	-26%
Full year dividend per share	**HK$2.314**	HK$3.170	-27%

	Pre-IFRS 16[1] Basis			
	2020 HK$ million	2019 HK$ million	Local currencies change	Reported currency change
Total Revenue [2]	**403,846**	439,856	-8%	-8%
Total EBITDA [2]	**96,944**	112,068	-13%	-13%
Total EBIT [2]	**53,854**	71,108	-24%	-24%
Profit attributable to ordinary shareholders	**29,000**	39,888	-28%	-27%

(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 Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflects 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 profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2019 and 2020. 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.

(2) 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.

(3) Earnings per share for the year ended 31 December 2020 and 2019 is calculated based on profit attributable to ordinary shareholders.

CHAIRMAN’S STATEMENT

As for most enterprises globally, 2020 has been a year of unprecedented challenges. The Group has been affected by the pandemic and the significant reduction in oil and gas and refined products prices. However, following a solid recovery in Mainland China from the second quarter and the stabilising effects of very substantial fiscal and monetary support by governments and central banks around the world throughout the year, economic conditions in many of the countries in which we operate have generally improved in the second half.

Although some economic recovery in the second half benefited the Group’s businesses which were hit hardest in the first half, particularly the Retail and Ports businesses, this was not sufficient to offset the very material declines in the earnings reported in the first half. In addition, the operating losses and asset impairments recognised by Husky Energy (“Husky”) continued to negatively affect the Group’s reported net earnings throughout the year.

The material earnings decline was more than offset by transaction activities undertaken at the corporate level. In the year, the Group successfully executed or completed several major transactions. These included completion of the merger between Vodafone Hutchison Australia (“VHA”) and TPG Corporation Limited, conclusion of agreements for the disposal of the Group’s European Telecommunications Tower Assets to Cellnex Telecom (“Cellnex”) for an aggregate consideration of €10 billion, completion of tower sales to Cellnex in three countries in December 2020, as well as the merger between Husky and Cenovus Energy Inc. (“Cenovus Energy”), which was completed on 1 January 2021. These corporate transactions together with prudent cash management have enabled the Group to maintain its strong financial profile and investment grade ratings. The Group’s net debt to net total capital ratio(1) at year end was 22.2% (2019: 24.8%).

On a Pre-IFRS 16 basis, EBITDA and EBIT decreased 13% and 24% respectively against last year, primarily reflecting the adverse full year performances due to the pandemic. Comparing against the first half of the year, excluding the one-time transactional gains, as well as the Group’s share of Husky’s impairments and other charges in both halves, all operations have seen some recovery in the second half, with the overall underlying EBITDA and EBIT increasing 38% and 65% respectively against the first six months of 2020.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for 2020 of HK$29,000 million, a decrease of 27% compared to 2019. On a Post-IFRS 16 basis, profit attributable to ordinary shareholders of HK$29,143 million decreased by 27% from 2019. Earnings per share were HK$7.56 for the year ended 31 December 2020, a decrease of 27%.

The Group’s results in 2020 included the net gain attributable to shareholders from the disposal of the European telecommunications tower assets(2) that completed in 2020 of HK$16.6 billion, as well as a dilution gain from the merger of VHA with TPG Corporation Limited(3) of HK$9.2 billion. These gains were partly offset by the Group’s share of Husky’s impairments and other charges, after tax, of HK$18.7 billion in 2020.

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(1) The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 22.7% (2019: 25.3%).

(2) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$16.8 billion. For further information, please see Note 5(b)(xviii) to the Financial Statements of this Announcement.

(3) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$9.2 billion. For further information, please see Note 5(b)(xix) to the Financial Statements of this Announcement.

Dividend

The Board of Directors recommends a final dividend of HK$1.70 per share (2019 final dividend – HK$2.30 per share), payable on Thursday, 3 June 2021, to shareholders whose names appear on the Register of Members of the Company at the close of business on Thursday, 20 May 2021, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.614 per share, the full year dividend amounts to HK$2.314 per share (2019 full year dividend – HK$3.170 per share).

Ports and Related Services

The Ports and Related Services division handled 83.7 million twenty-foot equivalent units ("TEU") through 283 operating berths in 2020, a 3% decline compared to 2019. Lower volumes were primarily attributable to poor performance in the first half of 2020 arising from the critical disruption of trade flows and supply chains due to the spread of the pandemic. In certain regions, the situation improved in the second half of 2020, with throughput volume increasing 16% and 2% against the first half of 2020 and the second half of last year respectively, demonstrating the gradual recovery and stabilisation of the trade volumes across all regions, particularly in the Mainland where volumes in the second half exceeded the same period last year. These improvements were partly offset by the concession expiry of Dammam port in Saudi Arabia in September 2020. For the full year, Revenue of HK$32,865 million, EBITDA[4] of HK$10,914 million and EBIT[4] of HK$6,717 million were 7%, 19% and 26% lower respectively against 2019. Despite the throughput growth, EBITDA and EBIT in the second half were 3% and 6% lower respectively compared to the first half of 2020, primarily due to the concession expiry in Dammam and the corresponding closure provisions made in the second half.

In August 2020, this division entered into an agreement to develop and operate a new container terminal in Abu Qir, Egypt, with a total quay length of 1,200 metres. This division holds 61% interest in the new terminal which has a concession period of 38 years and the first phase is expected to commence operations in 2022.

In February 2021, this division has agreed to invest and operate multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia which will be developed in two phases, offering a combined total of 1,270 metres of berth length in Phase 1.

As market uncertainties are likely to persist for some time given the current outlook, this division will continue to exercise rigorous cost discipline, focus on health and operational safety and maintain a prudent approach to capital expenditures and investments.

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[4] Under Post-IFRS 16 basis, EBITDA was HK$13,748 million (2019: HK$16,092 million); EBIT was HK$8,055 million (2019: HK$10,216 million).

Retail

The Retail division had 16,167 stores across 27 markets at the end of 2020. Despite a 2% increase in store portfolio compared to 2019, the division experienced a material impact on sales starting from February as the pandemic spread globally. As a result, for the full year, Revenue, EBITDA[5] and EBIT[5] of HK$159,619 million, HK$14,397 million and HK$10,933 million decreased by 6%, 15% and 20% respectively. Excluding a one-off dilution gain recognised in the first half of 2019, EBITDA and EBIT decreased by 11% and 16% respectively. Following the gradual easing of the restrictive lockdowns in the second half, EBITDA and EBIT increased significantly by 111% and 168% respectively when compared to the first half of 2020. Comparing against the second half of 2019, EBITDA and EBIT both increased by 12%. The robust recovery was the result of the strategic decision to drive further digital transformation to accelerate the integration of physical store portfolio and online channels which helped boost eCommerce sales growth by 90% in 2020. Together with the continuing focus on customer engagement, the division's loyalty member base continues to increase, reaching 139 million with 65% sales participation.

In the Mainland, temporary store closures peaked at around 2,500 stores in February, resulting in a year-on-year reduction in EBITDA of 62% in the first half of 2020. As the pandemic related restriction measures gradually eased off, almost all stores reopened by the end of April with steady store traffic recovery. In the second half of 2020, the year-on-year decline in EBITDA narrowed to 13%, which was less adverse than the store traffic reduction of 23% as sales are recovered through its digital channels.

In Europe and Asia, footfall was severely impacted by lockdown measures beginning in late March. The division's major operations are in essential businesses which allowed stores to remain open during the lockdown periods partially mitigating declines. Health and Beauty operations in Europe delivered a very strong recovery in the second half, by turning around a year-on-year reduction in EBITDA of 39% in the first half to an EBITDA growth of 14% in the second half of 2020, primarily from the Benelux countries and Germany. Health and Beauty operations in Asia also narrowed its year-on-year EBITDA decline from 39% in the first half to only 3% in the second half of 2020. Singapore, Malaysia, Thailand and Turkey all recorded EBITDA growth in the second half.

As the Group moves into 2021, whilst the market conditions and sentiments continue to be uncertain, health and beauty products remain essential daily consumables. The Retail division will continue with its strategic direction in accelerating its "Online plus Offline" platform strategy to enhance its recovery path.

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[5] Under Post-IFRS 16 basis, EBITDA was HK$24,557 million (2019: HK$27,023 million); EBIT was HK$11,889 million (2019: HK$14,705 million).

Infrastructure

The Infrastructure division comprises a 75.67%[(6)] 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.

Total EBITDA[(7)] of this division of HK$29,066 million was 2% higher than 2019, whereas EBIT[(7)] of HK$18,488 million was 4% lower. The higher EBITDA was mainly driven by the gain on disposal of Portugal Renewable Energy in October 2020, partly offset by pandemic and adverse foreign currency translation impacts, as well as lower earnings from Northumbrian Water which entered a new regulatory regime in April 2020. EBIT was lower due to higher depreciation and amortisation mainly from Energy Developments in Australia and UK Rails that more than offset the EBITDA growth.

CKI
CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK$7,320 million, 30% lower than last year. Excluding the deferred tax charge of HK$1.4 billion in the year as a result of the revision of the UK corporate tax rate glide path from 17% to 19% in 2020, the pandemic impacts, as well as the higher depreciation as mentioned above, net profit decreased 7% in 2020 compared to 2019.

A number of CKI's regulated businesses have gone through or will go through challenging regulatory resets. This was evident in Northumbrian Water's new determination as set by the regulator in 2020 which was more stringent than in previous periods. In 2021, a number of regulated business in the UK and Australia are scheduled to enter new regulatory regimes. Anticipated lower allowable returns given the current low interest rate environment and the stringent stance taken by regulators are expected to result in lower revenues for these operations. Depending on outcomes, declining revenue outlooks and recent transaction multiples may affect the Group's valuations in relation to CKI and some or all of its businesses.

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(6) Based on the Group's profit sharing ratio in CKI.

(7) Under Post-IFRS 16 basis, EBITDA was HK$29,367 million (2019: HK$28,751 million); EBIT was HK$18,537 million (2019: HK$19,259 million).

Energy

In January 2021, Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of the combination of Cenovus Energy and Husky. The merger creates Canada's third largest oil and natural gas producer, based on total company production, with about 750,000 barrels of oil equivalent per day ("boe/day") of low-cost oil and natural gas production. The combined company also becomes the second largest Canadian-based refiner and upgrader, with total North American refining and upgrading capacity of approximately 660,000 barrels per day ("bbls/day"). Cenovus Energy anticipates to achieve approximately C$1 billion of synergies in 2021, which combined with the strong portfolio of well-matched upstream production, midstream and downstream assets, as well as improved financial strength, are expected to generate value enhancement for the Group.

Post-completion, Husky was delisted from the Toronto Stock Exchange and the Group currently holds approximately 15.71% of Cenovus Energy, together with warrants representing a further 1.08% to 16.79%[8]. The results of the Energy division reported in 2020 represent the Group's 40.19% share of Husky's results for the year.

Husky announced Post-IFRS 16 net loss of C$10,016 million for 2020, as compared to the net loss of C$1,370 million for 2019, primarily due to the impairment charges, as well as operational challenges in 2020, including significant crude oil demand reduction due to the pandemic, increased global crude oil supplies in the first half of 2020 as OPEC negotiations broke down, and the Government of Alberta's mandatory production quotas introduced in 2019 which were only lifted in December 2020. As a result of the declines in forecasted long-term commodity prices, reduced capital investment and delayed future development plans, as well as market indicators including the merger with Cenovus Energy, Husky recognised in total C$8.6 billion in 2020 of non-cash after-tax impairments and other charges (2019: C$2.3 billion).

The Group's 40.19% share of the impairment and other charges, after consolidation adjustments, of HK$24,909 million and HK$5,983 million in 2020 and 2019 respectively, were included in the Group's EBITDA and EBIT results. Together with the adverse underlying operating results, the Group's share of LBITDA[9] and LBIT[9] in 2020 were HK$23,003 million and HK$28,096 million respectively, compared to EBITDA and LBIT of HK$3,139 million and HK$3,004 million respectively in 2019.

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(8) On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

(9) Under Post-IFRS 16 basis, the Group's share of LBITDA was HK$22,746 million (2019: EBITDA of HK$3,480 million); LBIT was HK$28,020 million (2019: LBIT of HK$2,974 million).

CK Hutchison Group Telecom

In November 2020, the Group entered into an agreement to dispose of its European telecommunications tower assets for an aggregate consideration of €10 billion. Following the transactions, the Group will be able to increase its focus on developing its networks and IT platforms, and will retain optionality to accelerate the rollout of its 5G networks, while benefiting from significant additional financial capacity to support future growth and opportunities. The disposals of tower assets in Denmark, Austria and Ireland, pursuant to this agreement, were completed in December 2020 and as a result the Group recognised a disposal gain(10) of HK$16,583 million.

Revenue of this division of HK$90,663 million (€10,231 million) was 3% lower than 2019, whereas EBITDA(11) and EBIT(11) of HK$48,540 million (€5,309 million) and HK$32,581 million (€3,512 million) respectively were 37% and 54% higher than 2019 respectively, primarily due to the aforementioned disposal gain.

3 Group Europe

As at 31 December 2020, **3** Group Europe's active customer base stands at 38.5 million, 5% below last year mainly due to lower customer bases in Wind Tre and in the UK, partly offset by net additions in other operations. **3** Group Europe's Revenue, EBITDA(12) and EBIT(12) of HK$85,799 million, HK$31,378 million and HK$16,270 million were 3%, 7% and 20% lower than 2019 respectively in local currencies. The telecommunications businesses have been less affected by the pandemic than the Group's other businesses. Total margin was flat against 2019 in local currencies, primarily driven by increased proportion of higher margin customers, fully offset by lower roaming revenues and certain regulatory impacts introduced since mid-2019. **3** Group Europe's EBITDA and EBIT were adverse year-on-year, primarily due to certain one-time income in 2019, as well as higher operating costs in the UK from escalating annual licence fees and continued dual costs from IT transformation. EBIT of the **3** Group Europe was further impacted by the increase in depreciation and amortisation from a higher asset base from its significant investments in IT and networks. Excluding the impact of one-time items in 2019, underlying EBITDA of **3** Group Europe was the same as last year but EBIT was 9% lower than 2019 in local currencies. Majority of the operations have seen gradual recovery with underlying EBITDA in the second half of 2020 improved against the first half, reflecting margin enhancements and disciplined cost spending, especially in the UK where meaningful improvements have been seen following the replacement of most of the senior management team.

3 Group Europe operations are in varying stages of introducing 5G capabilities, with strong network and spectrum assets available to deploy and support the development of emerging 5G opportunities in all its markets.

(10) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$16,763 million. For further information, please see Note 5(b)(xviii) to the Financial Statements of this Announcement.

(11) Under Post-IFRS 16 basis, EBITDA was HK$56,706 million (2019: HK$42,417 million); EBIT was HK$33,484 million (2019: HK$21,987 million).

(12) Under Post-IFRS 16 basis, EBITDA was HK$38,929 million (2019: HK$40,126 million); EBIT was HK$16,982 million (2019: HK$20,952 million).

Hutchison Telecommunications Hong Kong
HTHKH, our Hong Kong listed telecommunications subsidiary operating in Hong Kong and Macau, announced Post-IFRS 16 profit attributable to shareholders of HK$361 million and earnings per share of 7.49 HK cents. As of 31 December 2020, HTHKH had approximately 3.3 million active mobile customers in Hong Kong and Macau. The full deployment of the ultra-fast, low-latency 5G network with extensive territory-wide 5G radio sites coverage was completed during the year, a significant milestone towards building a 5G smart city.

Hutchison Asia Telecommunications

As of 31 December 2020, Hutchison Asia Telecommunications ("HAT") had approximately 57.0 million active customer accounts, 25% higher than 2019, primarily driven by the growth of its largest operation, Indonesia, which reported 31% growth in active customer accounts. Despite reporting 25% growth in active customer accounts growth, revenue of HK$9,147 million in 2020 only represented an increase of 2% compared to 2019, reflecting market pressure of aggressive pricing from other incumbents in Indonesia. EBITDA[(13)] and EBIT[(13)] of HK$2,034 million and HK$544 million were 6% and 48% lower than 2019 respectively, primarily due to higher operating costs from network expansion in all operations completed during 2019 and 2020 and non-recurring exchange gains recognised in 2019. EBIT was further impacted by the increase in depreciation and amortisation reflecting the higher network asset base due to the network rollouts and enhancements.

In December, the Group announced that it has entered into exclusive negotiations with Ooredoo Telecom relative to a potential merger of its subsidiary PT Indosat TBK with the Group's subsidiary in Indonesia.

[(13)] Under Post-IFRS 16 basis, EBITDA was HK$4,362 million (2019: HK$4,328 million); EBIT was HK$1,480 million (2019: HK$2,032 million).

Finance & Investments and Others

The Group's liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK$166,539 million and consolidated total bank and other debts[14] amounted to HK$351,837 million, resulting in consolidated net debt[14] of HK$185,298 million and net debt to net total capital ratio[14] of 22.2% (31 December 2019 – 24.8%).

Sustainability response to COVID-19

Faced with the unprecedented challenge of the COVID-19 pandemic in 2020, the Group's top priority has been supporting its employees, customers and communities. The Group implemented a host of safety measures for employees, from distributing face masks daily and conducting temperature checks, to offering flexible working programmes where applicable. Amongst our employees caseloads, hospital admissions and morbidity have trended well below national averages throughout the pandemic. In addition to ensuring rigorous social distancing measures at all premises, customers have also been offered financial relief such as deferred energy charges for those experiencing hardship through the infrastructure division. The Group's community engagement initiatives in 2020 prioritised supporting local healthcare providers and addressing the needs of the vulnerable with the Ports division donated hospital beds, ventilators, and personal protective equipment to local hospitals, the Retail division in the UK became one of several high-street retailers to support the vaccine rollout, and the Telecommunications division offered free internet access, tablets and laptops to disadvantaged school children to enable online learning.

[14] 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 22.7% (2019: 25.3%).

Outlook

Looking ahead into 2021, with the spread of the pandemic being well contained, economic growth will be sustained in the Mainland. However, the outlook for the year remains unclear for other major economies with uncertainties surrounding the threat level posed by new virus variants, substantial geopolitical risks, as well as risks to trade stability, risks arising from Brexit, and macro-economic risks associated with the unprecedented levels of global debt. Nevertheless, with the expected easing of the pandemic following rollout of effective vaccination programs globally, economic conditions should improve.

In 2020, the Group reacted quickly to rapidly changing business environments by accelerating digitalisation, enhancing its retail “online plus offline” platform strategy and maintaining stringent cost control at all levels. The Group also emphasised working capital management measures across all businesses, resulting in a significant improvement in free cash flow against 2019.

In 2021, the Group will continue to react nimbly to changing business conditions, which will likely be similar to the second half of 2020, while continuing to prioritise health and safety for our employees and our customers and preserving our strong balance sheet and liquidity. The Group’s year end net debt to net total capital ratio of 22.2% is expected to be further reduced following the various transactions completing in 2021. The Group is in a strong financial position and expects a solid performance in 2021.

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, 18 March 2021

Financial Performance Summary

	Pre-IFRS 16 [1] 2020 HK$ million	%	Pre-IFRS 16 [1] 2019 HK$ million	%	Change %	Local currencies change %
Revenue [2]						
Ports and Related Services [2]	**32,865**	**8%**	35,375	8%	-7%	-5%
Retail	**159,619**	**40%**	169,225	38%	-6%	-6%
Infrastructure	**52,792**	**13%**	51,191	12%	3%	4%
Energy	**31,179**	**8%**	47,618	11%	-35%	-33%
CK Hutchison Group Telecom	**90,663**	**22%**	93,517	21%	-3%	-4%
Hutchison Asia Telecommunications	**9,147**	**2%**	8,984	2%	2%	6%
Finance & Investments and Others	**27,581**	**7%**	33,946	8%	-19%	-18%
Total Revenue	**403,846**	**100%**	439,856	100%	-8%	-8%
EBITDA [2]						
Ports and Related Services [2]	**10,914**	**12%**	13,405	12%	-19%	-17%
Retail	**14,397**	**15%**	16,891	15%	-15%	-16%
Infrastructure	**29,066**	**30%**	28,488	25%	2%	3%
Energy	**(23,003)**	**-24%**	3,139	3%	-833%	-835%
Underlying	***1,906***	***2%***	*9,122*	*8%*	*-79%*	*-80%*
One-off impairment and other charges [3]	***(24,909)***	***-26%***	*(5,983)*	*-5%*	*-316%*	*-316%*
CK Hutchison Group Telecom	**48,540**	**50%**	35,341	32%	37%	37%
Hutchison Asia Telecommunications	**2,034**	**2%**	2,167	2%	-6%	-3%
Finance & Investments and Others	**14,996**	**15%**	12,637	11%	19%	19%
Total EBITDA	**96,944**	**100%**	112,068	100%	-13%	-13%
EBIT [2]						
Ports and Related Services [2]	**6,717**	**12%**	9,061	13%	-26%	-24%
Retail	**10,933**	**20%**	13,671	19%	-20%	-21%
Infrastructure	**18,488**	**34%**	19,220	27%	-4%	-3%
Energy	**(28,096)**	**-52%**	(3,004)	-4%	-835%	-841%
Underlying	***(3,187)***	***-6%***	*2,979*	*4%*	*-207%*	*-213%*
One-off impairment and other charges [3]	***(24,909)***	***-46%***	*(5,983)*	*-8%*	*-316%*	*-316%*
CK Hutchison Group Telecom	**32,581**	**61%**	21,131	30%	54%	54%
Hutchison Asia Telecommunications	**544**	**1%**	1,055	1%	-48%	-46%
Finance & Investments and Others	**12,687**	**24%**	9,974	14%	27%	26%
Total EBIT	**53,854**	**100%**	71,108	100%	-24%	-24%
Interest Expenses and other finance Costs [2]	**(15,139)**		(15,657)		3%	
Profit Before Tax	**38,715**		55,451		-30%	
Tax [2]						
Current tax	**(7,557)**		(7,814)		3%	
Deferred tax	**6,087**		113		5287%	
	(1,470)		(7,701)		81%	
Profit after tax	**37,245**		47,750		-22%	
Non-controlling interests and perpetual capital securities holders' interests	**(8,245)**		(7,862)		-5%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**29,000**		39,888		-27%	-28%

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 Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflects management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2019 and 2020. 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.

Note 3: Represents the Group's share of Husky's impairment and other charges after consolidation adjustments.

Financial Performance Summary

	Post-IFRS 16 [1] 2020 HK$ million	%	Post-IFRS 16 [1] 2019 HK$ million	%	Change %
Revenue [2]					
Ports and Related Services [2]	**32,865**	**8%**	35,375	8%	-7%
Retail	**159,619**	**40%**	169,225	38%	-6%
Infrastructure	**52,792**	**13%**	51,191	12%	3%
Energy	**31,179**	**8%**	47,618	11%	-35%
CK Hutchison Group Telecom	**90,663**	**22%**	93,517	21%	-3%
Hutchison Asia Telecommunications	**9,147**	**2%**	8,984	2%	2%
Finance & Investments and Others	**27,581**	**7%**	33,946	8%	-19%
Total Revenue	**403,846**	**100%**	439,856	100%	-8%
EBITDA [2]					
Ports and Related Services [2]	**13,748**	**11%**	16,092	12%	-15%
Retail	**24,557**	**20%**	27,023	20%	-9%
Infrastructure	**29,367**	**24%**	28,751	21%	2%
Energy	**(22,746)**	**-18%**	3,480	3%	-754%
Underlying	***2,163***	***2%***	*9,463*	*7%*	*-77%*
One-off impairment and other charges [3]	***(24,909)***	***-20%***	*(5,983)*	*-4%*	*-316%*
CK Hutchison Group Telecom	**56,706**	**46%**	42,417	31%	34%
Hutchison Asia Telecommunications	**4,362**	**4%**	4,328	3%	1%
Finance & Investments and Others	**16,354**	**13%**	13,958	10%	17%
Total EBITDA	**122,348**	**100%**	136,049	100%	-10%
EBIT [2]					
Ports and Related Services [2]	**8,055**	**14%**	10,216	14%	-21%
Retail	**11,889**	**20%**	14,705	19%	-19%
Infrastructure	**18,537**	**32%**	19,259	26%	-4%
Energy	**(28,020)**	**-48%**	(2,974)	-4%	-842%
Underlying	***(3,111)***	***-5%***	*3,009*	*4%*	*-203%*
One-off impairment and other charges [3]	***(24,909)***	***-43%***	*(5,983)*	*-8%*	*-316%*
CK Hutchison Group Telecom	**33,484**	**57%**	21,987	29%	52%
Hutchison Asia Telecommunications	**1,480**	**3%**	2,032	3%	-27%
Finance & Investments and Others	**12,879**	**22%**	10,119	13%	27%
Total EBIT	**58,304**	**100%**	75,344	100%	-23%
Interest Expenses and other finance Costs [2]	**(19,591)**		(20,117)		3%
Profit Before Tax	**38,713**		55,227		-30%
Tax [2]					
Current tax	**(7,538)**		(7,834)		4%
Deferred tax	**6,227**		215		2796%
	(1,311)		(7,619)		83%
Profit after tax	**37,402**		47,608		-21%
Non-controlling interests and perpetual capital securities holders' interests	**(8,259)**		(7,778)		-6%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**29,143**		39,830		-27%

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 Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

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

Note 3: Represents the Group's share of Husky's impairment and other charges after consolidation adjustments.

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 19 to 133, which comprise:

- the consolidated and Company statements of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill and brand names with an indefinite useful life; and
- Investments in associated companies and joint ventures.

Key Audit Matter	***How our audit addressed the Key Audit Matter***
Goodwill and brand names with an indefinite useful life *Refer to notes 15, 16 and 43 to the consolidated financial statements* The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2020, goodwill amounted to approximately HK$320 billion and brand names with an indefinite useful life amounted to approximately HK$71 billion. Goodwill and brand names with an indefinite useful life are subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts, taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates used in the cash flow projections and the discount rates applied to bring the future cash flows back to their present values. Based on the results of the impairment assessments conducted, the Group determined that there is no impairment of goodwill and brand names with an indefinite useful life. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amounts of the respective business units including goodwill, brand names with an indefinite useful life and other operating assets. The significant assumptions are disclosed in notes 15, 16 and 43 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included: • Assessing the appropriateness of the valuation methodologies used; • Testing source data to supporting evidence, such as approved budgets and available market data, on a sample basis and considering the reasonableness of these budgets; • Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the relevant businesses and industries and with the involvement of our valuations specialists; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Investments in associated companies and joint ventures *Refer to notes 17, 18 and 43 to the consolidated financial statements* The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2020, investments in associated companies and joint ventures amounted to approximately HK$278 billion. Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures, taking into consideration the share of the associated companies' and the joint ventures' future cash flows and a number of other assumptions, including the growth rates used to prepare the associated companies' and joint ventures' cash flow projections, and the discount rates applied to bring the future cash flows back to their present values. Husky Energy Inc. ("Husky Energy"), a listed associated company of the Group, recorded an impairment loss for the year ended 31 December 2020 as the carrying values of its assets exceeded the recoverable amounts. The Group therefore recognised its share of the impairment loss of Husky Energy of approximately HK$18.7 billion for the year ended 31 December 2020. Refer to note 5(b)(xvi) to the consolidated financial statements for details. Based on the results of the impairment assessments conducted, the Group determined that, except for the share of impairment loss of Husky Energy, there is no impairment of the Group's investments in other associated companies and joint ventures. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.	The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included: • Evaluating the Group's assessments as to whether any indication of impairment exists in respect of investments in associated companies and joint ventures; • Assessing the appropriateness of the valuation methodologies used; • Testing source data to supporting evidence, such as approved budgets and available market data, on a sample basis and considering the reasonableness of these budgets; • Checking information used to determine the key assumptions, including growth rates and discount rates, to available market data; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Luk Lai Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2021

Consolidated Income Statement

for the year ended 31 December 2020

2020 # **US$ million**		Note	**2020** **HK$ million**	2019 HK$ million
34,153	Revenue	4, 5	**266,396**	299,021
(12,250)	Cost of inventories sold	7	**(95,549)**	(105,959)
(4,551)	Staff costs		**(35,495)**	(37,958)
(2,098)	Expensed customer acquisition and retention costs		**(16,362)**	(17,755)
(5,340)	Depreciation and amortisation	5	**(41,658)**	(38,129)
(5,446)	Other expenses and losses ##	7	**(42,482)**	(47,339)
4,010	Other income and gains ###	7	**31,274**	7,293
	Share of profits less losses of:			
(2,376)	Associated companies		**(18,529)**	1,524
635	Joint ventures		**4,954**	7,404
6,737			**52,549**	68,102
(1,391)	Interest expenses and other finance costs	8	**(10,850)**	(14,305)
5,346	**Profit before tax**		**41,699**	53,797
(511)	Current tax	9	**(3,985)**	(4,891)
(41)	Deferred tax	9	**(317)**	(1,129)
4,794	**Profit after tax**		**37,397**	47,777
(1,058)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(8,254)**	(7,947)
3,736	**Profit attributable to ordinary shareholders**		**29,143**	39,830
US$ 0.97	**Earnings per share for profit attributable to ordinary shareholders**	10	**HK$ 7.56**	HK$ 10.33

Details of distribution paid to the holders of perpetual capital securities, interim dividend paid and proposed final dividend payable to the ordinary shareholders are set out in note 11.

\# See note 47.

\## Comparative information has been reclassified to conform to the presentation adopted in the current year. See note 7.

\### New income statement line item included in the current year. See note 7.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

2020 # US$ million		Note	2020 HK$ million	2019 HK$ million
4,794	**Profit after tax**		**37,397**	47,777
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss:			
(85)	Remeasurement of defined benefit obligations recognised directly in reserves		**(664)**	(899)
	Equity securities at fair value through other comprehensive income ("FVOCI")			
187	Valuation gains (losses) recognised directly in reserves		**1,461**	(323)
(69)	Share of other comprehensive income (losses) of associated companies		**(540)**	300
(233)	Share of other comprehensive income (losses) of joint ventures		**(1,815)**	564
22	Tax relating to items that will not be reclassified to profit or loss	33 (c)	**169**	170
(178)			**(1,389)**	(188)
	Items that have been reclassified or may be subsequently reclassified to profit or loss:			
	Debt securities at FVOCI			
6	Valuation gains recognised directly in reserves		**44**	104
11	Valuation losses previously in reserves recognised in income statement		**89**	29
(8)	Losses on cash flow hedges recognised directly in reserves		**(65)**	(808)
(286)	Losses on net investment hedges recognised directly in reserves		**(2,229)**	(547)
1,667	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		**13,004**	(813)
268	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		**2,093**	4,535
285	Share of other comprehensive income of associated companies		**2,227**	40
454	Share of other comprehensive income (losses) of joint ventures		**3,535**	(632)
1	Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	33 (c)	**9**	103
2,398			**18,707**	2,011
2,220	Other comprehensive income, net of tax		**17,318**	1,823
7,014	**Total comprehensive income**		**54,715**	49,600
(1,229)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		**(9,588)**	(7,794)
5,785	**Total comprehensive income attributable to ordinary shareholders**		**45,127**	41,806

See note 47.

Consolidated Statement of Financial Position

at 31 December 2020

2020 # **US$ million**		Note	**2020** **HK$ million**	2019 HK$ million
	Non-current assets			
16,936	Fixed assets	12	**132,101**	119,131
10,744	Right-of-use assets	13	**83,805**	83,708
8,583	Telecommunications licences	14	**66,944**	63,387
11,725	Brand names and other rights	15	**91,453**	88,275
40,989	Goodwill	16	**319,718**	308,986
17,446	Associated companies	17	**136,076**	144,751
18,136	Interests in joint ventures	18	**141,465**	143,555
2,555	Deferred tax assets	19	**19,926**	20,353
1,357	Liquid funds and other listed investments	20	**10,588**	7,722
1,916	Other non-current assets	21	**14,944**	14,276
130,387			**1,017,020**	994,144
	Current assets			
19,994	Cash and cash equivalents	23	**155,951**	137,127
3,149	Inventories		**24,565**	23,847
7,155	Trade receivables and other current assets	24	**55,809**	55,709
30,298			**236,325**	216,683
160	Assets classified as held for sale	25	**1,251**	149
30,458			**237,576**	216,832
	Current liabilities			
6,157	Bank and other debts	26	**48,021**	39,995
338	Current tax liabilities		**2,639**	1,869
2,387	Lease liabilities	13	**18,621**	18,079
13,318	Trade payables and other current liabilities	27	**103,881**	99,358
22,200			**173,162**	159,301
36	Liabilities directly associated with assets classified as held for sale	25	**284**	-
22,236			**173,446**	159,301
8,222	Net current assets		**64,130**	57,531
138,609	Total assets less current liabilities		**1,081,150**	1,051,675
	Non-current liabilities			
38,596	Bank and other debts	26	**301,050**	304,565
102	Interest bearing loans from non-controlling shareholders	29	**798**	728
9,698	Lease liabilities	13	**75,644**	75,609
2,266	Deferred tax liabilities	19	**17,672**	16,819
488	Pension obligations	30	**3,804**	3,123
6,682	Other non-current liabilities	31	**52,119**	53,868
57,832			**451,087**	454,712
80,777	**Net assets**		**630,063**	596,963

See note 47.

Consolidated Statement of Financial Position
at 31 December 2020

2020 # US$ million		Note	2020 HK$ million	2019 HK$ million
	Capital and reserves			
494	Share capital	32 (a)	**3,856**	3,856
31,330	Share premium	32 (a)	**244,377**	244,377
31,547	Reserves	33	**246,063**	216,052
63,371	Total ordinary shareholders' funds		**494,296**	464,285
1,591	Perpetual capital securities	32 (b)	**12,415**	12,410
15,815	Non-controlling interests		**123,352**	120,268
80,777	**Total equity**		**630,063**	596,963

See note 47.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

Total equity # US$ million		Attributable to: Ordinary shareholders: Share capital and share premium (a) HK$ million	Reserves (b) HK$ million	Total ordinary shareholders' funds HK$ million	Perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
76,534	At 1 January 2020	**248,233**	**216,052**	**464,285**	**12,410**	**120,268**	**596,963**
4,794	Profit for the year	**-**	**29,143**	**29,143**	**487**	**7,767**	**37,397**
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
187	Valuation gains recognised directly in reserves	**-**	**1,211**	**1,211**	**-**	**250**	**1,461**
	Debt securities at FVOCI						
6	Valuation gains recognised directly in reserves	**-**	**44**	**44**	**-**	**-**	**44**
11	Valuation losses previously in reserves recognised in income statement	**-**	**89**	**89**	**-**	**-**	**89**
(85)	Remeasurement of defined benefit obligations recognised directly in reserves	**-**	**(511)**	**(511)**	**-**	**(153)**	**(664)**
(8)	Losses on cash flow hedges recognised directly in reserves	**-**	**(21)**	**(21)**	**-**	**(44)**	**(65)**
(286)	Losses on net investment hedges recognised directly in reserves	**-**	**(1,687)**	**(1,687)**	**-**	**(542)**	**(2,229)**
1,667	Gains on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**11,802**	**11,802**	**-**	**1,202**	**13,004**
268	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**-**	**2,038**	**2,038**	**-**	**55**	**2,093**
216	Share of other comprehensive income of associated companies	**-**	**1,565**	**1,565**	**-**	**122**	**1,687**
221	Share of other comprehensive income of joint ventures	**-**	**1,314**	**1,314**	**-**	**406**	**1,720**
23	Tax relating to components of other comprehensive income (losses)	**-**	**140**	**140**	**-**	**38**	**178**
2,220	Other comprehensive income, net of tax	**-**	**15,984**	**15,984**	**-**	**1,334**	**17,318**
7,014	Total comprehensive income	**-**	**45,127**	**45,127**	**487**	**9,101**	**54,715**
	Transaction with owners in their capacity as owners:						
(1,137)	Dividends paid relating to 2019	**-**	**(8,870)**	**(8,870)**	**-**	**-**	**(8,870)**
(304)	Dividends paid relating to 2020	**-**	**(2,368)**	**(2,368)**	**-**	**-**	**(2,368)**
(700)	Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**(5,462)**	**(5,462)**
(62)	Distribution paid on perpetual capital securities	**-**	**-**	**-**	**(482)**	**-**	**(482)**
1	Unclaimed dividends write back of a subsidiary	**-**	**7**	**7**	**-**	**-**	**7**
(609)	Relating to purchase of non-controlling interests (c)	**-**	**(3,943)**	**(3,943)**	**-**	**(806)**	**(4,749)**
40	Relating to partial disposal / disposal of subsidiary companies	**-**	**58**	**58**	**-**	**251**	**309**
(2,771)		**-**	**(15,116)**	**(15,116)**	**(482)**	**(6,017)**	**(21,615)**
80,777	At 31 December 2020	**248,233**	**246,063**	**494,296**	**12,415**	**123,352**	**630,063**

\# See note 47.

(a) See note 32(a) for further details on share capital and share premium.

(b) See note 33 for further details on reserves.

(c) See note 33(b).

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

Total equity # US$ million		Attributable to: Ordinary shareholders: Share capital and share premium (a) HK$ million	Reserves (b) HK$ million	Total ordinary shareholders' funds HK$ million	Perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
73,734	At 1 January 2019	248,233	186,106	434,339	12,326	128,459	575,124
6,125	Profit for the year	-	39,830	39,830	482	7,465	47,777
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
(41)	Valuation losses recognised directly in reserves	-	(228)	(228)	-	(95)	(323)
	Debt securities at FVOCI						
13	Valuation gains recognised directly in reserves	-	104	104	-	-	104
4	Valuation losses previously in reserves recognised in income statement	-	29	29	-	-	29
(115)	Remeasurement of defined benefit obligations recognised directly in reserves	-	(625)	(625)	-	(274)	(899)
(104)	Losses on cash flow hedges recognised directly in reserves	-	(692)	(692)	-	(116)	(808)
(70)	Losses on net investment hedges recognised directly in reserves	-	(414)	(414)	-	(133)	(547)
(104)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(582)	(582)	-	(231)	(813)
581	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	-	3,850	3,850	-	685	4,535
44	Share of other comprehensive income (losses) of associated companies	-	380	380	-	(40)	340
(9)	Share of other comprehensive income (losses) of joint ventures	-	(64)	(64)	-	(4)	(68)
35	Tax relating to components of other comprehensive income (losses)	-	218	218	-	55	273
234	Other comprehensive income (losses), net of tax	-	1,976	1,976	-	(153)	1,823
6,359	Total comprehensive income	-	41,806	41,806	482	7,312	49,600
(11)	Hedging reserve gains transferred to the carrying value of non-financial item during the year	-	(73)	(73)	-	(10)	(83)
	Transaction with owners in their capacity as owners:						
(1,137)	Dividends paid relating to 2018	-	(8,870)	(8,870)	-	-	(8,870)
(430)	Dividends paid relating to 2019	-	(3,355)	(3,355)	-	-	(3,355)
(868)	Dividends paid to non-controlling interests	-	-	-	-	(6,769)	(6,769)
(51)	Distribution paid on perpetual capital securities	-	-	-	(398)	-	(398)
-	Equity contribution from non-controlling interests	-	-	-	-	1	1
(1)	Equity redemption to non-controlling interests	-	-	-	-	(10)	(10)
8	Share option schemes and long term incentive plans of subsidiary companies	-	36	36	-	27	63
1	Unclaimed dividends write back of a subsidiary	-	6	6	-	-	6
(61)	Relating to purchase of non-controlling interests	-	(200)	(200)	-	(277)	(477)
(1,009)	Relating to partial disposal / disposal of subsidiary companies	-	596	596	-	(8,465)	(7,869)
(3,559)		-	(11,860)	(11,860)	(398)	(15,503)	(27,761)
76,534	At 31 December 2019	248,233	216,052	464,285	12,410	120,268	596,963

\# See note 47.

(a) See note 32(a) for further details on share capital and share premium.

(b) See note 33 for further details on reserves.

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

2020 # US$ million		Note	2020 HK$ million	2019 HK$ million
	Operating activities			
	Cash generated from operating activities before interest expenses			
11,163	and other finance costs, tax paid and changes in working capital	34 (a)	**87,072**	95,291
(1,383)	Interest expenses and other finance costs paid (net of capitalisation)		**(10,789)**	(14,621)
(465)	Tax paid		**(3,628)**	(5,823)
9,315	**Funds from operations (before payment of lease liabilities)**		**72,655**	74,847
66	Changes in working capital	34 (b)	**516**	(5,577)
9,381	**Net cash from operating activities**		**73,171**	69,270
	Investing activities			
(3,475)	Purchase of fixed assets		**(27,104)**	(32,190)
(87)	Additions to telecommunications licences		**(679)**	(1,286)
(229)	Additions to brand names and other rights		**(1,791)**	(2,817)
-	Purchase of subsidiary companies, net of cash acquired	34 (c)	**-**	(30)
(17)	Additions to other unlisted investments		**(131)**	(17)
206	Repayments of loans from associated companies and joint ventures		**1,609**	641
(107)	Purchase of and advances to associated companies and joint ventures		**(833)**	(885)
72	Proceeds from disposal of fixed assets		**564**	150
2,664	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	**20,780**	(1,522)
	Cash disposed arising from de-consolidation of subsidiaries			
-	classified as held for sale		**-**	(2,429)
	Proceeds from partial disposal / disposal of associated companies			
257	and joint ventures		**2,005**	2,388
2	Proceeds from disposal of other unlisted investments		**13**	130
	Cash flows used in investing activities before additions to /			
(714)	disposal of liquid funds and other listed investments		**(5,567)**	(37,867)
94	Disposal of liquid funds and other listed investments		**730**	503
(209)	Additions to liquid funds and other listed investments		**(1,627)**	(55)
(829)	**Cash flows used in investing activities**		**(6,464)**	(37,419)
8,552	**Net cash inflow before financing activities**		**66,707**	31,851
	Financing activities			
5,691	New borrowings	34 (e)	**44,391**	211,526
(7,225)	Repayment of borrowings	34 (e)	**(56,361)**	(211,455)
(2,309)	Payment of lease liabilities	34 (e)	**(18,010)**	(15,969)
-	Net loans to non-controlling shareholders	34 (e)	**-**	(2)
-	Capital redemption by non-controlling shareholders		**-**	(10)
(134)	Payments to acquire additional interests in subsidiary companies		**(1,048)**	(478)
40	Proceeds from partial disposal of subsidiary companies		**309**	2,201
(1,441)	Dividends paid to ordinary shareholders		**(11,238)**	(12,225)
(698)	Dividends paid to non-controlling interests		**(5,444)**	(6,910)
(62)	Distribution paid on perpetual capital securities		**(482)**	(398)
(6,138)	**Cash flows used in financing activities**		**(47,883)**	(33,720)
2,414	Increase (decrease) in cash and cash equivalents		**18,824**	(1,869)
17,580	Cash and cash equivalents at 1 January		**137,127**	138,996
19,994	**Cash and cash equivalents at 31 December**		**155,951**	137,127

See note 47.

Consolidated Statement of Cash Flows
for the year ended 31 December 2020

2020 # US$ million		Note	2020 HK$ million	2019 HK$ million
	Analysis of cash, liquid funds and other listed investments			
19,994	Cash and cash equivalents, as above		**155,951**	137,127
1,357	Liquid funds and other listed investments	20	**10,588**	7,722
21,351	**Total cash, liquid funds and other listed investments**		**166,539**	144,849
45,082	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	**351,642**	347,497
102	Interest bearing loans from non-controlling shareholders	29	**798**	728
23,833	**Net debt**		**185,901**	203,376
(102)	Interest bearing loans from non-controlling shareholders		**(798)**	(728)
23,731	**Net debt (excluding interest bearing loans from non-controlling shareholders)**		**185,103**	202,648

See note 47.

Notes to the Financial Statements

1 General information

CK Hutchison Holdings Limited (the "Company") is a company incorporated in the Cayman Islands with limited liability and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2020 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 18 March 2021.

For a detailed discussion about the performance of the Group's businesses for the current year, including the impacts of the Coronavirus Disease 2019 ("COVID-19") pandemic on, and relevant principal risk and uncertainties affecting, the Group's operations, and measures taken to manage these impacts, and other important corporate transactions concluded during the 2020 financial year, please refer to the Chairman's Statement, Operations Review and Risk Factors, included elsewhere in the Annual Report outside the Annual Financial Statements.

For a detailed discussion about the Group's liquidity and financial profile, please refer to the Group Capital Resources and Liquidity, included elsewhere in the Annual Report outside the Annual Financial Statements.

2 Use of judgements, assumptions and estimates

The preparation of financial statements under Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on 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 conditions could differ significantly from our expectations, given the road to post-pandemic normal and economic recovery will not be straightforward. Hence, our accounting estimates and assumptions could change over time in response to how economic and market conditions develop.

Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected, and the amounts and timing of the results of operations and cash flows, and the accompanying disclosures in future periods.

Note 43 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group and COVID-19 mitigating actions which have been and may be taken to reduce discretionary spend and other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

The Annual Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, certain properties, certain financial assets and liabilities (including derivative instruments) are measured at fair values, and non-current assets and disposal group classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position. Major classes of assets classified as held for sale and liabilities directly associated with these assets are disclosed separately in note 25.

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2020. In addition, the Group has early adopted Amendment to HKFRS 16: COVID-19-Related Rent Concessions ahead of its effective date. These changes did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Other than these changes, the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the Company's consolidated financial statements for the year ended 31 December 2019. A list of the significant accounting policies adopted in the preparation of these financial statements is set out in note 41.

4 Revenue

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

	2020 HK$ million	2019 HK$ million
Sale of goods	**148,712**	163,500
Revenue from services	**112,060**	129,072
Interest	**5,398**	5,916
Dividend income	**226**	533
	266,396	299,021

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

(i) By segments

	Revenue from contracts with customers				
	recognised at a point in time HK$ million	**recognised over time HK$ million**	**Subtotal HK$ million**	**Revenue from other sources HK$ million**	**2020 Total HK$ million**
Ports and Related Services	**-**	**24,926**	**24,926**	**157**	**25,083**
Retail	**121,284**	**64**	**121,348**	**-**	**121,348**
Infrastructure	**3,866**	**-**	**3,866**	**3,480**	**7,346**
Energy	**-**	**-**	**-**	**-**	**-**
CK Hutchison Group Telecom					
3 Group Europe	***13,047***	***72,736***	***85,783***	***4***	***85,787***
Hutchison Telecommunications Hong Kong Holdings	***1,260***	***3,285***	***4,545***	***-***	***4,545***
Corporate and Others	***2***	***56***	***58***	***143***	***201***
	14,309	**76,077**	**90,386**	**147**	**90,533**
Hutchison Asia Telecommunications	**-**	**9,146**	**9,146**	**1**	**9,147**
Finance & Investments and Others	**10,865**	**162**	**11,027**	**1,912**	**12,939**
	150,324	**110,375**	**260,699**	**5,697**	**266,396**

	Revenue from contracts with customers				
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	Revenue from other sources HK$ million	2019 Total HK$ million
Ports and Related Services	-	26,512	26,512	484	26,996
Retail	132,312	181	132,493	-	132,493
Infrastructure	3,706	10,425	14,131	6,351	20,482
Energy	-	-	-	-	-
CK Hutchison Group Telecom					
3 Group Europe	*14,137*	*73,368*	*87,505*	-	*87,505*
Hutchison Telecommunications Hong Kong Holdings	*1,969*	*3,613*	*5,582*	-	*5,582*
Corporate and Others	-	*39*	*39*	*253*	*292*
	16,106	77,020	93,126	253	93,379
Hutchison Asia Telecommunications	-	8,984	8,984	-	8,984
Finance & Investments and Others	13,279	267	13,546	3,141	16,687
	165,403	123,389	288,792	10,229	299,021

4 Revenue (continued)

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

(ii) By geographical locations

	Revenue from contracts with customers			**Revenue**	
	recognised at a point in time HK$ million	**recognised over time HK$ million**	**Subtotal HK$ million**	**from other sources HK$ million**	**2020 Total HK$ million**
Hong Kong	**30,336**	**3,227**	**33,563**	**230**	**33,793**
Mainland China	**24,082**	**359**	**24,441**	**17**	**24,458**
The People's Republic of China	**54,418**	**3,586**	**58,004**	**247**	**58,251**
Europe	**60,430**	**82,709**	**143,139**	**2,540**	**145,679**
Canada	**-**	**-**	**-**	**236**	**236**
Asia, Australia and Others	**24,611**	**23,918**	**48,529**	**762**	**49,291**
	85,041	**106,627**	**191,668**	**3,538**	**195,206**
	139,459	**110,213**	**249,672**	**3,785**	**253,457**
Finance & Investments and Others	**10,865**	**162**	**11,027**	**1,912**	**12,939**
	150,324	**110,375**	**260,699**	**5,697**	**266,396**

	Revenue from contracts with customers			Revenue	
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	from other sources HK$ million	2019 Total HK$ million
Hong Kong	30,836	3,499	34,335	698	35,033
Mainland China	30,036	424	30,460	10	30,470
The People's Republic of China	60,872	3,923	64,795	708	65,503
Europe	64,251	93,672	157,923	5,323	163,246
Canada	-	400	400	229	629
Asia, Australia and Others	27,001	25,127	52,128	828	52,956
	91,252	119,199	210,451	6,380	216,831
	152,124	123,122	275,246	7,088	282,334
Finance & Investments and Others	13,279	267	13,546	3,141	16,687
	165,403	123,389	288,792	10,229	299,021

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.

	2020	2019
	HK$ million	HK$ million
Trade receivables (see note 24)	**16,898**	16,863
Contract assets (see notes 21 and 24)	**8,999**	7,385
Contract liabilities (see note 27)	**(6,160)**	(6,188)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In 2020, HK$1,577 million (2019: HK$1,587 million) was recognised in the income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2020, HK$1,024 million (2019: HK$1,042 million) was recognised in the income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$5,028 million (2019: HK$5,106 million) was recognised as revenue in 2020 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration variable, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's future performance. The analysis is for compliance with HKFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2020	2019
	HK$ million	HK$ million
Within one year	**14,801**	17,293
More than one year	**7,707**	7,534
	22,508	24,827

5 Operating segment information

(a) Basis of presentation of segment information, and description of segments and principal activities

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for 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 years, and the Group's consolidated statement of financial position as at 31 December 2020 and 2019.

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resource allocation and performance assessment, the Group presents its operating segment information based on the following operating divisions.

Ports and Related Services:

This division is the world's leading port network, and has interests in 52 ports comprising 283 operational berths in 26 countries as at 31 December 2020. This division operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 139 million loyalty member base. ASW operated 12 retail brands with 16,167 stores in 27 markets worldwide as at 31 December 2020.

Infrastructure:

The Infrastructure division comprises the Group's 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary company listed on the Stock Exchange as well as 10% of the economic benefits derived from the Group's direct holdings in six infrastructure investments co-owned with CKI comprising of interests in Northumbrian Water, Park'N Fly, UK Rails, Australian Gas Networks, Dutch Enviro Energy and Wales & West Utilities. In October 2018, the Group completed the divesture of an aggregated 90% economic benefits in its direct interest in these six co-owned infrastructure investments. In December 2019, the Group completed supplementary agreements with the counter-parties to the economic arrangements in respect of its direct interests in Northumbrian Water, Park'N Fly, UK Rails, Dutch Enviro Energy and Wales & West Utilities to effectively transfer to these parties the proportionate voting rights of the Group's direct interests in these five co-owned infrastructure investments. Results of these co-owned infrastructure investments following the divesture are included in the segment results on a net of divesture basis.

Energy:

The operating segment information of the Energy division represents the Group's 40.19% interests in Husky Energy Inc. ("Husky").

Telecommunications:

The Group's telecommunications division consists of CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom") and Hutchison Asia Telecommunications.

In July 2019, the Group formed a new wholly-owned telecommunication holding company, CK Hutchison Group Telecom to consolidate the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the Stock Exchange. In November 2020, the Group entered into agreements to dispose interests in its European telecommunications tower assets in six countries for an aggregate consideration of €10 billion. Transactions in respect of three countries were completed in December 2020. See note 5(b)(xviii) for further details. For segment information presentation purposes, CK Hutchison Group Telecom is presented as an operating division for the current and comparative years in this operating segment note, with separate sub-totals for **3** Group Europe, HTHKH and CK Hutchison Group Telecom's Corporate and Others (which covers CK Hutchison Group Telecom's corporate head office operations and the returns earned on its holdings of cash and liquid investments).

5 Operating segment information (continued)

(a) Basis of presentation of segment information, and description of segments and principal activities (continued)

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and 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% interest in a listed associated company TPG Telecom Limited ("TPG") (formerly known as Vodafone Hutchison Australia ("VHA")), Hutchison Whampoa (China), Hutchison E-Commerce, the Marionnaud business, listed associated company Hutchison China MediTech ("HUTCHMED"), TOM Group and CK Life Sciences Int'l., (Holdings) Inc., 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.

(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$71 million (2019: HK$61 million), Hutchison Telecommunications Hong Kong Holdings of HK$14 million (2019: HK$14 million) and Hutchison Asia Telecommunications of HK$1 million (2019: HK$3 million).

	Revenue							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Ports and Related Services	**25,083**	**7,782**	**32,865**	**8%**	26,996	8,379	35,375	8%
Retail	**121,348**	**38,271**	**159,619**	**40%**	132,493	36,732	169,225	38%
Infrastructure	**7,346**	**45,446**	**52,792**	**13%**	12,837	38,354	51,191	12%
Energy	**-**	**31,179**	**31,179**	**8%**	-	47,618	47,618	11%
CK Hutchison Group Telecom								
3 Group Europe	***85,787***	***12***	***85,799***	***21%***	*87,505*	*11*	*87,516*	*20%*
Hutchison Telecommunications Hong Kong Holdings	***4,545***	***-***	***4,545***	***1%***	*5,582*	*-*	*5,582*	*1%*
Corporate and Others	***201***	***118***	***319***	***-***	*292*	*127*	*419*	*-*
	90,533	**130**	**90,663**	**22%**	93,379	138	93,517	21%
Hutchison Asia Telecommunications	**9,147**	**-**	**9,147**	**2%**	8,984	-	8,984	2%
Finance & Investments and Others	**12,939**	**14,642**	**27,581**	**7%**	16,687	17,259	33,946	8%
	266,396	**137,450**	**403,846**	**100%**	291,376	148,480	439,856	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**-**	**1,074**	**1,074**		-	1,098	1,098	
Divesture of infrastructure investments	**-**	**857**	**857**		7,645	4,481	12,126	
	266,396	**139,381**	**405,777**		299,021	154,059	453,080	
HKFRS 16 impact	**-**	**-**	**-**		-	-	-	
	266,396	**139,381**	**405,777**		299,021	154,059	453,080	

5 Operating segment information (continued)

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

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

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Ports and Related Services	**7,672**	**3,242**	**10,914**	**12%**	9,806	3,599	13,405	12%
Retail	**11,108**	**3,289**	**14,397**	**15%**	13,676	3,215	16,891	15%
Infrastructure	**3,574**	**25,492**	**29,066**	**30%**	7,437	21,051	28,488	25%
Energy (xvi)	**-**	**(23,003)**	**(23,003)**	**-24%**	-	3,139	3,139	3%
CK Hutchison Group Telecom								
3 Group Europe (xvii)	*31,377*	*1*	*31,378*	*32%*	*33,510*	*1*	*33,511*	*30%*
Hutchison Telecommunications Hong Kong Holdings	*1,278*	*63*	*1,341*	*1%*	*1,320*	*69*	*1,389*	*1%*
Corporate and Others (xviii)	*15,824*	*(3)*	*15,821*	*17%*	*458*	*(17)*	*441*	*1%*
	48,479	**61**	**48,540**	**50%**	35,288	53	35,341	32%
Hutchison Asia Telecommunications	**2,034**	**-**	**2,034**	**2%**	2,167	-	2,167	2%
Finance & Investments and Others (xix)	**13,143**	**1,853**	**14,996**	**15%**	8,768	3,869	12,637	11%
EBITDA (see note 5(b)(xiii))	**86,010**	**10,934**	**96,944**	**100%**	77,142	34,926	112,068	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**-**	**740**	**740**		-	756	756	
EBITDA	**86,010 ^**	**11,674 ^**	**97,684 ^**		77,142 ^	35,682 ^	112,824 ^	
Depreciation and amortisation	**(23,550)**	**(19,812)**	**(43,362)**		(23,097)	(18,136)	(41,233)	
Interest expenses and other finance costs	**(7,166)**	**(7,973)**	**(15,139)**		(9,269)	(6,388)	(15,657)	
Current tax	**(4,004)**	**(3,553)**	**(7,557)**		(4,612)	(3,202)	(7,814)	
Deferred tax credit (charge)	**(431)**	**6,518**	**6,087**		(1,122)	1,235	113	
Non-controlling interests	**(8,240)**	**(473)**	**(8,713)**		(7,865)	(480)	(8,345)	
	42,619	**(13,619)**	**29,000**		31,177	8,711	39,888	
HKFRS 16 impact								
EBITDA	**22,073 ^**	**3,331 ^**	**25,404 ^**		20,644 ^	3,337 ^	23,981 ^	
Depreciation and amortisation	**(18,108)**	**(2,846)**	**(20,954)**		(16,873)	(2,872)	(19,745)	
Interest expenses and other finance costs	**(3,684)**	**(768)**	**(4,452)**		(3,623)	(837)	(4,460)	
Current tax	**19**	**-**	**19**		(20)	-	(20)	
Deferred tax	**114**	**26**	**140**		65	37	102	
Non-controlling interests	**(14)**	**-**	**(14)**		84	-	84	
	43,019	**(13,876)**	**29,143**		31,454	8,376	39,830	

^ Reconciliation to Post-HKFRS 16 basis EBITDA :

Pre-HKFRS 16 basis EBITDA per above	**86,010**	**11,674**	**97,684**	77,142	35,682	112,824
HKFRS 16 impact per above	**22,073**	**3,331**	**25,404**	20,644	3,337	23,981
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**108,083**	**15,005**	**123,088**	97,786	39,019	136,805

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) (xv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Ports and Related Services	**4,793**	**1,924**	**6,717**	**12%**	6,827	2,234	9,061	13%
Retail	**8,434**	**2,499**	**10,933**	**20%**	11,164	2,507	13,671	19%
Infrastructure	**3,206**	**15,282**	**18,488**	**34%**	5,320	13,900	19,220	27%
Energy (xvi)	**-**	**(28,096)**	**(28,096)**	**-52%**	-	(3,004)	(3,004)	-4%
CK Hutchison Group Telecom								
3 Group Europe (xvii)								
EBITDA before the following non-cash items:	**31,377**	**1**	**31,378**		33,510	1	33,511	
Depreciation	**(9,237)**	**-**	**(9,237)**		(9,139)	-	(9,139)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(5,871)**	**-**	**(5,871)**		(4,260)	-	(4,260)	
EBIT - **3** Group Europe	**16,269**	**1**	**16,270**	**30%**	20,111	1	20,112	28%
Hutchison Telecommunications Hong Kong Holdings	**479**	**17**	**496**	**1%**	559	22	581	1%
Corporate and Others (xviii)	**15,818**	**(3)**	**15,815**	**30%**	455	(17)	438	1%
	32,566	**15**	**32,581**	**61%**	21,125	6	21,131	30%
Hutchison Asia Telecommunications	**544**	**-**	**544**	**1%**	1,055	-	1,055	1%
Finance & Investments and Others (xix)	**12,917**	**(230)**	**12,687**	**24%**	8,554	1,420	9,974	14%
EBIT (LBIT) (see note 5(b)(xiii))	**62,460**	**(8,606)**	**53,854**	**100%**	54,045	17,063	71,108	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**-**	**468**	**468**		-	483	483	
EBIT (LBIT)	**62,460 ^**	**(8,138) ^**	**54,322 ^**		54,045 ^	17,546 ^	71,591 ^	
Interest expenses and other finance costs	**(7,166)**	**(7,973)**	**(15,139)**		(9,269)	(6,388)	(15,657)	
Current tax	**(4,004)**	**(3,553)**	**(7,557)**		(4,612)	(3,202)	(7,814)	
Deferred tax credit (charge)	**(431)**	**6,518**	**6,087**		(1,122)	1,235	113	
Non-controlling interests	**(8,240)**	**(473)**	**(8,713)**		(7,865)	(480)	(8,345)	
	42,619	**(13,619)**	**29,000**		31,177	8,711	39,888	
HKFRS 16 impact								
EBIT	**3,965 ^**	**485 ^**	**4,450 ^**		3,771 ^	465 ^	4,236 ^	
Interest expenses and other finance costs	**(3,684)**	**(768)**	**(4,452)**		(3,623)	(837)	(4,460)	
Current tax	**19**	**-**	**19**		(20)	-	(20)	
Deferred tax	**114**	**26**	**140**		65	37	102	
Non-controlling interests	**(14)**	**-**	**(14)**		84	-	84	
	43,019	**(13,876)**	**29,143**		31,454	8,376	39,830	

^ Reconciliation to Post-HKFRS 16 basis EBIT (LBIT) :

Pre-HKFRS 16 basis EBIT (LBIT) per above	**62,460**	**(8,138)**	**54,322**	54,045	17,546	71,591
HKFRS 16 impact per above	**3,965**	**485**	**4,450**	3,771	465	4,236
Post-HKFRS 16 basis EBIT (LBIT)	**66,425**	**(7,653)**	**58,772**	57,816	18,011	75,827

5 **Operating segment information (continued)**

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

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

	Depreciation and amortisation					
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million
Ports and Related Services	**2,879**	**1,318**	**4,197**	2,979	1,365	4,344
Retail	**2,674**	**790**	**3,464**	2,512	708	3,220
Infrastructure	**368**	**10,210**	**10,578**	2,117	7,151	9,268
Energy	**-**	**5,093**	**5,093**	-	6,143	6,143
CK Hutchison Group Telecom						
3 Group Europe	***15,108***	***-***	***15,108***	*13,399*	*-*	*13,399*
Hutchison Telecommunications Hong Kong Holdings	***799***	***46***	***845***	*761*	*47*	*808*
Corporate and Others	***6***	***-***	***6***	*3*	*-*	*3*
	15,913	**46**	**15,959**	14,163	47	14,210
Hutchison Asia Telecommunications	**1,490**	**-**	**1,490**	1,112	-	1,112
Finance & Investments and Others	**226**	**2,083**	**2,309**	214	2,449	2,663
	23,550	**19,540**	**43,090**	23,097	17,863	40,960
Portion attributable to:						
Non-controlling interests of HPH Trust	**-**	**272**	**272**	-	273	273
	23,550	**19,812**	**43,362**	23,097	18,136	41,233
Divesture of infrastructure investments	**-**	**156**	**156**	(1,841)	-	(1,841)
	23,550	**19,968**	**43,518**	21,256	18,136	39,392
HKFRS 16 impact	**18,108**	**2,846**	**20,954**	16,873	2,872	19,745
	41,658	**22,814**	**64,472**	38,129	21,008	59,137

5 **Operating segment information (continued)**

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

(v) An analysis of capital expenditure by segments

	Capital expenditure (xxv)									
	Fixed assets @ HK$ million	**Telecom-munications licences @ HK$ million**	**Brand names and other rights @ HK$ million**	**Assets classified as held for sale HK$ million**	**2020 Total HK$ million**	Fixed assets @ HK$ million	Telecom-munications licences @ HK$ million	Brand names and other rights @ HK$ million	Assets classified as held for sale HK$ million	2019 Total HK$ million
Ports and Related Services	**1,712**	**-**	**-**	**-**	**1,712**	3,037	-	-	-	3,037
Retail	**1,947**	**-**	**-**	**-**	**1,947**	3,072	-	-	-	3,072
Infrastructure	**204**	**-**	**1**	**-**	**205**	363	-	75	6,744	7,182
Energy	-	**-**	**-**	**-**	-	-	-	-	-	-
CK Hutchison Group Telecom										
3 Group Europe	***18,483***	*477*	***1,772***	**-**	***20,732***	*15,397*	*1,026*	*2,735*	-	*19,158*
Hutchison Telecommunications Hong Kong Holdings	***593***	***202***	**-**	**-**	***795***	*503*	*203*	-	-	*706*
Corporate and Others	***2***	**-**	***13***	**-**	***15***	*4*	-	*3*	-	*7*
	19,078	**679**	**1,785**	**-**	**21,542**	15,904	1,229	2,738	-	19,871
Hutchison Asia Telecommunications	**4,003**	**-**	**-**	**-**	**4,003**	2,845	57	-	-	2,902
Finance & Investments and Others	**174**	**-**	**5**	**-**	**179**	318	-	4	-	322
	27,118	**679**	**1,791**	**-**	**29,588**	25,539	1,286	2,817	6,744	36,386
HKFRS 16 impact	**(14)**	**-**	**-**	**-**	**(14)**	(93)	-	-	-	(93)
	27,104	**679**	**1,791**	**-**	**29,574**	25,446	1,286	2,817	6,744	36,293

@ excluding capital expenditure incurred during the year for assets classified as held for sale during the year.

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Segment assets (xxi) HK$ million	**Deferred tax assets HK$ million**	**Assets classified as held for sale (xxiii) HK$ million**	**Investments in associated companies and interests in joint ventures HK$ million**	**2020 Total assets HK$ million**	Segment assets (xxi) HK$ million	Deferred tax assets HK$ million	Assets classified as held for sale (xxiii) HK$ million	Investments in associated companies and interests in joint ventures HK$ million	2019 Total assets HK$ million
	Total assets									
Ports and Related Services	**73,386**	**152**	**-**	**19,370**	**92,908**	74,648	189	-	20,250	95,087
Retail	**201,517**	**1,043**	**-**	**16,451**	**219,011**	200,111	908	-	14,338	215,357
Infrastructure	**61,119**	**6**	**-**	**171,174**	**232,299**	60,929	4	-	169,167	230,100
Energy	**-**	**-**	**-**	**39,208**	**39,208**	-	-	-	61,706	61,706
CK Hutchison Group Telecom										
3 Group Europe	***334,695***	***16,696***	***979***	***10***	***352,380***	*304,498*	*17,342*	*149*	*9*	*321,998*
Hutchison Telecommunications Hong Kong Holdings	***15,730***	***84***	***-***	***282***	***16,096***	*15,345*	*168*	*-*	*335*	*15,848*
Corporate and Others	***30,603***	***-***	***-***	***36***	***30,639***	*15,516*	*-*	*-*	*28*	*15,544*
	381,028	**16,780**	**979**	**328**	**399,115**	335,359	17,510	149	372	353,390
Hutchison Asia Telecommunications	**17,508**	**-**	**-**	**-**	**17,508**	15,782	-	-	-	15,782
Finance & Investments and Others	**147,044**	**34**	**-**	**32,141**	**179,219**	141,436	29	-	23,550	165,015
	881,602	**18,015**	**979**	**278,672**	**1,179,268**	828,265	18,640	149	289,383	1,136,437
HKFRS 16 impact	**74,276**	**1,911**	**272**	**(1,131)**	**75,328**	73,903	1,713	-	(1,077)	74,539
	955,878	**19,926**	**1,251**	**277,541**	**1,254,596**	902,168	20,353	149	288,306	1,210,976

(vii) An analysis of total liabilities by segments

	Segment liabilities (xxi) HK$ million	**Current & non-current borrowings (xxii) and other non-current liabilities HK$ million**	**Liabilities directly associated with assets classified as held for sale (xxiii) HK$ million**	**Current & deferred tax liabilities HK$ million**	**2020 Total liabilities HK$ million**	Segment liabilities (xxi) HK$ million	Current & non-current borrowings (xxii) and other non-current liabilities HK$ million	Current & deferred tax liabilities HK$ million	2019 Total liabilities HK$ million
	Total liabilities								
Ports and Related Services	**9,138**	**15,342**	**-**	**4,165**	**28,645**	11,982	17,384	4,032	33,398
Retail	**26,315**	**16,840**	**-**	**10,404**	**53,559**	25,799	12,905	9,819	48,523
Infrastructure	**6,359**	**33,973**	**-**	**669**	**41,001**	5,875	32,298	604	38,777
Energy	**-**	**-**	**-**	**-**	**-**	-	-	-	-
CK Hutchison Group Telecom									
3 Group Europe	***39,493***	***22,506***	***1***	***899***	***62,899***	*38,325*	*22,745*	*230*	*61,300*
Hutchison Telecommunications Hong Kong Holdings	***1,662***	***565***	***-***	***-***	***2,227***	*1,554*	*482*	*24*	*2,060*
Corporate and Others	***4,443***	***80,171***	***-***	***11***	***84,625***	*597*	*81,976*	*31*	*82,604*
	45,598	**103,242**	**1**	**910**	**149,751**	40,476	105,203	285	145,964
Hutchison Asia Telecommunications	**11,999**	**13,075**	**-**	**2**	**25,076**	11,241	14,304	2	25,547
Finance & Investments and Others	**9,971**	**219,718**	**-**	**5,069**	**234,758**	8,987	217,291	5,000	231,278
	109,380	**402,190**	**1**	**21,219**	**532,790**	104,360	399,385	19,742	523,487
HKFRS 16 impact	**92,570**	**(202)**	**283**	**(908)**	**91,743**	91,809	(229)	(1,054)	90,526
	201,950	**401,988**	**284**	**20,311**	**624,533**	196,169	399,156	18,688	614,013

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue [xx]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Hong Kong	**33,793**	**4,475**	**38,268**	**9%**	35,033	4,498	39,531	9%
Mainland China	**24,458**	**8,131**	**32,589**	**8%**	30,470	8,059	38,529	9%
The People's Republic of China	**58,251**	**12,606**	**70,857**	**17%**	65,503	12,557	78,060	18%
Europe	**145,679**	**64,792**	**210,471**	**52%**	155,782	56,566	212,348	48%
Canada [xxiv]	**236**	**30,638**	**30,874**	**8%**	448	47,280	47,728	11%
Asia, Australia and Others	**49,291**	**14,772**	**64,063**	**16%**	52,956	14,818	67,774	15%
	195,206	**110,202**	**305,408**	**76%**	209,186	118,664	327,850	74%
	253,457	**122,808**	**376,265**	**93%**	274,689	131,221	405,910	92%
Finance & Investments and Others	**12,939**	**14,642**	**27,581**	**7%**	16,687	17,259	33,946	8%
	266,396	**137,450**	**403,846** **	**100%**	291,376	148,480	439,856 **	100%

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

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) [xiv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Hong Kong	**2,374**	**2,055**	**4,429**	**5%**	1,811	1,861	3,672	3%
Mainland China	**3,806**	**3,956**	**7,762**	**8%**	5,988	4,526	10,514	10%
The People's Republic of China	**6,180**	**6,011**	**12,191**	**13%**	7,799	6,387	14,186	13%
Europe	**56,471**	**18,912**	**75,383**	**78%**	47,409	14,358	61,767	55%
Canada [xxiv]	**238**	**(24,395)**	**(24,157)**	**-25%**	347	1,555	1,902	2%
Asia, Australia and Others	**9,978**	**8,553**	**18,531**	**19%**	12,819	8,757	21,576	19%
	66,687	**3,070**	**69,757**	**72%**	60,575	24,670	85,245	76%
	72,867	**9,081**	**81,948**	**85%**	68,374	31,057	99,431	89%
Finance & Investments and Others	**13,143**	**1,853**	**14,996**	**15%**	8,768	3,869	12,637	11%
	86,010	**10,934**	**96,944** ##	**100%**	77,142	34,926	112,068 ##	100%

see note 5(b)(ii) for reconciliation of segment EBITDA to profit or loss presented in the consolidated income statement.

5 Operating segment information (continued)

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

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) (xv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
Hong Kong	**1,164**	**1,049**	**2,213**	**4%**	706	861	1,567	2%
Mainland China	**2,726**	**2,726**	**5,452**	**10%**	4,947	3,068	8,015	11%
The People's Republic of China	**3,890**	**3,775**	**7,665**	**14%**	5,653	3,929	9,582	13%
Europe	**39,458**	**11,917**	**51,375**	**95%**	30,370	10,306	40,676	57%
Canada (xxiv)	**238**	**(29,316)**	**(29,078)**	**-54%**	324	(4,206)	(3,882)	-5%
Asia, Australia and Others	**5,957**	**5,248**	**11,205**	**21%**	9,144	5,614	14,758	21%
	45,653	**(12,151)**	**33,502**	**62%**	39,838	11,714	51,552	73%
	49,543	**(8,376)**	**41,167**	**76%**	45,491	15,643	61,134	86%
Finance & Investments and Others	**12,917**	**(230)**	**12,687**	**24%**	8,554	1,420	9,974	14%
	62,460	**(8,606)**	**53,854** @@	**100%**	54,045	17,063	71,108 @@	100%

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

5 Operating segment information (continued)

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

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure (xxv)									
	Fixed assets @ HK$ million	**Telecom-munications licences @ HK$ million**	**Brand names and other rights @ HK$ million**	**Assets classified as held for sale HK$ million**	**2020 Total HK$ million**	Fixed assets @ HK$ million	Telecom-munications licences @ HK$ million	Brand names and other rights @ HK$ million	Assets classified as held for sale HK$ million	2019 Total HK$ million
Hong Kong	**1,075**	**202**	**-**	**-**	**1,277**	1,295	203	-	-	1,498
Mainland China	**670**	**-**	**-**	**-**	**670**	958	-	-	-	958
The People's Republic of China	**1,745**	**202**	**-**	**-**	**1,947**	2,253	203	-	-	2,456
Europe	**19,537**	**477**	**1,772**	**-**	**21,786**	17,072	1,026	2,738	6,711	27,547
Canada	**-**	**-**	**-**	**-**	**-**	-	-	-	33	33
Asia, Australia and Others	**5,662**	**-**	**14**	**-**	**5,676**	5,896	57	75	-	6,028
	25,199	**477**	**1,786**	**-**	**27,462**	22,968	1,083	2,813	6,744	33,608
	26,944	**679**	**1,786**	**-**	**29,409**	25,221	1,286	2,813	6,744	36,064
Finance & Investments and Others	**174**	**-**	**5**	**-**	**179**	318	-	4	-	322
	27,118	**679**	**1,791**	**-**	**29,588**	25,539	1,286	2,817	6,744	36,386
HKFRS 16 impact	**(14)**	**-**	**-**	**-**	**(14)**	(93)	-	-	-	(93)
	27,104	**679**	**1,791**	**-**	**29,574**	25,446	1,286	2,817	6,744	36,293

@ excluding capital expenditure incurred during the year for assets classified as held for sale during the year.

(xii) An analysis of total assets by geographical locations

	Total assets									
	Segment assets (xxi) HK$ million	**Deferred tax assets HK$ million**	**Assets classified as held for sale (xxiii) HK$ million**	**Investments in associated companies and interests in joint ventures HK$ million**	**2020 Total assets HK$ million**	Segment assets (xxi) HK$ million	Deferred tax assets HK$ million	Assets classified as held for sale (xxiii) HK$ million	Investments in associated companies and interests in joint ventures HK$ million	2019 Total assets HK$ million
Hong Kong	**52,168**	**119**	**-**	**9,782**	**62,069**	51,207	211	-	10,417	61,835
Mainland China	**43,312**	**551**	**-**	**25,534**	**69,397**	43,132	466	-	23,077	66,675
The People's Republic of China	**95,480**	**670**	**-**	**35,316**	**131,466**	94,339	677	-	33,494	128,510
Europe	**498,704**	**16,942**	**979**	**115,899**	**632,524**	463,304	17,575	149	115,288	596,316
Canada (xxiv)	**3,430**	**6**	**-**	**38,019**	**41,455**	3,430	4	-	62,883	66,317
Asia, Australia and Others	**136,944**	**363**	**-**	**57,297**	**194,604**	125,756	355	-	54,168	180,279
	639,078	**17,311**	**979**	**211,215**	**868,583**	592,490	17,934	149	232,339	842,912
	734,558	**17,981**	**979**	**246,531**	**1,000,049**	686,829	18,611	149	265,833	971,422
Finance & Investments and Others	**147,044**	**34**	**-**	**32,141**	**179,219**	141,436	29	-	23,550	165,015
	881,602	**18,015**	**979**	**278,672**	**1,179,268**	828,265	18,640	149	289,383	1,136,437
HKFRS 16 impact	**74,276**	**1,911**	**272**	**(1,131)**	**75,328**	73,903	1,713	-	(1,077)	74,539
	955,878	**19,926**	**1,251**	**277,541**	**1,254,596**	902,168	20,353	149	288,306	1,210,976

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 share of Husky's impairments and other charges by segments

The Group's EBITDA and EBIT in 2020 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2020 of HK$16.6 billion (see note 5(b)(xviii)), as well as a dilution gain from the merger of VHA with TPG Corporation Limited of HK$10.1 billion (see note 5(b)(xix)). These gains were partly offset by the Group's share of Husky's impairments and other charges of HK$24.9 billion (see note 5(b)(xvi)) in 2020. For the comparative year, the Group's 2019 EBITDA and EBIT included a net gain attributable to shareholders of approximately HK$6.9 billion (see note 5(b)(xix)) arising from the derecognition of HUTCHMED as a subsidiary, which was mostly offset by the Group's share of Husky's impairments and other charges, before tax, of HK$6.0 billion (see note 5(b)(xvi)) in that year.

Set out below are analyses of EBITDA and EBIT before the aforementioned items.

An analysis of EBITDA by segments

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
EBITDA before the following one-off items								
Ports and Related Services	**7,672**	**3,242**	**10,914**	**11%**	9,806	3,599	13,405	12%
Retail	**11,108**	**3,289**	**14,397**	**15%**	13,676	3,215	16,891	15%
Infrastructure	**3,574**	**25,492**	**29,066**	**31%**	7,437	21,051	28,488	26%
Energy	**-**	**1,906**	**1,906**	**2%**	-	9,122	9,122	8%
CK Hutchison Group Telecom								
3 Group Europe (xvii)	***31,377***	***1***	***31,378***	***33%***	*33,510*	*1*	*33,511*	*30%*
Hutchison Telecommunications Hong Kong Holdings	***1,278***	***63***	***1,341***	***2%***	*1,320*	*69*	*1,389*	*1%*
Corporate and Others	***(759)***	***(3)***	***(762)***	***-1%***	*458*	*(17)*	*441*	*1%*
	31,896	**61**	**31,957**	**34%**	35,288	53	35,341	32%
Hutchison Asia Telecommunications	**2,034**	**-**	**2,034**	**2%**	2,167	-	2,167	2%
Finance & Investments and Others	**3,038**	**1,853**	**4,891**	**5%**	1,883	3,869	5,752	5%
	59,322	**35,843**	**95,165**	**100%**	70,257	40,909	111,166	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xviii)	**16,583**	**-**	**16,583**		-	-	-	
Dilution gain from merger of VHA and TPG Corporation Limited (xix)	**10,105**	**-**	**10,105**		-	-	-	
Gain from derecognition of HUTCHMED as a subsidiary (xix)	**-**	**-**	**-**		6,885	-	6,885	
Share of Husky's impairments and other charges (xvi)	**-**	**(24,909)**	**(24,909)**		-	(5,983)	(5,983)	
	86,010	**10,934**	**96,944** ##		77,142	34,926	112,068 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to profit or loss presented in the consolidated income statement.

5 **Operating segment information (continued)**

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

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and share of Husky's impairments and other charges by segments (continued)

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
EBITDA before the following one-off items								
Hong Kong	**2,374**	**2,055**	**4,429**	**5%**	1,811	1,861	3,672	3%
Mainland China	**3,806**	**3,956**	**7,762**	**8%**	5,988	4,526	10,514	9%
The People's Republic of China	**6,180**	**6,011**	**12,191**	**13%**	7,799	6,387	14,186	12%
Europe	**39,888**	**18,912**	**58,800**	**62%**	47,409	14,358	61,767	56%
Canada (xxiv)	**238**	**514**	**752**	**1%**	347	7,538	7,885	7%
Asia, Australia and Others	**9,978**	**8,553**	**18,531**	**19%**	12,819	8,757	21,576	20%
	50,104	**27,979**	**78,083**	**82%**	60,575	30,653	91,228	83%
	56,284	**33,990**	**90,274**	**95%**	68,374	37,040	105,414	95%
Finance & Investments and Others	**3,038**	**1,853**	**4,891**	**5%**	1,883	3,869	5,752	5%
	59,322	**35,843**	**95,165**	**100%**	70,257	40,909	111,166	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xviii)	**16,583**	**-**	**16,583**		-	-	-	
Dilution gain from merger of VHA and TPG Corporation Limited (xix)	**10,105**	**-**	**10,105**		-	-	-	
Gain from derecognition of HUTCHMED as a subsidiary (xix)	**-**	**-**	**-**		6,885	-	6,885	
Share of Husky's impairments and other charges (xvi)	**-**	**(24,909)**	**(24,909)**		-	(5,983)	(5,983)	
	86,010	**10,934**	**96,944** ##		77,142	34,926	112,068 ##	

see note 5(b)(ii) for reconciliation of segment EBITDA to profit or loss presented in the consolidated income statement.

5 Operating segment information (continued)

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

(xiii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and share of Husky's impairments and other charges by segments (continued)

An analysis of EBIT by segments

	EBIT (LBIT) (xv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
EBIT before the following one-off items								
Ports and Related Services	**4,793**	**1,924**	**6,717**	**13%**	6,827	2,234	9,061	13%
Retail	**8,434**	**2,499**	**10,933**	**21%**	11,164	2,507	13,671	19%
Infrastructure	**3,206**	**15,282**	**18,488**	**35%**	5,320	13,900	19,220	27%
Energy	**-**	**(3,187)**	**(3,187)**	**-6%**	-	2,979	2,979	4%
CK Hutchison Group Telecom								
3 Group Europe (xvii)	*16,269*	*1*	*16,270*	*31%*	*20,111*	*1*	*20,112*	*29%*
Hutchison Telecommunications Hong Kong Holdings	*479*	*17*	*496*	*1%*	*559*	*22*	*581*	*1%*
Corporate and Others	*(765)*	*(3)*	*(768)*	*-1%*	*455*	*(17)*	*438*	*1%*
	15,983	**15**	**15,998**	**31%**	21,125	6	21,131	31%
Hutchison Asia Telecommunications	**544**	**-**	**544**	**1%**	1,055	-	1,055	2%
Finance & Investments and Others	**2,812**	**(230)**	**2,582**	**5%**	1,669	1,420	3,089	4%
	35,772	**16,303**	**52,075**	**100%**	47,160	23,046	70,206	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xviii)	**16,583**	**-**	**16,583**		-	-	-	
Dilution gain from merger of VHA and TPG Corporation Limited (xix)	**10,105**	**-**	**10,105**		-	-	-	
Gain from derecognition of HUTCHMED as a subsidiary (xix)	**-**	**-**	**-**		6,885	-	6,885	
Share of Husky's impairments and other charges (xvi)	**-**	**(24,909)**	**(24,909)**		-	(5,983)	(5,983)	
	62,460	**(8,606)**	**53,854** @@		54,045	17,063	71,108 @@	

An analysis of EBIT by geographical locations

	EBIT (LBIT) (xv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2020 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2019 Total HK$ million	%
EBIT before the following one-off items								
Hong Kong	**1,164**	**1,049**	**2,213**	**4%**	706	861	1,567	2%
Mainland China	**2,726**	**2,726**	**5,452**	**10%**	4,947	3,068	8,015	11%
The People's Republic of China	**3,890**	**3,775**	**7,665**	**14%**	5,653	3,929	9,582	13%
Europe	**22,875**	**11,917**	**34,792**	**67%**	30,370	10,306	40,676	58%
Canada (xxiv)	**238**	**(4,407)**	**(4,169)**	**-8%**	324	1,777	2,101	3%
Asia, Australia and Others	**5,957**	**5,248**	**11,205**	**22%**	9,144	5,614	14,758	22%
	29,070	**12,758**	**41,828**	**81%**	39,838	17,697	57,535	83%
	32,960	**16,533**	**49,493**	**95%**	45,491	21,626	67,117	96%
Finance & Investments and Others	**2,812**	**(230)**	**2,582**	**5%**	1,669	1,420	3,089	4%
	35,772	**16,303**	**52,075**	**100%**	47,160	23,046	70,206	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xviii)	**16,583**	**-**	**16,583**		-	-	-	
Dilution gain from merger of VHA and TPG Corporation Limited (xix)	**10,105**	**-**	**10,105**		-	-	-	
Gain from derecognition of HUTCHMED as a subsidiary (xix)	**-**	**-**	**-**		6,885	-	6,885	
Share of Husky's impairments and other charges (xvi)	**-**	**(24,909)**	**(24,909)**		-	(5,983)	(5,983)	
	62,460	**(8,606)**	**53,854** @@		54,045	17,063	71,108 @@	

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

5 Operating segment information (continued)

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

(xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.

(xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(xvi) The Group's 40.19% owned listed associated company, Husky recognised non-cash after-tax impairments and other charges of C$8.6 billion in 2020. These were primarily related to declines in forecasted long-term commodity prices, reduced capital investment and delayed future development plans, as well as market indicators including the merger with Cenovus Energy Inc. ("Cenovus Energy"). The Group's share of these charges, after consolidation adjustments, is HK$24,909 million at the EBITDA and EBIT levels, and is reported under "Energy" in the segment results. For the comparative year 2019, Husky recognised non-cash asset impairments and other charges aggregating C$2.3 billion (after tax), primarily related to its upstream assets in North America, including the Sunrise Energy Project and the Atlantic and Western Canada segments, and were largely due to lower long-term commodity price assumptions and a reduction in future capital spending. The reduction in future capital spending had the effect of reducing reserves, which in turn reduced asset values. Other charges included exploration-related write-downs and asset de-recognition at the Lima Refinery associated with redundant equipment following the completion of the crude oil flexibility project. The Group's share of these charges, after consolidation adjustments, was HK$5,983 million at the EBITDA and EBIT levels, and was reported under "Energy" in the segment results.

The Group's share of Husky's impairments and other charges for 2020, after consolidation adjustments, is HK$24,909 million (before tax) and is HK$18,724 million (after tax). The Group's share of Husky's non-cash asset impairments and other charges for 2019, after consolidation adjustments, was HK$5,983 million (before tax) and was HK$4,223 million (after tax). The after tax amount is reported in "Share of profits less losses of associated companies" in the consolidated income statement for the current and comparative years.

In January 2021, Cenovus Energy, a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of the combination of Cenovus Energy and Husky. The merger creates Canada's third largest oil and natural gas producer, based on total company production, with about 750,000 barrels of oil equivalent per day ("boe/day") of low-cost oil and natural gas production. The combined company also becomes the second-largest Canadian-based refiner and upgrader, with total North American refining and upgrading capacity of approximately 660,000 barrels per day ("bbls/day"). Post-completion, Husky was delisted from the Toronto Stock Exchange and the Group currently holds approximately 15.71% of Cenovus Energy, together with share purchase warrants representing a further 1.08% to 16.79%.

(xvii) For the comparative year, included in the EBITDA and EBIT of **3** Group Europe was a one-time income of approximately €110 million (approximately HK$1,028 million) recognised by Wind Tre in the first half of 2019.

(xviii) In December 2020, the Group completed the disposal of interests in telecommunications tower assets in Denmark, Austria and Ireland, and recognised a disposal gain of approximately HK$16,583 million (HK$16,763 million at Post-HKFRS 16 basis). The amount of gain is HK$16,583 million at the EBITDA and EBIT levels, and is reported under "CK Hutchison Group Telecom - Corporate and Others" in the segment results. See note 7(e).

5 Operating segment information (continued)

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

(xix) In the first half of 2020, joint venture VHA and TPG Corporation Limited have completed the merger of their telecommunications businesses in Australia. As a result, the Group's attributable interest in VHA has been diluted from 43.93% to 22.01%. The Group has recognised a gain arising from the dilution during the year. The amount of the gain is HK$10,105 million (HK$10,186 million at Post-HKFRS 16 basis) at EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results. The gain attributable to ordinary shareholders amounted to HK$9,177 million (HK$9,247 million at Post-HKFRS 16 basis). Pursuant to the merger, VHA was renamed as TPG. The Group accounts for the retained interest as an associated company using the equity method of accounting. In addition, write-downs on certain non-strategic equity investments totalling HK$1,308 million is reported under the "Finance & Investments and Others" in the segment results. For the comparative year 2019, the Group recognised a one-off disposal gain arising from the de-consolidation of former subsidiary HUTCHMED. The disposal gain was HK$6,885 million at the EBITDA and EBIT levels, and was reported under "Finance & Investments and Others" in the segment results. Included in this gain amount was a HK$6,841 million gain on remeasurement of the entire block (being the unit of accounting) of the Group's retained interest in HUTCHMED to its fair value at the date of de-consolidation. See note 7(f) and 7(g).

(xx) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

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

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

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

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

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

	2020 HK$ million	2019 HK$ million
Hong Kong	**74,264**	75,997
Mainland China	**79,034**	78,356
The People's Republic of China	**153,298**	154,353
Europe	**591,099**	563,367
Canada (xxiv)	**41,431**	66,207
Asia, Australia and Others	**193,953**	174,976
	826,483	804,550
	979,781	958,903

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

(xxiii) See note 25.

(xxiv) Include contribution from the United States for Husky.

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

5 Operating segment information (continued)

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

(i) Consolidated Income Statement

	2020			2019		
	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	**266,396**	**-**	**266,396**	299,021	-	299,021
Cost of inventories sold	**(95,579)**	**30**	**(95,549)**	(105,983)	24	(105,959)
Staff costs	**(35,495)**	**-**	**(35,495)**	(37,958)	-	(37,958)
Expensed customer acquisition and retention costs	**(16,830)**	**468**	**(16,362)**	(18,247)	492	(17,755)
Depreciation and amortisation	**(23,550)**	**(18,108)**	**(41,658)**	(21,256)	(16,873)	(38,129)
Other expenses and losses	**(63,693)**	**21,211**	**(42,482)**	(67,467)	20,128	(47,339)
Other income and gains	**30,910**	**364**	**31,274**	7,293	-	7,293
Share of profits less losses of:						
Associated companies	**(18,463)**	**(66)**	**(18,529)**	1,579	(55)	1,524
Joint ventures	**5,145**	**(191)**	**4,954**	7,684	(280)	7,404
	48,841	**3,708**	**52,549**	64,666	3,436	68,102
Interest expenses and other finance costs	**(7,166)**	**(3,684)**	**(10,850)**	(10,682)	(3,623)	(14,305)
Profit before tax	**41,675**	**24**	**41,699**	53,984	(187)	53,797
Current tax	**(4,004)**	**19**	**(3,985)**	(4,871)	(20)	(4,891)
Deferred tax	**(431)**	**114**	**(317)**	(1,194)	65	(1,129)
Profit after tax	**37,240**	**157**	**37,397**	47,919	(142)	47,777
Profit attributable to non-controlling interests and holders of perpetual capital securities	**(8,240)**	**(14)**	**(8,254)**	(8,031)	84	(7,947)
Profit attributable to ordinary shareholders	**29,000**	**143**	**29,143**	39,888	(58)	39,830
Earnings per share for profit attributable to ordinary shareholders	**HK$ 7.52**	**HK$ 0.04**	**HK$ 7.56**	HK$ 10.34	(HK$ 0.01)	HK$ 10.33

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

	2020			2019		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Profit after tax	**37,240**	**157**	**37,397**	47,919	(142)	47,777
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss:						
Remeasurement of defined benefit obligations recognised directly in reserves	**(664)**	**-**	**(664)**	(899)	-	(899)
Equity securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	**1,461**	**-**	**1,461**	(323)	-	(323)
Share of other comprehensive income (losses) of associated companies	**(540)**	**-**	**(540)**	300	-	300
Share of other comprehensive income (losses) of joint ventures	**(1,815)**	**-**	**(1,815)**	564	-	564
Tax relating to items that will not be reclassified to profit or loss	**169**	**-**	**169**	170	-	170
	(1,389)	**-**	**(1,389)**	(188)	-	(188)
Items that have been reclassified or may be subsequently reclassified to profit or loss:						
Debt securities at FVOCI						
Valuation gains recognised directly in reserves	**44**	**-**	**44**	104	-	104
Valuation losses previously in reserves recognised in income statement	**89**	**-**	**89**	29	-	29
Losses on cash flow hedges recognised directly in reserves	**(65)**	**-**	**(65)**	(808)	-	(808)
Losses on net investment hedges recognised directly in reserves	**(2,229)**	**-**	**(2,229)**	(547)	-	(547)
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	**13,592**	**(588)**	**13,004**	(663)	(150)	(813)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**2,093**	**-**	**2,093**	4,534	1	4,535
Share of other comprehensive income of associated companies	**2,231**	**(4)**	**2,227**	40	-	40
Share of other comprehensive income (losses) of joint ventures	**3,528**	**7**	**3,535**	(635)	3	(632)
Tax relating to items that have been reclassified or may be subsequently reclassified to profit or loss	**9**	**-**	**9**	103	-	103
	19,292	**(585)**	**18,707**	2,157	(146)	2,011
Other comprehensive income, net of tax	**17,903**	**(585)**	**17,318**	1,969	(146)	1,823
Total comprehensive income	**55,143**	**(428)**	**54,715**	49,888	(288)	49,600
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	**(9,705)**	**117**	**(9,588)**	(7,941)	147	(7,794)
Total comprehensive income attributable to ordinary shareholders	**45,438**	**(311)**	**45,127**	41,947	(141)	41,806

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

	2020			2019		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Non-current assets						
Fixed assets	**132,920**	**(819)**	**132,101**	119,835	(704)	119,131
Right-of-use assets	**-**	**83,805**	**83,805**	-	83,708	83,708
Leasehold land	**6,940**	**(6,940)**	**-**	7,209	(7,209)	-
Telecommunications licences	**66,944**	**-**	**66,944**	63,387	-	63,387
Brand names and other rights	**91,766**	**(313)**	**91,453**	88,275	-	88,275
Goodwill	**319,718**	**-**	**319,718**	308,986	-	308,986
Associated companies	**136,329**	**(253)**	**136,076**	144,842	(91)	144,751
Interests in joint ventures	**142,343**	**(878)**	**141,465**	144,541	(986)	143,555
Deferred tax assets	**18,015**	**1,911**	**19,926**	18,640	1,713	20,353
Liquid funds and other listed investments	**10,588**	**-**	**10,588**	7,722	-	7,722
Other non-current assets	**14,536**	**408**	**14,944**	14,031	245	14,276
	940,099	**76,921**	**1,017,020**	917,468	76,676	994,144
Current assets						
Cash and cash equivalents	**155,951**	**-**	**155,951**	137,127	-	137,127
Inventories	**24,565**	**-**	**24,565**	23,847	-	23,847
Trade receivables and other current assets	**57,674**	**(1,865)**	**55,809**	57,846	(2,137)	55,709
	238,190	**(1,865)**	**236,325**	218,820	(2,137)	216,683
Assets classified as held for sale	**979**	**272**	**1,251**	149	-	149
	239,169	**(1,593)**	**237,576**	218,969	(2,137)	216,832
Current liabilities						
Bank and other debts	**48,096**	**(75)**	**48,021**	40,054	(59)	39,995
Current tax liabilities	**2,646**	**(7)**	**2,639**	1,870	(1)	1,869
Lease liabilities	**-**	**18,621**	**18,621**	-	18,079	18,079
Trade payables and other current liabilities	**105,576**	**(1,695)**	**103,881**	101,237	(1,879)	99,358
	156,318	**16,844**	**173,162**	143,161	16,140	159,301
Liabilities directly associated with assets classified as held for sale	**1**	**283**	**284**	-	-	-
	156,319	**17,127**	**173,446**	143,161	16,140	159,301
Net current assets	**82,850**	**(18,720)**	**64,130**	75,808	(18,277)	57,531
Total assets less current liabilities	**1,022,949**	**58,201**	**1,081,150**	993,276	58,399	1,051,675
Non-current liabilities						
Bank and other debts	**301,170**	**(120)**	**301,050**	304,735	(170)	304,565
Interest bearing loans from non-controlling shareholders	**798**	**-**	**798**	728	-	728
Lease liabilities	**-**	**75,644**	**75,644**	-	75,609	75,609
Deferred tax liabilities	**18,573**	**(901)**	**17,672**	17,872	(1,053)	16,819
Pension obligations	**3,804**	**-**	**3,804**	3,123	-	3,123
Other non-current liabilities	**52,126**	**(7)**	**52,119**	53,868	-	53,868
	376,471	**74,616**	**451,087**	380,326	74,386	454,712
Net assets	**646,478**	**(16,415)**	**630,063**	612,950	(15,987)	596,963
Capital and reserves						
Share capital	**3,856**	**-**	**3,856**	3,856	-	3,856
Share premium	**244,377**	**-**	**244,377**	244,377	-	244,377
Reserves	**258,327**	**(12,264)**	**246,063**	228,005	(11,953)	216,052
Total ordinary shareholders' funds	**506,560**	**(12,264)**	**494,296**	476,238	(11,953)	464,285
Perpetual capital securities	**12,415**	**-**	**12,415**	12,410	-	12,410
Non-controlling interests	**127,503**	**(4,151)**	**123,352**	124,302	(4,034)	120,268
Total equity	**646,478**	**(16,415)**	**630,063**	612,950	(15,987)	596,963

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

	2020			2019		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**66,276**	**20,796**	**87,072**	74,740	20,551	95,291
Interest expenses and other finance costs paid (net of capitalisation)	**(7,105)**	**(3,684)**	**(10,789)**	(10,998)	(3,623)	(14,621)
Tax paid	**(3,628)**	**-**	**(3,628)**	(5,823)	-	(5,823)
Funds from operations (Funds from operations under (B) is before payment of lease liabilities)	**55,543**	**17,112**	**72,655**	57,919	16,928	74,847
Changes in working capital	**(332)**	**848**	**516**	(4,583)	(994)	(5,577)
Net cash from operating activities	**55,211**	**17,960**	**73,171**	53,336	15,934	69,270
Investing activities						
Purchase of fixed assets	**(27,118)**	**14**	**(27,104)**	(32,283)	93	(32,190)
Additions to telecommunications licences	**(679)**	**-**	**(679)**	(1,286)	-	(1,286)
Additions to brand names and other rights	**(1,791)**	**-**	**(1,791)**	(2,817)	-	(2,817)
Purchase of subsidiary companies, net of cash acquired	**-**	**-**	**-**	(30)	-	(30)
Additions to other unlisted investments	**(131)**	**-**	**(131)**	(17)	-	(17)
Repayments of loans from associated companies and joint ventures	**1,609**	**-**	**1,609**	641	-	641
Purchase of and advances to associated companies and joint ventures	**(833)**	**-**	**(833)**	(885)	-	(885)
Proceeds from disposal of fixed assets	**564**	**-**	**564**	150	-	150
Proceeds from disposal of subsidiary companies, net of cash disposed	**20,780**	**-**	**20,780**	(1,522)	-	(1,522)
Cash disposed arising from de-consolidation of subsidiaries classified as held for sale	**-**	**-**	**-**	(2,429)	-	(2,429)
Proceeds from partial disposal / disposal of associated companies and joint ventures	**2,005**	**-**	**2,005**	2,388	-	2,388
Proceeds from disposal of other unlisted investments	**13**	**-**	**13**	130	-	130
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	**(5,581)**	**14**	**(5,567)**	(37,960)	93	(37,867)
Disposal of liquid funds and other listed investments	**730**	**-**	**730**	503	-	503
Additions to liquid funds and other listed investments	**(1,627)**	**-**	**(1,627)**	(55)	-	(55)
Cash flows used in investing activities	**(6,478)**	**14**	**(6,464)**	(37,512)	93	(37,419)
Net cash inflow before financing activities	**48,733**	**17,974**	**66,707**	15,824	16,027	31,851
Financing activities						
New borrowings	**44,405**	**(14)**	**44,391**	211,526	-	211,526
Repayment of borrowings	**(56,411)**	**50**	**(56,361)**	(211,397)	(58)	(211,455)
Payment of lease liabilities	**-**	**(18,010)**	**(18,010)**	-	(15,969)	(15,969)
Net loans to non-controlling shareholders	**-**	**-**	**-**	(2)	-	(2)
Capital redemption by non-controlling shareholders	**-**	**-**	**-**	(10)	-	(10)
Payment to acquire additional interests in subsidiary companies	**(1,048)**	**-**	**(1,048)**	(478)	-	(478)
Proceeds from partial disposal of subsidiary companies	**309**	**-**	**309**	2,201	-	2,201
Dividends paid to ordinary shareholders	**(11,238)**	**-**	**(11,238)**	(12,225)	-	(12,225)
Dividends paid to non-controlling interests	**(5,444)**	**-**	**(5,444)**	(6,910)	-	(6,910)
Distribution paid on perpetual capital securities	**(482)**	**-**	**(482)**	(398)	-	(398)
Cash flows used in financing activities	**(29,909)**	**(17,974)**	**(47,883)**	(17,693)	(16,027)	(33,720)
Increase (decrease) in cash and cash equivalents	**18,824**	**-**	**18,824**	(1,869)	-	(1,869)
Cash and cash equivalents at 1 January	**137,127**	**-**	**137,127**	138,996	-	138,996
Cash and cash equivalents at 31 December	**155,951**	**-**	**155,951**	137,127	-	137,127
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	**155,951**	**-**	**155,951**	137,127	-	137,127
Liquid funds and other listed investments	**10,588**	**-**	**10,588**	7,722	-	7,722
Total cash, liquid funds and other listed investments	**166,539**	**-**	**166,539**	144,849	-	144,849
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	**351,837**	**(195)**	**351,642**	347,726	(229)	347,497
Interest bearing loans from non-controlling shareholders	**798**	**-**	**798**	728	-	728
Net debt	**186,096**	**(195)**	**185,901**	203,605	(229)	203,376
Interest bearing loans from non-controlling shareholders	**(798)**	**-**	**(798)**	(728)	-	(728)
Net debt (excluding interest bearing loans from non-controlling shareholders)	**185,298**	**(195)**	**185,103**	202,877	(229)	202,648

6 Directors' emoluments

	2020 **HK$ million**	2019 HK$ million
Directors' emoluments	**487**	581

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

As at 31 December 2020 and 31 December 2019, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2019: nil).

In 2020, the five individuals whose emoluments were the highest for the year were directors of the Company. In 2019, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK$4.86 million; provident fund contribution of HK$0.32 million and discretionary bonus of HK$29.19 million.

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

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

	2020					
Name of directors	**Director's fees HK$ million**	**Basic salaries, allowances and benefits-in-kind HK$ million**	**Discretionary bonuses HK$ million**	**Provident fund contributions HK$ million**	**Inducement or compensation fees HK$ million**	**Total emoluments HK$ million**
Victor T K LI [1] [2]						
Paid by the Company	**0.28**	**4.89**	**55.21**	**-**	**-**	**60.38**
Paid by CKI	**0.10**	**-**	**25.93**	**-**	**-**	**26.03**
	0.38	**4.89**	**81.14**	**-**	**-**	**86.41**
FOK Kin Ning, Canning [3]	**0.22**	**11.56**	**153.22**	**1.04**	**-**	**166.04**
Frank John SIXT [3] [4]	**0.25**	**8.66**	**99.96**	**0.75**	**-**	**109.62**
IP Tak Chuen, Edmond						
Paid by the Company	**0.22**	**1.62**	**7.85**	**-**	**-**	**9.69**
Paid by CKI	**0.08**	**1.80**	**10.26**	**-**	**-**	**12.14**
	0.30	**3.42**	**18.11**	**-**	**-**	**21.83**
KAM Hing Lam						
Paid by the Company	**0.22**	**2.42**	**7.30**	**-**	**-**	**9.94**
Paid by CKI	**0.08**	**4.20**	**9.42**	**-**	**-**	**13.70**
	0.30	**6.62**	**16.72**	**-**	**-**	**23.64**
LAI Kai Ming, Dominic [3]	**0.22**	**5.94**	**50.25**	**0.48**	**-**	**56.89**
Edith SHIH [3] [4]	**0.25**	**4.58**	**14.25**	**0.33**	**-**	**19.41**
CHOW Kun Chee, Roland [5]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
CHOW WOO Mo Fong, Susan [5]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
LEE Yeh Kwong, Charles [5]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
LEUNG Siu Hon [5]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
George Colin MAGNUS [5]						
Paid by the Company	**0.22**	**-**	**-**	**-**	**-**	**0.22**
Paid by CKI	**0.08**	**-**	**-**	**-**	**-**	**0.08**
	0.30	**-**	**-**	**-**	**-**	**0.30**
KWOK Tun-li, Stanley [6] [7]	**0.35**	**-**	**-**	**-**	**-**	**0.35**
CHENG Hoi Chuen, Vincent [1] [2] [6] [7]	**0.41**	**-**	**-**	**-**	**-**	**0.41**
Michael David KADOORIE [6]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
LEE Wai Mun, Rose [6]	**0.22**	**-**	**-**	**-**	**-**	**0.22**
William SHURNIAK [6] [8]	**0.21**	**-**	**-**	**-**	**-**	**0.21**
Paul Joseph TIGHE [6] [9]	**-**	**-**	**-**	**-**	**-**	**-**
WONG Chung Hin [6] [10]	**0.15**	**-**	**-**	**-**	**-**	**0.15**
WONG Kwai Lam [2] [6] [7] [11]	**0.26**	**-**	**-**	**-**	**-**	**0.26**
WONG Yick-ming, Rosanna [1] [2] [4] [6]	**0.32**	**-**	**-**	**-**	**-**	**0.32**
Total	**5.24**	**45.67**	**433.65**	**2.60**	**-**	**487.16**

6 Directors' emoluments (continued)

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

	2019					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.28	4.89	78.87	-	-	84.04
Paid by CKI	0.08	-	33.24	-	-	33.32
	0.36	4.89	112.11	-	-	117.36
FOK Kin Ning, Canning [1] [3]	0.22	11.56	215.09	1.04	-	227.91
Frank John SIXT [1] [3]	0.22	8.65	67.58	0.75	-	77.20
IP Tak Chuen, Edmond [1]						
Paid by the Company	0.22	1.62	11.21	-	-	13.05
Paid by CKI	0.08	1.80	12.07	-	-	13.95
	0.30	3.42	23.28	-	-	27.00
KAM Hing Lam [1]						
Paid by the Company	0.22	2.42	10.43	-	-	13.07
Paid by CKI	0.08	4.20	12.07	-	-	16.35
	0.30	6.62	22.50	-	-	29.42
LAI Kai Ming, Dominic [1] [3]	0.22	5.92	67.00	0.48	-	73.62
Edith SHIH [1] [3]	0.22	4.44	20.36	0.32	-	25.34
CHOW Kun Chee, Roland [1] [5]	0.22	-	-	-	-	0.22
CHOW WOO Mo Fong, Susan [1] [5]	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles [1] [5]	0.22	-	-	-	-	0.22
LEUNG Siu Hon [1] [5]	0.22	-	-	-	-	0.22
George Colin MAGNUS [1] [5]						
Paid by the Company	0.22	-	-	-	-	0.22
Paid by CKI	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30
KWOK Tun-li, Stanley [1] [6] [7]	0.35	-	-	-	-	0.35
CHENG Hoi Chuen, Vincent [1] [2] [6] [7]	0.41	-	-	-	-	0.41
Michael David KADOORIE [1] [6]	0.22	-	-	-	-	0.22
LEE Wai Mun, Rose [1] [6]	0.22	-	-	-	-	0.22
William SHURNIAK [1] [6] [7]	0.35	-	-	-	-	0.35
WONG Chung Hin [1] [2] [6] [7]	0.41	-	-	-	-	0.41
WONG Yick-ming, Rosanna [1] [2] [6]	0.28	-	-	-	-	0.28
Total	5.26	45.50	527.92	2.59	-	581.27

(1) Member of the Nomination Committee. All Directors were members of the Nomination Committee until 25 November 2020. Following the change of composition of the Nomination Committee on 26 November 2020, the Committee comprises Dr Wong Yick-ming, Rosanna (chairman of the Nomination Committee), Mr Victor T K Li and Mr Cheng Hoi Chuen, Vincent.
(2) Member of the Remuneration Committee.
(3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.
(4) Member of the Sustainability Committee.
(5) Non-executive Director.
(6) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.14 million (2019: HK$2.24 million).
(7) Member of the Audit Committee.
(8) Former member of the Audit Committee and Nomination Committee. Passed away on 9 August 2020.
(9) Appointed on 28 December 2020. The amount of director's fee shown above is a result of rounding.
(10) Former member of the Audit Committee, Nomination Committee and Remuneration Committee. Retired on 14 May 2020.
(11) Appointed on 14 May 2020.

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

In the current year, the Group presents an additional line item "Other income and gains" in the consolidated income statement to provide information in respect of the profit and loss effects arising from, amongst others, major corporate transactions that completed in 2020. As a result, comparative information has been reclassified to conform to this presentation. See below for further details on "Other expenses and losses", "Other income and gains" and "Cost of goods sold" for the current and comparative years.

	2020 HK$ million	2019 HK$ million
Other expenses and losses:		
Cost of providing services [(a)]	**24,103**	26,034
Office and general administrative expenses and others	**8,594**	9,828
Expenses for short-term, low-value assets leases and payment for variable rent	**4,414**	5,559
Advertising and promotion expenses	**3,782**	3,998
Legal and professional fees	**1,300**	1,559
Auditors' remuneration [(b)]	**289**	361
	42,482	47,339

	2020 HK$ million	2019 HK$ million
Other income and gains:		
Rent concessions [(c)]	**(737)**	-
Employment and other subsidies [(d)]	**(2,261)**	-
Gains on disposal of European telecommunications tower assets [(e)]	**(16,763)**	-
Dilution gain [(f)]	**(10,186)**	-
Gains and losses on disposal of subsidiaries [(g)]	**4**	(7,518)
Gains and losses on disposals of interests in associated companies and joint ventures	**(1,331)**	225
	(31,274)	(7,293)

	2020 HK$ million	2019 HK$ million
Cost of goods sold:		
included in "Cost of inventories sold"	**95,549**	105,959
included in "Expensed customer acquisition and retention costs"	**10,536**	11,579
	106,085	117,538

(a) Cost of providing services of HK$24,103 million (2019: HK$26,034 million) includes telecommunication network related costs of HK$13,222 million (2019: HK$14,873 million), repair and maintenance of HK$5,828 million (2019: HK$5,199 million) and others of HK$5,053 million (2019: HK$5,962 million).

(b) Auditors' remuneration of HK$289 million (2019: HK$361 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$211 million (2019: HK$246 million) and performed by other auditors of HK$13 million (2019: HK$23 million), and for non-audit work, including tax compliance and other tax services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$24 million (2019: HK$26 million) and performed by other auditors of HK$41 million (2019: HK$66 million).

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

(e) On 12 November 2020, the Group entered into agreements with Cellnex Telecom, S.A. ("Cellnex"), a company incorporated and listed in Spain, to sell the Group's interests in telecommunications tower assets supporting the Group's mobile telecommunications businesses in Austria, Denmark, Ireland, Italy, Sweden and the United Kingdom. The aggregate consideration to be received by the Group is €10 billion (subject to closing adjustments). Each of the six transactions is subject to its own terms and conditions, and closing of each transaction can occur on a standalone basis as each transaction is independent and not inter-conditional upon the others. The Austrian transaction, Denmark transaction and Ireland transaction were completed in December 2020. The amount of the gains from these three disposal transactions is HK$16,763 million and is reported under "Other income and gains" in the current year's consolidated income statement. The Sweden transaction was completed after the reporting date in January 2021 and resulted in a gain attributable to shareholders of approximately HK$6.6 billion to be reported in the Group's 2021 results. Subject to regulatory approval, it is anticipated that closings in respect of the Italy transaction and the United Kingdom transaction will take place within 2021. See note 5(b)(xviii).

(f) In the first half of 2020, joint venture VHA and TPG Corporation Limited have completed the merger of their telecommunications businesses in Australia. As a result, the Group's attributable interest in VHA has been diluted from 43.93% to 22.01%. The Group has recognised a gain arising from the dilution. The amount of the gain is HK$10,186 million and is reported under "Other income and gains" in the current year's consolidated income statement. Pursuant to the merger, VHA was renamed as TPG. Upon completion of the merger, the Group no longer has joint control but has significant influence over TPG. Accordingly, the Group continues to apply the method of equity accounting to account for its retained interests in TPG. For balance sheet classification, the Group classifies its interests in TPG from "Interests in joint ventures" to "Associated companies" with effect from the merger completion date of 26 June 2020. See note 5(b)(xix).

(g) The comparative amount includes a HK$6,885 million gain arising from the de-consolidation of former subsidiary HUTCHMED. Included in this amount was a HK$6,841 million gain on remeasurement of the entire block (being the unit of accounting) of the Group's retained interest in HUTCHMED to its fair value at the date of de-consolidation. See note 5(b)(xix).

8 Interest expenses and other finance costs

	2020 HK$ million	2019 HK$ million
Bank loans and overdrafts	**1,660**	2,257
Other loans	**1**	5
Notes and bonds	**5,210**	8,282
Interest bearing loans from non-controlling shareholders	**11**	241
Other finance costs	**241**	413
	7,123	11,198
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**320**	315
Other non-cash interest adjustments [(a)]	**(259)**	(631)
	7,184	10,882
Less: interest capitalised [(b)]	**(37)**	(219)
Interest on lease liabilities	**3,703**	3,642
	10,850	14,305

(a) Other non-cash interest adjustments represent amortisation of bank and other debts' fair value adjustments arising from acquisitions of HK$702 million (2019: HK$1,037 million) net with HK$443 million (2019: HK$406 million) notional adjustments to the carrying amount of certain obligations recognised in the consolidated statement of financial position to the present value of the estimated future cash flows expected to be required for their settlement in the future.

(b) For the year ended 31 December 2019, borrowing costs have been capitalised at various applicable rates ranging from 4.3% to 5.9% per annum.

9 Tax

	2020 HK$ million	2019 HK$ million
Current tax charge		
Hong Kong	**40**	308
Outside Hong Kong	**3,945**	4,583
	3,985	4,891
Deferred tax charge		
Hong Kong	**95**	72
Outside Hong Kong	**222**	1,057
	317	1,129
	4,302	6,020

Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

9 Tax (continued)

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

	2020	2019
	HK$ million	HK$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**6,055**	8,760
Tax effect of:		
Tax losses not recognised	**3,071**	1,638
Income not subject to tax	**(1,900)**	(1,311)
Expenses not deductible for tax purposes	**1,132**	1,363
Recognition of previously unrecognised tax losses	**(22)**	(214)
Utilisation of previously unrecognised tax losses	**(103)**	(894)
Under (over) provision in prior years	**(94)**	19
Other temporary differences	**(3,315)**	(3,522)
Effect of change in tax rate	**(522)**	181
Total tax for the year	**4,302**	6,020

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK$29,143 million (2019: HK$39,830 million) and 3,856,240,500 shares in issue in 2020 (2019: 3,856,240,500 shares).

The Company and its subsidiary companies do not have share option scheme as at 31 December 2020 and 31 December 2019. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2020 and 31 December 2019. The employee share options of these associated companies outstanding as at 31 December 2020 and 31 December 2019 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2020	2019
	HK$ million	HK$ million
Distribution paid on perpetual capital securities	**482**	398

(b) Dividends

	2020	2019
	HK$ million	HK$ million
Interim dividend, paid of HK$0.614 per share (2019: HK$0.87 per share)	**2,368**	3,355
Final dividend, proposed of HK$1.70 per share (2019: HK$2.30 per share)	**6,555**	8,870
	8,923	12,225

In 2020, the calculation of the interim dividend and final dividend is based on 3,856,240,500 shares (2019: 3,856,240,500 shares) in issue.

12 Fixed assets

	Land and buildings HK$ million	Telecom-munications network assets HK$ million	Other assets [a] HK$ million	Total HK$ million
Cost				
At 1 January 2019	25,892	51,012	63,534	140,438
Additions	1,494	4,293	19,659	25,446
Relating to subsidiaries acquired (see note 34(c))	38	-	3	41
Disposals	(54)	(425)	(781)	(1,260)
Relating to subsidiaries disposed (see note 34(d))	(11)	-	(369)	(380)
Transfer between categories	21	10,798	(10,514)	305
Exchange translation differences	127	15	(455)	(313)
Transfer to assets classified as held for sale (see note 25)	-	(55)	-	(55)
At 31 December 2019 and 1 January 2020	**27,507**	**65,638**	**71,077**	**164,222**
Additions	**1,229**	**5,440**	**20,435**	**27,104**
Disposals	**(193)**	**(1,494)**	**(1,040)**	**(2,727)**
Relating to subsidiaries disposed (see note 34(d))	**-**	**(2,425)**	**(165)**	**(2,590)**
Transfer between categories	**174**	**10,806**	**(10,970)**	**10**
Exchange translation differences	**522**	**4,516**	**3,813**	**8,851**
Transfer to assets classified as held for sale (see note 25)	**-**	**(1,397)**	**-**	**(1,397)**
At 31 December 2020	**29,239**	**81,084**	**83,150**	**193,473**
Accumulated depreciation and impairment				
At 1 January 2019	3,339	10,837	16,217	30,393
Charge for the year	1,023	7,958	6,487	15,468
Disposals	(40)	(398)	(585)	(1,023)
Relating to subsidiaries disposed (see note 34(d))	(4)	-	(106)	(110)
Transfer between categories	-	306	(1)	305
Exchange translation differences	39	64	(45)	58
At 31 December 2019 and 1 January 2020	**4,357**	**18,767**	**21,967**	**45,091**
Charge for the year	**1,062**	**8,359**	**6,833**	**16,254**
Disposals	**(185)**	**(972)**	**(829)**	**(1,986)**
Relating to subsidiaries disposed (see note 34(d))	**-**	**(696)**	**(18)**	**(714)**
Transfer between categories	**1**	**(3)**	**12**	**10**
Exchange translation differences	**166**	**1,651**	**1,374**	**3,191**
Transfer to assets classified as held for sale (see note 25)	**-**	**(474)**	**-**	**(474)**
At 31 December 2020	**5,401**	**26,632**	**29,339**	**61,372**
Net book value				
At 31 December 2020	**23,838**	**54,452**	**53,811**	**132,101**
At 31 December 2019	23,150	46,871	49,110	119,131
At 1 January 2019	22,553	40,175	47,317	110,045

(a) Net book value of other assets of HK$53,811 million (2019: HK$49,110 million) primarily relate to fixed assets used in business of Ports and related services of HK$17,970 million (2019: HK$18,665 million), Telecommunications of HK$25,043 million (2019: HK$19,144 million), and Infrastructure of HK$1,521 million (2019: HK$1,503 million).

As at 31 December 2020, other assets with a net book value of HK$17,055 million (2019: HK$15,353 million) are assets under construction.

12 Fixed assets (continued)

(b) The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2020 HK$ million	2019 HK$ million
Within 1 year	**151**	99
Between 1 and 2 years	**53**	23
Between 2 and 3 years	**29**	6
Between 3 and 4 years	**6**	3
Between 4 and 5 years	**3**	1
After 5 years	**10**	3
	252	135

13 Leases

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

	2020 HK$ million	2019 HK$ million
Right-of-use assets		
Container terminals	**18,250**	16,749
Retail stores	**25,186**	26,489
Telecommunications network infrastructure sites	**28,818**	28,495
Leasehold land	**6,939**	7,209
Other assets	**4,612**	4,766
	83,805	83,708
Lease liabilities		
Current	**18,621**	18,079
Non-current	**75,644**	75,609
	94,265	93,688

On leases that commenced during the year, the Group has recognised HK$20,028 million (2019: HK$17,918 million) of right-of-use assets, and HK$20,008 million (2019: HK$17,851 million) of lease liabilities.

13 Leases (continued)

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

	2020 HK$ million	2019 HK$ million
Depreciation charge of right-of-use assets (included in “Depreciation and amortisation”)		
Container terminals	**1,089**	1,119
Retail stores	**7,895**	7,917
Telecommunications network infrastructure sites	**7,723**	6,597
Leasehold land	**369**	374
Other assets	**1,455**	1,277
	18,531	17,284
Interest on lease liabilities (included in “Interest expenses and other finance costs”)	**3,703**	3,642
Expenses relating to short-term leases (included in “Other expenses and losses”)	**881**	1,077
Expense relating to leases of low-value assets that are not short term leases (included in “Other expenses and losses”)	**1,189**	1,375
Expense relating to variable lease payments not included in lease liabilities (included in “Other expenses and losses”)	**2,344**	3,107
	8,117	9,201
Total charges recognised in profit or loss for leases	**26,648**	26,485

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

	2020 HK$ million	2019 HK$ million
Within operating cash flows	**7,518**	9,189
Within financing cash flows (see note 34(e))	**18,010**	15,969
Total cash outflows for leases	**25,528**	25,158

(d) Group as lessee - other lease disclosure

Variable lease payments

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

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$22 million (2019: approximately 0.1% or HK$27 million).

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2020, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$17,994 million (2019: HK$11,471 million) (undiscounted) have not been included in calculating the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

13 Leases (continued)

(d) Group as lessee - other lease disclosure (continued)

Residual value guarantees

As at 31 December 2020, residual value guarantee of HK$12 million (2019: HK$9 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2020, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK$404 million (2019: HK$873 million). This amount has not been included in calculating the lease liabilities as at 31 December 2020.

Restriction or covenants imposed by leases

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

(e) Group as lessor

	2020 **HK$ million**	2019 HK$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	**191**	261

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

	2020 **HK$ million**	2019 HK$ million
Within 1 year	**138**	169
Between 1 and 2 years	**83**	119
Between 2 and 3 years	**70**	82
Between 3 and 4 years	**51**	63
Between 4 and 5 years	**45**	35
After 5 years	**209**	189
	596	657

In addition, the Group has recognised income of HK$258 million (2019: HK$152 million) from leasing of fixed assets for the year ended 31 December 2020.

14 Telecommunications licences

	2020 HK$ million	2019 HK$ million
Net book value		
At 1 January	**63,387**	64,221
Additions	**679**	1,286
Amortisation for the year	**(1,485)**	(1,311)
Disposal	**-**	(28)
Exchange translation differences	**4,363**	(781)
At 31 December	**66,944**	63,387
Cost	**73,354**	68,022
Accumulated amortisation and impairment	**(6,410)**	(4,635)
	66,944	63,387

The Group's telecommunications licences in the UK and Italy (except for a licence with carrying value at 31 December 2020 of HK$133 million (2019: HK$243 million)) are considered to have an indefinite useful life. The carrying value of these telecommunications licences at 31 December 2020 of approximately HK$55 billion (2019: HK$51 billion) has been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK$ million	Other rights HK$ million	Total HK$ million
Net book value			
At 1 January 2019	69,037	19,724	88,761
Additions	-	2,817	2,817
Amortisation for the year	(12)	(2,483)	(2,495)
Disposal	-	(4)	(4)
Relating to subsidiaries disposed (see note 34(d))	(2)	-	(2)
Exchange translation differences	(560)	(242)	(802)
At 31 December 2019 and 1 January 2020	**68,463**	**19,812**	**88,275**
Additions	**-**	**1,791**	**1,791**
Amortisation for the year	**(11)**	**(2,654)**	**(2,665)**
Disposal	**-**	**(13)**	**(13)**
Relating to subsidiaries disposed (see note 34(d))	**-**	**(5)**	**(5)**
Exchange translation differences	**2,426**	**1,644**	**4,070**
At 31 December 2020	**70,878**	**20,575**	**91,453**
Cost	**70,945**	**30,312**	**101,257**
Accumulated amortisation	**(67)**	**(9,737)**	**(9,804)**
	70,878	**20,575**	**91,453**

Brand names are considered to have an indefinite useful life. The carrying value of brand names at 31 December 2020 of approximately HK$51 billion (2019: HK$50 billion) and approximately HK$20 billion (2019: HK$18 billion) has been allocated to Retail segment and the Telecommunications segments, respectively.

Other rights primarily include operating and service content rights of approximately HK$10,135 million (2019: HK$9,139 million) and resource consents and customer lists of approximately HK$10,440 million (2019: HK$10,279 million). Other rights are amortised over their finite useful lives.

16 Goodwill

	2020 HK$ million	2019 HK$ million
Cost		
At 1 January	**308,986**	323,160
Relating to subsidiaries disposed (see note 34(d))	**(703)**	(10,438)
Exchange translation differences	**11,435**	(3,736)
At 31 December	**319,718**	308,986

As at 31 December 2020, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of approximately HK$134 billion (2019: HK$123 billion), Retail segment of approximately HK$114 billion (2019: HK$114 billion), and Infrastructure segment of approximately HK$39 billion (2019: HK$39 billion).

The impairment test for the Telecommunications segment is carried out at the end of the reporting period and the recoverable amount is determined based on value in use calculation. Value in use is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant Telecommunications businesses for the next five years. The Group prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget, and the estimated terminal value at the end of the budget period. Key assumptions, include the revenues, service margin and operating costs, and growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The value in use amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) ranging from 0.3% to 9.4% (2019: 1.1% to 9.7%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 0% to 2% p.a. (2019: 1% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The impairment test for the Retail segment is carried out at the end of the reporting period and the recoverable amount is determined based on fair value less costs of disposal calculation. Fair value is measured using discount cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget, and the estimated terminal value at the end of the budget period. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The fair value less cost of disposal amount derived from the cash flow projections is sensitive to the discount rate used for the discount cash flow projections as well as the growth rate used for extrapolation purposes. A discount rate (pre-tax) of 5.7% (2019: 6.6%) has been applied. In estimating the terminal value at the end of the five year period a growth rate, for the purpose of impairment testing calculation, of 2.1% p.a. (2019: 2.4% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

The results of the impairment tests undertaken as at 31 December 2020 and 2019 indicated no impairment charge was necessary for the Group. A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the respective business units and divisions.

Please refer to note 43(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

17 Associated companies

	2020 HK$ million	2019 HK$ million
Unlisted shares	**9,420**	9,112
Listed shares, Hong Kong	**61,070**	61,070
Listed shares, outside Hong Kong	**104,123**	91,772
Share of undistributed post acquisition reserves	**(42,262)**	(20,893)
	132,351	141,061
Amounts due from (net with amounts due to) associated companies [(a)]	**3,725**	3,690
	136,076	144,751

No provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of the amounts due from associated companies as they were considered to be of low credit risk. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

The market value of the above listed investments at 31 December 2020 was HK$99,125 million (2019: HK$97,118 million), inclusive of HK$15,352 million (2019: HK$25,005 million) and HK$32,120 million (2019: HK$43,747 million) for material associated companies, namely Husky and Power Assets Holdings Limited ("Power Assets") respectively.

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

17 Associated companies (continued)

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

	2020 HK$ million	2019 HK$ million
Amounts due from associated companies (i)		
Interest free	**470**	719
Interest bearing at fixed rates (ii)	**3,064**	2,795
Interest bearing at floating rates (iii)	**908**	905
	4,442	4,419
Amount due to associated companies (iv)		
Interest free	**717**	729
Amounts due from (net with amounts due to) associated companies	**3,725**	3,690

(i) At 31 December 2020 and 2019, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK$711 million which are repayable within one to four years (2019: HK$936 million which are repayable within one to two years).

(ii) At 31 December 2020, HK$3,064 million (2019: HK$2,795 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2019: 4.7% to 11.2%) per annum.

(iii) At 31 December 2020, HK$908 million (2019: HK$905 million) bear interests at floating rates ranging from approximately 1.6% to 2.1% (2019: 1.7% to 3.8%) per annum with reference to Euro Interbank Offered Rate and Hong Kong Interbank Offered Rate, as applicable.

(iv) At 31 December 2020 and 2019, the amount due to an associated company is unsecured and has no fixed terms of repayment.

(b) Material associated companies

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

	2020		2019	
	Husky HK$ million	Power Assets HK$ million	Husky HK$ million	Power Assets HK$ million
Dividends received from associated companies	**633**	**2,149**	1,164	2,149
Gross amount of the following items of the associated companies (i):				
Total revenue	**77,574**	**1,270**	118,473	1,348
EBITDA (LBITDA)	**(56,591)**	**18,830**	8,658	18,270
EBIT (LBIT)	**(69,714)**	**13,062**	(7,399)	12,995
Other comprehensive income (losses)	**572**	**(883)**	1,145	804
Total comprehensive income (losses)	**(54,376)**	**5,250**	(3,586)	7,935
Current assets	**19,062**	**6,062**	29,332	5,015
Non-current assets	**170,078**	**125,177**	231,865	126,243
Current liabilities	**14,567**	**7,406**	27,538	4,324
Non-current liabilities	**72,136**	**1,380**	76,074	3,755
Net assets (net of preferred shares, perpetual capital securities and non-controlling interests)	**97,419**	**122,453**	152,696	123,179
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	**40.2%**	**36.0%**	40.2%	36.0%
Group's share of net assets	**39,150**	**44,034**	61,369	44,295
Amount due from associated company	**30**	**-**	300	-
Carrying amount	**39,180**	**44,034**	61,669	44,295

For information, the carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK$52,862 million (2019: HK$38,787 million).

17 Associated companies (continued)

(b) Material associated companies (continued)

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

	2020				2019			
	Husky HK$ million	**Power Assets HK$ million**	**Other associated companies HK$ million**	**Total HK$ million**	Husky HK$ million	Power Assets HK$ million	Other associated companies HK$ million	Total HK$ million
Group's share of the following items of the associated companies [(i)]:								
Profits less losses after tax	**(22,085)**	**2,205**	**1,351**	**(18,529)**	(1,902)	2,564	862	1,524
Other comprehensive income (losses)	**230**	**(318)**	**1,775**	**1,687**	460	289	(409)	340
Total comprehensive income (losses)	**(21,855)**	**1,887**	**3,126**	**(16,842)**	(1,442)	2,853	453	1,864

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

Particulars regarding the principal associated companies are set forth on pages 131 to 133.

18 Interests in joint ventures

	2020 HK$ million	2019 HK$ million
Unlisted shares	**98,594**	101,422
Share of undistributed post acquisition reserves	**3,854**	197
	102,448	101,619
Amounts due from (net with amounts due to) joint ventures [(a)]	**39,017**	41,936
	141,465	143,555

No provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of the amounts due from joint ventures as they were considered to be of low credit risk. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

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

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

	2020 HK$ million	2019 HK$ million
Amounts due from joint ventures [(i)]		
Interest free	**2,145**	2,101
Interest bearing at fixed rates [(ii)]	**17,402**	21,345
Interest bearing at floating rates [(iii)]	**19,850**	18,896
	39,397	42,342
Amounts due to joint ventures [(iv)]		
Interest free	**380**	353
Interest bearing at floating rates [(v)]	**-**	53
Amounts due from (net with amounts due to) joint ventures	**39,017**	41,936

18 Interests in joint ventures (continued)

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

(i) At 31 December 2020 and 2019, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$69 million which are repayable within one to five years (2019: HK$448 million which are repayable within one to two years).

(ii) At 31 December 2020, HK$17,402 million (2019: HK$21,345 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2019: 4.4% to 11.0%) per annum.

(iii) At 31 December 2020, HK$19,850 million (2019: HK$18,896 million) bear interests at floating rates ranging from approximately 1.7% to 14.1% (2019: 2.0% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate and London Interbank Offered Rate, as applicable.

(iv) At 31 December 2020 and 2019, the amounts due to joint ventures are unsecured and have no fixed terms of repayment (2019: HK$53 million which are repayable within one year).

(v) At 31 December 2019, HK$53 million bear interests at floating rates ranging from approximately 1.2% to 1.4% per annum with reference to Australian Bank Bill Swap Reference Rate and London Interbank Offered Rate, as applicable.

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

	2020 **HK$ million**	2019 HK$ million
Profits less losses after tax [i]	**4,954**	7,404
Other comprehensive income (losses)	**1,720**	(68)
Total comprehensive income	**6,674**	7,336
Capital commitments	**1,880**	1,879

(i) During the period from the second half of 2012 to 26 June 2020, VHA underwent a shareholder-sponsored restructuring under the leadership of the other shareholder pursuant to the applicable terms of the shareholders' agreement. HTAL's share of VHA's results from 1 January 2020 to 26 June 2020 is a loss of HK$301 million (2019: HK$552 million) and is reported under "Other expenses and losses" in the consolidated income statement. See note 7(f).

As at 31 December 2020 and 2019, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 131 to 133.

19 Deferred tax

	2020 HK$ million	2019 HK$ million
Deferred tax assets	**19,926**	20,353
Deferred tax liabilities	**17,672**	16,819
Net deferred tax assets	**2,254**	3,534

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

	2020 HK$ million	2019 HK$ million
At 1 January	**3,534**	3,619
Relating to subsidiaries disposed (see note 34(d))	**(1,991)**	24
Transfer to current tax	**31**	2
Net credit to other comprehensive income	**178**	136
Net credit (charge) to the income statement		
Tax losses	**(1,164)**	(1,153)
Accelerated depreciation allowances	**1,002**	217
Fair value adjustments arising from acquisitions	**(561)**	(211)
Withholding tax on undistributed profits	**59**	41
Other temporary differences	**347**	116
Exchange translation differences	**878**	743
Transfer to assets classified as held for sale (see note 25)	**(59)**	-
At 31 December	**2,254**	3,534

Analysis of net deferred tax assets (liabilities):

	2020 HK$ million	2019 HK$ million
Tax losses	**15,446**	16,778
Accelerated depreciation allowances	**(3,700)**	(4,018)
Fair value adjustments arising from acquisitions	**(11,191)**	(10,030)
Revaluation of investment properties and other investments	**39**	30
Withholding tax on undistributed profits	**(335)**	(400)
Other temporary differences	**1,995**	1,174
	2,254	3,534

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

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

At 31 December 2020, the Group has recognised accumulated deferred tax assets amounting to HK$19,926 million (2019: HK$20,353 million) of which HK$16,856 million (2019: HK$17,535 million) relates to **3** Group Europe.

Note 43(b)(v) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

19 Deferred tax (continued)

The Group has not recognised deferred tax assets of HK$37,268 million at 31 December 2020 (2019: HK$27,876 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$163,468 million (2019: HK$115,009 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$120,370 million (2019: HK$101,435 million) can be carried forward indefinitely and the balances expire in the following years:

	2020 HK$ million	2019 HK$ million
In the first year	**1,294**	5,015
In the second year	**2,413**	1,753
In the third year	**5,815**	2,586
In the fourth year	**3,357**	1,144
After the fourth year	**30,219**	3,076
	43,098	13,574

20 Liquid funds and other listed investments

	2020 HK$ million	2019 HK$ million
Financial assets at amortised cost		
Managed funds - cash and cash equivalents, outside Hong Kong [c]	**50**	42
Financial assets at FVOCI [d]		
Listed equity securities, Hong Kong [e]	**3,423**	2,293
Listed equity securities, outside Hong Kong [e]	**198**	213
Managed funds - listed equity securities, outside Hong Kong [e]	**226**	202
Managed funds - listed debt securities, outside Hong Kong [b] [f]	**6,691**	4,933
	10,538	7,641
Financial assets at fair value through profit or loss - listed equity securities	**-**	39
	10,588	7,722

(a) At 31 December, liquid funds and other listed investments totalling HK$10,588 million (2019: HK$7,722 million) are denominated in the following currencies:

	2020			2019		
	Financial assets at amortised cost Percentage	**Financial assets at FVOCI Percentage**	**Financial assets at fair value through profit or loss Percentage**	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**-**	**32%**	**-**	-	30%	-
US dollars	**69%**	**65%**	**-**	50%	66%	100%
Other currencies	**31%**	**3%**	**-**	50%	4%	-
	100%	**100%**	**-**	100%	100%	100%

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK$6,691 million (2019: HK$4,933 million) presented above are analysed as follows:

	2020	2019
	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage
Credit ratings		
Aaa / AAA	**30%**	25%
Aa1 / AA+	**69%**	74%
Other investment grades	**1%**	-
Unrated	**-**	1%
	100%	100%
Sectorial		
US Treasury notes	**67%**	70%
Government and government guaranteed notes	**19%**	20%
Financial institutions notes	**-**	1%
Others	**14%**	9%
	100%	100%
Weighted average maturity	**1.2 years**	2.3 years
Weighted average effective yield	**1.62%**	1.79%

(c) No provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of the "Managed funds - cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.

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

(e) These equity securities are strategic investments and not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise these investments in this category so the Group considers this category to be the most appropriate classification.

(f) Managed funds - listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2020 and 31 December 2019 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk and no provision for credit loss was required at 31 December 2020 and 31 December 2019 in respect of these assets.

21 Other non-current assets

	2020 HK$ million	2019 HK$ million
Investment properties (see note 22)	**396**	398
Customer acquisition and retention costs [(a)]	**4,095**	2,985
Contract assets (see note 24(b))	**3,345**	3,482
Unlisted investments		
Financial assets at amortised costs - debt securities [(b)]	**179**	174
Financial assets at FVOCI - equity securities [(c)]	**2,347**	1,825
Financial assets at fair value through profit or loss - equity securities	**2,614**	3,042
Financial assets at fair value through profit or loss - debt securities	**358**	304
Pension assets (see note 30)	**158**	101
Derivative financial instruments		
Fair value hedges - Interest rate swaps	**108**	46
Cash flow hedges		
Cross currency interest rate swaps	**-**	523
Other contracts	**13**	-
Net investment hedges		
Forward foreign exchange contracts	**85**	498
Cross currency swaps	**40**	609
Other derivative financial instruments	**823**	44
Lease receivables [(d)]	**383**	245
	14,944	14,276

(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 cost shown above is after deducting the amortisation charged to the current year's income statement of HK$2,723 million (2019: HK$1,571 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

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

No provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of the "Financial assets at amortised costs - debt securities" as they were considered to be of low credit risk. The expected credit loss was minimal as these debt securities are subject to the Group's financial and investment requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(c) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to account for these investments at FVOCI. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(d) No provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of the lease receivables as they were considered to be of low credit risk. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

22 Investment properties

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

	2020 **HK$ million**	2019 HK$ million
Valuation		
At 1 January	**398**	382
Increase (decrease) in fair value of investment properties	**(2)**	16
At 31 December	**396**	398

Investment properties have been fair valued as at 31 December 2020 and 31 December 2019 by DTZ Debenham Tie Leung Limited, professional valuers.

As at 31 December 2020 and 2019, the fair value of investment properties which reflects the highest and best use was arrived at by reference to comparable market transactions and also taking reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

As at 31 December 2020 and 2019, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2020 HK$ million	2019 HK$ million
Cash at bank and in hand	**36,463**	30,606
Short term bank deposits	**119,488**	106,521
	155,951	137,127

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

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk and no provision for credit loss was made at 31 December 2020 and 31 December 2019 in respect of these assets.

24 Trade receivables and other current assets

	2020 HK$ million	2019 HK$ million
Trade receivables [(a)]	**19,537**	18,673
Less: loss allowance provision	**(2,639)**	(1,810)
	16,898	16,863
Other current assets		
Derivative financial instruments		
Fair value hedges - Interest rate swaps	**-**	2
Cash flow hedges - other contracts	**50**	-
Net investment hedges		
Forward foreign exchange contracts	**347**	1,375
Cross currency swaps	**-**	77
Contract assets [(b)]	**5,654**	3,903
Prepayments	**18,680**	18,353
Other receivables [(c)]	**13,998**	15,136
Current tax receivables	**182**	-
	55,809	55,709

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

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

The Group's five largest customers contributed less than 7% of the Group's revenue for the year ended 31 December 2020 (2019: less than 6%).

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

	2020 HK$ million	2019 HK$ million
Less than 31 days	**12,854**	9,948
Within 31 to 60 days	**1,824**	2,183
Within 61 to 90 days	**665**	753
Over 90 days	**4,194**	5,789
	19,537	18,673

24 Trade receivables and other current assets (continued)

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

	2020 HK$ million	2019 HK$ million
At 1 January	**1,810**	1,136
Additions	**1,577**	1,587
Utilisations	**(861)**	(902)
Write back	**(7)**	(10)
Exchange translation differences	**120**	(1)
At 31 December	**2,639**	1,810

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

	2020			2019		
	Gross carrying amount HK$ million	**Loss allowance provision HK$ million**	**Expected loss rate Percentage**	Gross carrying amount HK$ million	Loss allowance provision HK$ million	Expected loss rate Percentage
Not past due	**12,142**	**148**	**1%**	9,335	311	3%
Past due less than 31 days	**2,311**	**220**	**10%**	2,274	98	4%
Past due within 31 to 60 days	**726**	**136**	**19%**	725	73	10%
Past due within 61 to 90 days	**370**	**98**	**26%**	414	58	14%
Past due over 90 days	**3,988**	**2,037**	**51%**	5,925	1,270	21%
	19,537	**2,639**		18,673	1,810	

(b) As at 31 December 2020, contract assets of HK$5,654 million (2019: HK$3,903 million) and HK$3,345 million (2019: HK$3,482 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK$1,512 million (2019: HK$1,052 million). Movement on the provision for estimated impairment losses are as follows:

	2020 HK$ million	2019 HK$ million
At 1 January	**1,052**	581
Additions	**1,024**	1,042
Utilisations	**(377)**	(408)
Write back	**(257)**	(166)
Exchange translation differences	**70**	3
At 31 December	**1,512**	1,052

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

(c) No provision for impairment loss for other receivables was made as at 31 December 2020 and 2019 as the financial assets were considered to be of low credit risk and the expected credit loss was minimal.

25 Assets and liabilities classified as held for sale

	2020 HK$ million	2019 HK$ million
Assets classified as held for sale		
Disposal group held for sale [(a)]	**1,251**	-
Non-current assets held for sale [(b)]	**-**	149
	1,251	149
Liabilities directly associated with assets classified as held for sale [(a)]	**284**	-

(a) In November 2020, CK Hutchison Group Telecom entered into agreements to dispose interests in its European telecommunications tower assets in six countries. Disposals of interests in tower assets in Denmark, Austria and Ireland were completed in December 2020. Completion of disposals in Italy and the United Kingdom require relevant regulatory approvals and shareholders' approvals in which only the requisite shareholders' approvals have been obtained as at the reporting date. The Sweden transaction is not subject to regulatory or shareholders' approval. Accordingly, tower assets in Sweden have been reclassified for accounting purpose as disposal group as at the reporting date. There is no gain or loss recognised in the income statement on reclassification. See note 7(e).

The major classes of assets and liabilities classified as held for sale at the reporting date are as follows:

	2020 HK$ million	2019 HK$ million
Assets		
Fixed assets	**923**	-
Right-of-use assets	**269**	-
Deferred tax assets	**59**	-
Assets classified as held for sale	**1,251**	-
Liabilities		
Lease liabilities	**283**	-
Other non-current liabilities	**1**	-
Liabilities directly associated with assets classified as held for sale	**284**	-
Net assets directly associated with disposal group	**967**	-

	2020 HK$ million	2019 HK$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve surplus	**20**	-
Reserves of disposal group classified as held for sale	**20**	-

Disposal group held for sale is presented within total assets and total liabilities of "**3** Group Europe" segment in note 5(b)(vi), 5(b)(vii) respectively and total assets of "Europe" in note 5(b)(xii).

(b) In 2018, the Group acquired the remaining 50% interest in the telecommunications businesses in Italy operated by Wind Tre and became the sole shareholder of Wind Tre. Wind Tre has a pre-existing commitment to sell certain telecommunications assets, including sites and frequencies to an external third party which was completed in 2020.

The balance as at 31 December 2019 represented fixed assets and was presented within total assets of "**3** Group Europe" segment in note 5(b)(vi) and "Europe" in note 5(b)(xii).

26 Bank and other debts

	2020			2019		
	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	**27,222**	**94,078**	**121,300**	32,565	96,392	128,957
Other loans	**4**	**270**	**274**	4	255	259
Notes and bonds	**20,800**	**205,384**	**226,184**	9,100	204,642	213,742
	48,026	**299,732**	**347,758**	41,669	301,289	342,958
Unamortised fair value adjustments arising from acquisitions	**23**	**3,861**	**3,884**	-	4,539	4,539
Subtotal before the following items	**48,049**	**303,593**	**351,642**	41,669	305,828	347,497
Unamortised loan facilities fees and premiums or discounts related to debts	**(28)**	**(2,562)**	**(2,590)**	(1,675)	(1,230)	(2,905)
Adjustments to carrying amounts pursuant to unrealised gains (losses) on interest rate swap contracts	**-**	**19**	**19**	1	(33)	(32)
	48,021	**301,050**	**349,071**	39,995	304,565	344,560

26 Bank and other debts (continued)

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

	2020			2019		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	**27,222**	**94,078**	**121,300**	32,565	96,392	128,957
Other loans	**4**	**270**	**274**	4	255	259
Notes and bonds						
HK$500 million notes, 4.3% due 2020	**-**	**-**	**-**	500	-	500
HK$500 million notes, 4.35% due 2020	**-**	**-**	**-**	500	-	500
HK$300 million notes, 3.9% due 2020	**-**	**-**	**-**	300	-	300
HK$400 million notes, 3.45% due 2021	**400**	**-**	**400**	-	400	400
HK$300 million notes, 3.35% due 2021	**300**	**-**	**300**	-	300	300
HK$260 million notes, 4% due 2027	**-**	**260**	**260**	-	260	260
US$1,000 million notes, 2.25% due 2020	**-**	**-**	**-**	7,800	-	7,800
US$750 million notes, 1.875% due 2021	**5,850**	**-**	**5,850**	-	5,850	5,850
US$1,500 million notes, 4.625% due 2022	**-**	**11,700**	**11,700**	-	11,700	11,700
US$1,000 million notes, 2.875% due 2022	**-**	**7,800**	**7,800**	-	7,800	7,800
US$500 million notes, 3.25% due 2022	**-**	**3,900**	**3,900**	-	3,900	3,900
US$750 million notes, 2.75% due 2023	**-**	**5,850**	**5,850**	-	5,850	5,850
US$750 million notes, 3.25% due 2024	**-**	**5,850**	**5,850**	-	5,850	5,850
US$1,500 million notes, 3.625% due 2024	**-**	**11,700**	**11,700**	-	11,700	11,700
US$500 million notes, 2.75% due 2026	**-**	**3,900**	**3,900**	-	3,900	3,900
US$309 million notes - Series C, 7.5% due 2027	**-**	**2,410**	**2,410**	-	2,410	2,410
US$500 million notes, 3.25% due 2027	**-**	**3,900**	**3,900**	-	3,900	3,900
US$800 million notes, 3.5% due 2027	**-**	**6,240**	**6,240**	-	6,240	6,240
US$500 million notes, 2.75% due 2029	**-**	**3,900**	**3,900**	-	3,900	3,900
US$750 million notes, 3.625% due 2029	**-**	**5,850**	**5,850**	-	5,850	5,850
US$750 million notes, 2.5% due 2030	**-**	**5,850**	**5,850**	-	-	-
US$1,039 million notes, 7.45% due 2033	**-**	**8,107**	**8,107**	-	8,107	8,107
US$25 million notes-Series D, 6.988% due 2037	**-**	**196**	**196**	-	196	196
US$750 million notes, 3.375% due 2049	**-**	**5,850**	**5,850**	-	5,850	5,850
US$750 million notes, 3.375% due 2050	**-**	**5,850**	**5,850**	-	-	-
EUR1,500 million notes, 1.375% due 2021	**14,250**	**-**	**14,250**	-	13,005	13,005
EUR750 million notes, 3.625% due 2022	**-**	**7,125**	**7,125**	-	6,502	6,502
EUR1,350 million notes, 1.25% due 2023	**-**	**12,825**	**12,825**	-	11,705	11,705
EUR1,500 million notes, 0.375% due 2023	**-**	**14,250**	**14,250**	-	13,005	13,005
EUR600 million bonds, 1% due 2024	**-**	**5,700**	**5,700**	-	5,202	5,202
EUR1,000 million notes, 0.875% due 2024	**-**	**9,500**	**9,500**	-	8,670	8,670
EUR750 million notes, 1.25% due 2025	**-**	**7,125**	**7,125**	-	6,503	6,503
EUR1,000 million notes, 0.75% due 2026	**-**	**9,500**	**9,500**	-	8,670	8,670
EUR650 million notes, 2% due 2028	**-**	**6,175**	**6,175**	-	5,635	5,635
EUR1,000 million notes, 1.125% due 2028	**-**	**9,500**	**9,500**	-	8,670	8,670
EUR500 million notes, 2% due 2030	**-**	**4,750**	**4,750**	-	4,335	4,335
EUR750 million notes, 1.5% due 2031	**-**	**7,125**	**7,125**	-	6,502	6,502
GBP303 million notes, 5.625% due 2026	**-**	**3,180**	**3,180**	-	3,078	3,078
GBP500 million notes, 2% due 2027	**-**	**5,250**	**5,250**	-	5,080	5,080
GBP300 million notes, 2.625% due 2034	**-**	**3,150**	**3,150**	-	3,048	3,048
JPY15,000 million notes, 2.6% due 2027	**-**	**1,116**	**1,116**	-	1,069	1,069
	20,800	**205,384**	**226,184**	9,100	204,642	213,742
	48,026	**299,732**	**347,758**	41,669	301,289	342,958

26 Bank and other debts (continued)

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

(a) By year of repayment

	2020			2019		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans						
Within a year	**27,222**	**-**	**27,222**	32,565	-	32,565
After 1 year, but within 2 years	**-**	**42,356**	**42,356**	-	24,864	24,864
After 2 years, but within 5 years	**-**	**51,722**	**51,722**	-	71,528	71,528
	27,222	**94,078**	**121,300**	32,565	96,392	128,957
Other loans						
Within a year	**4**	**-**	**4**	4	-	4
After 1 year, but within 2 years	**-**	**4**	**4**	-	4	4
After 2 years, but within 5 years	**-**	**191**	**191**	-	178	178
After 5 years	**-**	**75**	**75**	-	73	73
	4	**270**	**274**	4	255	259
Notes and bonds						
Within a year	**20,800**	**-**	**20,800**	9,100	-	9,100
After 1 year, but within 2 years	**-**	**30,525**	**30,525**	-	19,555	19,555
After 2 years, but within 5 years	**-**	**72,800**	**72,800**	-	91,884	91,884
After 5 years	**-**	**102,059**	**102,059**	-	93,203	93,203
	20,800	**205,384**	**226,184**	9,100	204,642	213,742
	48,026	**299,732**	**347,758**	41,669	301,289	342,958

(b) By secured and unsecured borrowings

	2020			2019		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Secured borrowings	**1**	**1,510**	**1,511**	1	1,275	1,276
Unsecured borrowings	**48,025**	**298,222**	**346,247**	41,668	300,014	341,682
	48,026	**299,732**	**347,758**	41,669	301,289	342,958

(c) By borrowings at fixed and floating interest rate

	2020			2019		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Borrowings at fixed rate	**20,834**	**205,653**	**226,487**	9,112	204,897	214,009
Borrowings at floating rate	**27,192**	**94,079**	**121,271**	32,557	96,392	128,949
	48,026	**299,732**	**347,758**	41,669	301,289	342,958

26 Bank and other debts (continued)

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

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

	2020			2019		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Borrowings at fixed rate	**22,550**	**215,741**	**238,291**	24,972	205,995	230,967
Borrowings at floating rate	**25,476**	**83,991**	**109,467**	16,697	95,294	111,991
	48,026	**299,732**	**347,758**	41,669	301,289	342,958

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

The Group has entered into interest rate swap agreements with banks and other financial institutions to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2020, the notional amount of the outstanding interest rate swap agreements amounted to HK$5,460 million (2019: HK$6,760 million) (See note 44(i)(i)).

The Group has also entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2020, the notional amount of the outstanding interest rate swap agreements and cross currency interest rate swap agreements amounted to HK$5,408 million and HK$11,856 million respectively (2019: HK$6,558 million and HK$17,160 million respectively) (See note 44(i)(ii)).

(e) By currency

	2020			2019		
	Current portion Percentage	**Non-current portion Percentage**	**Total Percentage**	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollars	**5%**	**36%**	**41%**	9%	32%	41%
Euro	**6%**	**36%**	**42%**	-	42%	42%
HK dollars	**1%**	**2%**	**3%**	1%	3%	4%
British Pounds	**-**	**5%**	**5%**	2%	3%	5%
Other currencies	**1%**	**8%**	**9%**	1%	7%	8%
	13%	**87%**	**100%**	13%	87%	100%

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

	2020			2019		
	Current portion Percentage	**Non-current portion Percentage**	**Total Percentage**	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollars	**3%**	**29%**	**32%**	4%	27%	31%
Euro	**8%**	**43%**	**51%**	5%	47%	52%
HK dollars	**1%**	**2%**	**3%**	1%	3%	4%
British Pounds	**-**	**5%**	**5%**	2%	3%	5%
Other currencies	**1%**	**8%**	**9%**	1%	7%	8%
	13%	**87%**	**100%**	13%	87%	100%

As at 31 December 2020, the Group had currency swap agreements with banks to swap US dollar principal amount of borrowings equivalent to HK$31,356 million (2019: HK$36,660 million) (see note 44(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The amounts include the cross currency swap agreements disclosed in (d) above with notional amounts of HK$11,856 million (2019: HK$17,160 million).

27 Trade payables and other current liabilities

	2020 HK$ million	2019 HK$ million
Trade payables [(a)]	**25,042**	27,539
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Cross currency interest rate swaps	**481**	318
Forward foreign exchange contracts	**4**	-
Other contracts	**-**	51
Net investment hedges		
Forward foreign exchange contracts	**1,023**	345
Cross currency swaps	**7**	-
Other derivative financial instruments	**4**	364
Interest free loans from non-controlling shareholders	**380**	380
Contract liabilities	**6,160**	6,188
Provisions (see note 28)	**3,185**	2,637
Other payables and accruals	**67,595**	61,536
	103,881	99,358

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

	2020 HK$ million	2019 HK$ million
Less than 31 days	**16,155**	19,932
Within 31 to 60 days	**3,769**	3,444
Within 61 to 90 days	**2,375**	1,742
Over 90 days	**2,743**	2,421
	25,042	27,539

(b) The Group's five largest suppliers accounted for less than 16% of the Group's cost of purchases for the year ended 31 December 2020 (2019: less than 21%).

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligation HK$ million	Assets retirement obligation HK$ million	Others HK$ million	Total HK$ million
At 1 January 2019	31,188	79	1,774	1,462	34,503
Additions	-	206	472	493	1,171
Interest accretion	-	1	23	-	24
Utilisations	(2,645)	(17)	(296)	(673)	(3,631)
Write back	-	(27)	-	(93)	(120)
Exchange translation differences	(485)	(16)	12	(31)	(520)
At 31 December 2019 and 1 January 2020	**28,058**	**226**	**1,985**	**1,158**	**31,427**
Additions	**-**	**36**	**225**	**387**	**648**
Interest accretion	**-**	**1**	**27**	**-**	**28**
Utilisations	**(5,617)**	**(92)**	**(114)**	**(221)**	**(6,044)**
Write back	**-**	**(87)**	**-**	**(49)**	**(136)**
Relating to subsidiaries disposed (see note 34(d))	**-**	**-**	**(64)**	**-**	**(64)**
Exchange translation differences	**1,072**	**8**	**105**	**127**	**1,312**
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	**-**	**-**	**(1)**	**-**	**(1)**
At 31 December 2020	**23,513**	**92**	**2,163**	**1,402**	**27,170**

Provisions are analysed as:

	2020 HK$ million	2019 HK$ million
Current portion (see note 27)	**3,185**	2,637
Non-current portion (see note 31)	**23,985**	28,790
	27,170	31,427

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

29 Interest bearing loans from non-controlling shareholders

	2020 HK$ million	2019 HK$ million
Interest bearing loans from non-controlling shareholders	**798**	728

At 31 December 2020, these loans bear interest at rates at EURIBOR+2.0% (2019: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2020 HK$ million	2019 HK$ million
Defined benefit assets (see note 21)	**158**	101
Defined benefit liabilities	**3,804**	3,123
Net defined benefit liabilities	**3,646**	3,022

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

(a) Defined benefit plans

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

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

	2020	2019
Discount rates	**0.3% - 1.5%**	0.58% - 2.0%
Future salary increases	**1.0% - 3.5%**	1.4% - 4.0%
Interest credited on two principal plans in Hong Kong	**5.0% - 6.0%**	5.0% - 6.0%

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

	2020 HK$ million	2019 HK$ million
Present value of defined benefit obligations	**24,502**	21,431
Fair value of plan assets	**20,859**	18,412
	3,643	3,019
Restrictions on assets recognised	**3**	3
Net defined benefit liabilities	**3,646**	3,022

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK$ million	Fair value of plan assets HK$ million	Asset ceiling HK$ million	Net defined benefit liabilities HK$ million
At 1 January 2019	18,337	(15,897)	3	2,443
Net charge (credit) to the income statement				
Current service cost	509	25	-	534
Interest cost (income)	454	(401)	-	53
	963	(376)	-	587
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	71	-	-	71
Actuarial loss arising from change in financial assumptions	2,751	-	-	2,751
Actuarial gain arising from experience adjustment	(37)	-	-	(37)
Return on plan assets excluding interest income	-	(2,027)	-	(2,027)
Exchange translation differences	44	(39)	-	5
	2,829	(2,066)	-	763
Contributions paid by the employer	-	(779)	-	(779)
Contributions paid by the employee	106	(106)	-	-
Benefits paid	(694)	694	-	-
Relating to subsidiaries disposed (see note 34(d))	(25)	24	-	(1)
Transfer from (to) other liabilities	(85)	94	-	9
At 31 December 2019	21,431	(18,412)	3	3,022

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

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 30 June 2019 reported a funding level of 134% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 5% per annum, salary increases of 4% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and William Chow, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2020, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$10 million (2019: HK$20 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2020 (2019: HK$2 million) to reduce future years' contributions.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2018 reported a funding level of 89% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP7.5 million in 2019 and GBP8.5 million in 2020 and will make further aggregate additional contributions of GBP33.7 million until 31 January 2024 to eliminate the shortfall by 31 January 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 5.3% per annum; post-retirement discount rate of 2.3% per annum; pensionable earnings increases of 2.65% per annum; Retail Price Index ("RPI") inflation of 3.4% per annum; Consumer Price Index ("CPI") inflation of 2.4% per annum; and pension increases of 1.9% to 3.3% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

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

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2018 reported a funding level of 79% of the accrued actuarial liabilities on an ongoing basis. A schedule of contributions was agreed with GBP18.5 million to pay in 2019 and 2020, and GBP2.7 million in 2021 to eliminate the shortfall by February 2021. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.08% to 4.44% per annum and pension increases of 1.28% to 3.68% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP. The sponsoring employers have since made additional contributions of GBP18.5 million in 2020 (2019: GBP20.5 million which included GBP2.0 million additional voluntary contribution).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2020 Percentage	2019 Percentage
Equity instruments		
Consumer markets and manufacturing	**6%**	7%
Energy and utilities	**2%**	2%
Financial institutions and insurance	**5%**	6%
Telecommunications and information technology	**7%**	6%
Units trust and equity instrument funds	**4%**	6%
Others	**8%**	8%
	32%	35%
Debt instruments		
US Treasury notes	**1%**	-
Government and government guaranteed notes	**15%**	13%
Financial institutions notes	**5%**	5%
Others	**5%**	6%
	26%	24%
Qualifying insurance policies	**36%**	36%
Properties	**-**	3%
Other assets	**6%**	2%
	100%	100%

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

	2020 Percentage	2019 Percentage
Aaa / AAA	**6%**	9%
Aa1 / AA+	**19%**	15%
Aa2 / AA	**29%**	37%
Aa3 / AA-	**8%**	2%
A1 / A+	**3%**	5%
A2 / A	**4%**	5%
Other investment grades	**22%**	24%
No investment grades	**9%**	3%
	100%	100%

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

Fair value of plan assets of HK$20,859 million (2019: HK$18,412 million) includes investments in the Company's shares with a fair value of HK$18 million (2019: HK$26 million).

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2020 is 19 years (2019: 18 years).

The Group expects to make contributions of HK$770 million (2019: HK$848 million) to the defined benefit plans next year.

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

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

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

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.0% or increase by 3.3% respectively (2019: decrease by 2.9% or increase by 3.1% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.6% respectively (2019: increase by 0.6% or decrease by 0.5% respectively).

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

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,314 million (2019: HK$1,407 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$14 million (2019: HK$15 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2020 (2019: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2020 HK$ million	2019 HK$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**436**	328
Cross currency interest rate swaps	**1,956**	-
Net investment hedges		
Forward foreign exchange contracts	**-**	24
Cross currency swaps	**773**	26
Other derivative financial instruments	**499**	171
Obligations for telecommunications licences and other rights	**7,666**	10,001
Other non-current liabilities [(a)]	**14,638**	12,362
Liabilities relating to the economic benefits agreements [(b)]	**2,166**	2,166
Provisions (see note 28)	**23,985**	28,790
	52,119	53,868

(a) Includes equipment purchase payables of HK$7,426 million (2019: HK$6,149 million).

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

32 Share capital, share premium, perpetual capital securities and capital management

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
Authorised:				
Ordinary shares of HK$1 each	**8,000,000,000**	**8,000**	-	**8,000**
Issued and fully paid:				
Ordinary shares				
At 31 December 2019 and 31 December 2020	**3,856,240,500**	**3,856**	**244,377**	**248,233**

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

(b) Perpetual capital securities

	2020	2019
	HK$ million	HK$ million
US$1,000 million issued in 2017	**7,842**	7,842
EUR500 million issued in 2018	**4,573**	4,568
	12,415	12,410

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

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

(c) Capital management

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

At 31 December 2020, total equity amounted to HK$630,063 million (2019: HK$596,963 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$185,103 million (2019: HK$202,648 million). The Group's net debt to net total capital ratio decreased to 22.7% from 25.3% at the end of last year.

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

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

	2020	2019
A1 - excluding interest-bearing loans from non-controlling shareholders from debt	**22.7%**	25.3%
A2 - as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**25.0%**	27.8%
B1 - including interest-bearing loans from non-controlling shareholders as debt	**22.8%**	25.4%
B2 - as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**25.1%**	27.9%

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

33 Reserves

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

33 Reserves (continued)

	2019				
	Attributable to ordinary shareholders				
	Retained profit	Exchange reserve	Hedging reserve	Others [(a)]	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2019	564,569	(31,979)	(2,138)	(344,346)	186,106
Profit for the year	39,830	-	-	-	39,830
Other comprehensive income (losses) [(c)]					
Equity securities at FVOCI					
Valuation losses recognised directly in reserves	-	-	-	(228)	(228)
Debt securities at FVOCI					
Valuation gains recognised directly in reserves	-	-	-	104	104
Valuation losses previously in reserves recognised in income statement	-	-	-	29	29
Remeasurement of defined benefit obligations recognised directly in reserves	(625)	-	-	-	(625)
Losses on cash flow hedges recognised directly in reserves	-	-	(692)	-	(692)
Losses on net investment hedges recognised directly in reserves	-	(414)	-	-	(414)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(582)	-	-	(582)
Losses (gains) previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	-	2,787	1,108	(45)	3,850
Gains previously in other reserves related to subsidiaries, associated companies and joint ventures disposed during the year transferred directly to retained profit	297	-	-	(297)	-
Share of other comprehensive income of associated companies	230	21	87	42	380
Share of other comprehensive income (losses) of joint ventures	433	(599)	107	(5)	(64)
Tax relating to components of other comprehensive income (losses)	130	-	88	-	218
Other comprehensive income (losses), net of tax	465	1,213	698	(400)	1,976
Hedging reserve gains transferred to the carrying value of non-financial item during the year	-	-	(73)	-	(73)
Transfer of gain on disposal of equity securities at FVOCI to retained profit	49	-	-	(49)	-
Transaction with owners in their capacity as owners:					
Dividends paid relating to 2018	(8,870)	-	-	-	(8,870)
Dividends paid relating to 2019	(3,355)	-	-	-	(3,355)
Share option schemes and long term incentive plans of subsidiary companies	4	-	-	32	36
Unclaimed dividends write back of a subsidiary	6	-	-	-	6
Relating to purchase of non-controlling interests	-	-	-	(200)	(200)
Relating to partial disposal of subsidiary companies	-	6	-	590	596
Gains previously in other reserves related to partial disposal of subsidiary companies during the year transferred directly to retained profit	7	-	-	(7)	-
At 31 December 2019	592,705	(30,760)	(1,513)	(344,380)	216,052

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2020, revaluation reserve deficit amounted to HK$1,712 million (1 January 2020: HK$3,111 million and 1 January 2019: HK$2,985 million), and other capital reserves deficit amounted to HK$341,193 million (1 January 2020: HK$341,269 million and 1 January 2019: HK$341,361 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the year, the Group had acquired the remaining 40% attributable interests in the telecommunications tower assets in Sweden and Denmark from the Group's telecommunications partner in these countries. The acquisition is accounted for as a transaction with equity participant and the economic effect is recorded in equity.

33 Reserves (continued)

(c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2020		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	**1,461**	**-**	**1,461**
Debt securities at FVOCI			
Valuation gains recognised directly in reserves	**44**	**-**	**44**
Valuation losses previously in reserves recognised in income statement	**89**	**-**	**89**
Remeasurement of defined benefit obligations recognised directly in reserves	**(664)**	**169**	**(495)**
Losses on cash flow hedges recognised directly in reserves	**(65)**	**9**	**(56)**
Losses on net investment hedges recognised directly in reserves	**(2,229)**	**-**	**(2,229)**
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	**13,004**	**-**	**13,004**
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	**2,093**	**-**	**2,093**
Share of other comprehensive income of associated companies	**1,687**	**-**	**1,687**
Share of other comprehensive income of joint ventures	**1,720**	**-**	**1,720**
	17,140	**178**	**17,318**

	2019		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Equity securities at FVOCI			
Valuation losses recognised directly in reserves	(323)	-	(323)
Debt securities at FVOCI			
Valuation gains recognised directly in reserves	104	-	104
Valuation losses previously in reserves recognised in income statement	29	-	29
Remeasurement of defined benefit obligations recognised directly in reserves	(899)	170	(729)
Losses on cash flow hedges recognised directly in reserves	(808)	103	(705)
Losses on net investment hedges recognised directly in reserves	(547)	-	(547)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(813)	-	(813)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	4,535	-	4,535
Share of other comprehensive income of associated companies	340	-	340
Share of other comprehensive income (losses) of joint ventures	(68)	-	(68)
	1,550	273	1,823

34 Notes to consolidated statement of cash flows

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

	2020 HK$ million	2019 HK$ million
Profit after tax	**37,397**	47,777
Less: share of profits less losses of		
Associated companies	**18,529**	(1,524)
Joint ventures	**(4,954)**	(7,404)
	50,972	38,849
Adjustments for:		
Current tax charge	**3,985**	4,891
Deferred tax charge	**317**	1,129
Interest expenses and other finance costs	**10,850**	14,305
Depreciation and amortisation	**41,658**	38,129
Others	**301**	552
EBITDA of Company and subsidiaries (i)	**108,083**	97,855
Loss on disposal of fixed assets	**181**	170
Dividends received from associated companies and joint ventures	**10,241**	9,097
Profit on disposal of subsidiaries, associated companies and joint ventures (see note 7)	**(18,090)**	(7,293)
Gains arising from dilution (see note 7)	**(10,186)**	-
Customer acquisition and retention costs capitalised in the year	**(3,498)**	(3,045)
Other non-cash items	**341**	(1,493)
	87,072	95,291

(i) Reconciliation of EBITDA:

	2020 HK$ million	2019 HK$ million
EBITDA of Company and subsidiaries	**108,083**	97,855
Divesture of infrastructure investments	**-**	(69)
	108,083	97,786
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**(18,529)**	1,524
Joint ventures	**4,954**	7,404
Adjustments for:		
Depreciation and amortisation	**22,658**	21,008
Interest expenses and other finance costs	**8,741**	7,225
Current tax charge	**3,553**	3,202
Deferred tax credit	**(6,544)**	(1,272)
Non-controlling interests	**473**	480
Others	**(301)**	(552)
	15,005	39,019
EBITDA (see note 5(b)(ii))	**123,088**	136,805

(b) Changes in working capital

	2020 HK$ million	2019 HK$ million
Increase in inventories	**(148)**	(1,252)
Decrease (increase) in trade receivables and other current assets	**98**	(202)
Decrease in trade payables and other current liabilities	**(5,132)**	(4,810)
Other non-cash items	**5,698**	687
	516	(5,577)

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

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

	2020 **HK$ million**	2019 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	-	41
Non-cash consideration	-	16
	-	57
Fair value		
Fixed assets	-	41
Cash and cash equivalents	-	11
Trade receivables and other current assets	-	9
Inventories	-	5
Trade payables and other current liabilities and current tax liabilities	-	(9)
Net identifiable assets acquired	-	57
Total consideration	-	57
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	-	41
Cash and cash equivalents acquired	-	(11)
Total net cash outflow	-	30

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

For the year ended 31 December 2020 and 2019, acquisition related costs were not material.

For the year ended 31 December 2019, the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition were not material.

34 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2020 **HK$ million**	2019 HK$ million
Consideration received or receivable		
Cash and cash equivalents	**20,783**	223
Investments retained subsequent to disposal	**-**	13,565
Total disposal consideration	**20,783**	13,788
Carrying amount of net assets disposed	**(4,361)**	(6,254)
Cumulative exchange gains (losses) in respect of the net assets of the subsidiaries and related hedging instruments and other reserves reclassified from equity to profit or loss on loss of control of subsidiaries	**337**	(16)
Gain on disposal*	**16,759**	7,518
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	**20,783**	223
Less: Cash and cash equivalents disposed	**(3)**	(1,745)
Total net cash consideration	**20,780**	(1,522)
Analysis of assets and liabilities over which control was lost		
Fixed assets	**1,876**	270
Right-of-use assets	**1,929**	743
Goodwill	**703**	10,438
Brand names and other rights	**5**	2
Interests in joint ventures	**-**	1,129
Deferred tax assets	**1,991**	9
Trade receivables and other current assets	**2**	584
Inventories	**16**	331
Trade payables and other current liabilities and current tax liabilities	**(2)**	(1,542)
Loans from non-controlling shareholders	**-**	(5)
Lease liabilities	**(2,098)**	(930)
Deferred tax liabilities	**-**	(33)
Pension obligations	**-**	(1)
Other non-current liabilities	**(64)**	-
Non-controlling interests	**-**	(6,486)
Net assets (excluding cash and cash equivalents) disposed	**4,358**	4,509
Cash and cash equivalents disposed	**3**	1,745
Net assets disposed	**4,361**	6,254

* The gains on disposal for the year ended 31 December 2020 and 2019 are recognised in the consolidated income statement and are included in the line item titled "Other income and gains".

Disposal of subsidiary companies for the year ended 31 December 2020 mainly related the disposal of interest in tower assets in Denmark, Austria and Ireland (see note 5(b)(xviii)) while for the comparative year ended 31 December 2019, they mainly comprise the disposal of former subsidiary, HUTCHMED (see note 5(b)(xix)).

Saved as disclosed for the effect arising from the gain on disposal, the effect on the Group's results from the subsidiaries disposed during the year are not material for the years ended 31 December 2020 and 2019.

34 Notes to consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

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

	Bank and other debts HK$ million	Lease liabilities HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Liabilities relating to the economic benefits agreements HK$ million	Total HK$ million
At 1 January 2019	351,382	92,130	752	385	14,308	458,957
Financing cash flows						
New borrowings	207,349	-	-	-	-	207,349
Repayment of borrowings	(208,714)	-	-	-	-	(208,714)
Capital element of lease liabilities paid (see note 13(c))	-	(15,969)	-	-	-	(15,969)
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	303	-	-	-	-	303
Losses arising on adjustment for hedged items in a designated fair value hedge (see note 44(h))	169	-	-	-	-	169
Amortisation of bank and other debts' fair value adjustments arising from acquisitions	(953)	-	-	-	-	(953)
Increase in lease liabilities from entering into new leases (see note 13(a))	-	17,851	-	-	-	17,851
Interest on lease liabilities (see note 8)	-	3,642	-	-	-	3,642
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	(3,891)	-	-	-	(3,891)
Remeasurement / write off of lease liabilities	-	939	-	-	-	939
Relating to subsidiaries disposed (see note 34(d))	-	(930)	-	(5)	-	(935)
Derecognition	-	-	-	-	(12,142)	(12,142)
Exchange translation differences	(4,976)	(84)	(24)	-	-	(5,084)
At 31 December 2019 and 1 January 2020	**344,560**	**93,688**	**728**	**380**	**2,166**	**441,522**
Financing cash flows						
New borrowings	**44,391**	-	-	-	-	**44,391**
Repayment of borrowings	**(56,361)**	-	-	-	-	**(56,361)**
Capital element of lease liabilities paid (see note 13(c))	-	**(18,010)**	-	-	-	**(18,010)**
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to borrowings (see note 8)	**320**	-	-	-	-	**320**
Losses arising on adjustment for hedged items in a designated fair value hedge (see note 44(h))	**60**	-	-	-	-	**60**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	**(702)**	-	-	-	-	**(702)**
Increase in lease liabilities from entering into new leases (see note 13(a))	-	**20,008**	-	-	-	**20,008**
Interest on lease liabilities (see note 8)	-	**3,703**	-	-	-	**3,703**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	**(3,295)**	-	-	-	**(3,295)**
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	-	**(737)**	-	-	-	**(737)**
Others	-	**(1,228)**	-	-	-	**(1,228)**
Relating to subsidiaries disposed (see note 34(d))	-	**(2,098)**	-	-	-	**(2,098)**
Exchange translation differences	**16,803**	**2,517**	**70**	-	-	**19,390**
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	-	**(283)**	-	-	-	**(283)**
At 31 December 2020	**349,071**	**94,265**	**798**	**380**	**2,166**	**446,680**

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2020 and 31 December 2019. Certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2020, assets of the Group totalling HK$1,411 million (2019: HK$1,260 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2020, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$7,022 million (2019: HK$6,960 million).

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

	2020 **HK$ million**	2019 HK$ million
To associated companies	**3,200**	3,050
To joint ventures	**3,046**	3,008

At 31 December 2020, the Group had provided performance and other guarantees of HK$7,868 million (2019: HK$2,817 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2020, where material, not provided for in the financial statements at 31 December 2020 are as follows:

Capital commitments
(a) Ports and Related Services: HK$263 million (2019: HK$150 million)
(b) **3** Group Europe: HK$3,482 million (2019: HK$8,955 million)
(c) Telecommunications, Hong Kong and Asia: HK$3,884 million (2019: HK$4,251 million)

39 Related parties transactions

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

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

40 Legal proceedings

As at 31 December 2020, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Group include the financial statements of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interests in associated companies and joint arrangements on the basis set out in notes 41(b) and 41(c) below. Results of subsidiary and associated companies and joint arrangements acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2020 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(a) Subsidiary companies

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(b) Associated companies

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(c) Joint arrangement

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(d) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

41 Significant accounting policies (continued)

(d) Non-current assets (or disposal groups) held for sale and discontinued operations (continued)

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 1/3 - 20%
Container terminal equipment	3 - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(f) Leases

(i) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- variable lease payment that are based on an index or a rate.
- amounts expected to be payable by the lessee under residual value guarantees.
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- lease payments made at or before the commencement date less any lease incentives received.
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

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

41 Significant accounting policies (continued)

(f) Leases (continued)

(i) Group as a lessee (continued)

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(g) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the income statement.

(h) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land prior to 1 January 2019 and are grouped as part of right-of-use assets with effect from 1 January 2019. Leasehold land are expensed in the income statement on a straight-line basis over the period of the lease.

(i) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(j) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

41 Significant accounting policies (continued)

(k) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there is indication that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(l) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(m) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(n) Liquid funds and other listed investments and other unlisted investments and other financial assets

"Liquid funds and other listed investments" are investments in listed / traded debt securities, listed equity securities and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(i) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

41 **Significant accounting policies (continued)**

(n) Liquid funds and other listed investments and other unlisted investments and other financial assets (continued)

(ii) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under HKFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, and other unlisted investments) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

(o) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 44(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

41 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(p) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade and other receivables and contract assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses. The Group measured the loss allowance for its trade and other receivables and contract assets at an amount equal to the lifetime expected credit losses. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Trade and other receivables and contract assets are written off to the extent that there is no reasonable expectation of recovery.

(q) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(s) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

41 Significant accounting policies (continued)

(t) Trade and other payables, and contract liabilities

Trade and other payables and contract liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

(y) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the income statement within staff costs.

41 Significant accounting policies (continued)

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2020 and 31 December 2019 but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 386 in December 2020 (2019: 283) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollars. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the income statement.

41 Significant accounting policies (continued)

(ab) Business combinations

The Group applies the provisions of HKFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are generally recognised in profit or loss as incurred. Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed as of the acquisition date. The measurement period is the period from the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and ends on 12 months from the date of the acquisition.

(ac) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Ports and Related Services

Revenue from the provision of ports and related services is recognised over time when the services are rendered and the Group's performance provides the benefits received and consumed simultaneously by the customer.

Retail

Revenue from the sale of retail goods is recognised at point of sale less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually settled in cash or by credit card and debit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Infrastructure

Operating lease income from the rental of rolling stock assets is recognised on a straight-line basis over the lease term.

Contributions related to the connection of new properties to the Group's networks, comprising infrastructure charges, new connection charges, requisitioned mains and sewers and adopted assets, are recognised as deferred income and amortised to the income statement over the expected useful life of the connection, and other contributions to capital investment, most significantly mains and sewer diversions, the contributions are recognised in full in the income statement upon completion of the investment, which are typically the point at which the associated asset is brought into use.

Revenue from the provision of waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations is recognised when a performance obligation is satisfied, which is recognised at a point of time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

Energy

Revenue is recognised when the performance obligations are satisfied and revenue can be reliably measured. Performance obligations associated with the sale of crude oil, crude oil equivalents, and refined products are satisfied at the point in time when the products are delivered to and title passes to the customer. Performance obligations associated with processing services, transportation, blending and storage, and marketing services are satisfied at the point in time when the services are provided.

41 Significant accounting policies (continued)

(ac) Revenue recognition (continued)

Telecommunications services

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(ad) Rounding of amounts

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

42 Changes in significant accounting policies

(a) In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2020. In addition, the Group has early adopted COVID-19-Related Rent Concessions (Amendment to HKFRS 16) ahead of its effective date. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position. The following include certain updates to the policies. Other than the adoption of these new and revised standards, amendments and interpretations, the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

(i) Revised Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the HKICPA in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is mandatory and applies prospectively for the Group's financial statements for annual periods beginning on or after 1 January 2020.

(ii) Amendments to HKFRS 3: Definition of a Business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, the amendments clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations. The amendments are mandatory for the Group's financial statements for, and apply to businesses acquired in, annual periods beginning on or after 1 January 2020.

(iii) Amendments to HKAS 1 and HKAS 8: Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group. The amendments are mandatory and apply prospectively for the Group's financial statements for annual periods beginning on or after 1 January 2020.

(iv) Amendment to HKFRS 16: COVID-19-Related Rent Concessions

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The Group has early adopted Amendment to HKFRS 16: COVID-19-Related Rent Concessions ahead of its effective date and applied the practical expedient to all its COVID-19-related rent concessions from 1 January 2020. The amount recognised in profit or loss for the year arising from application of the practical expedient is set out in note 7 to the Annual Financial Statements.

(v) Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform

Benchmark interest rates such as the London Interbank Offered Rate ("LIBOR") are a core component of global financial markets. Retail and commercial loans, corporate debt, derivatives markets and many other financial markets, and bilateral contracts, all rely on these benchmark interest rates for pricing contracts and for hedging interest rate and other risks. However, reform works are underway in multiple jurisdictions to transition from benchmark interest rates to alternative risk free rates. Regulatory authorities and public and private sector working groups in several jurisdictions, including the International Swaps and Derivatives Association ("ISDA"), have been discussing alternative benchmark rates to replace the interbank offered rates ("IBORs"). These reforms are expected to cause at least some interest rate benchmarks to perform differently to the way that they do currently or to disappear. As a result, there is uncertainty as to when and how replacement may occur with respect to the relevant hedged item and hedging instrument and such uncertainty may impact the hedging relationship.

The Group's hedging relationships affected by these reforms are not significant to the Annual Financial Statements. These amendments do not have a significant effect on the Annual Financial Statements.

42 Changes in significant accounting policies (continued)

(v) Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform (continued)

The Group's derivative instruments are governed by ISDA's Master Agreement. ISDA is currently reviewing its standardised contracts in the light of IBOR reforms. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fallback clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

Where the Group considers necessary the Group will engage with lenders to include appropriate fallback provisions in its bank liabilities with maturities after 2021 and expects that the hedging instrument will be modified as outlined above.

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform. For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of IBOR reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of IBOR reform. The Group will cease to apply the amendments to its assessment of the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the amendments when the uncertainty arising from IBOR reform about the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

(b) Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. With the exception of Amendment to HKFRS 16: COVID-19-Related Rent Concessions, i.e. item (iv) above, the Group has not early adopted the forthcoming new or amended standards in preparing the Annual Financial Statements. The adoption of these amendments is not expected to have material impacts to the Group's financial statements. These amendments are effective for annual periods beginning after 1 January 2020 and include:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform - Phase 2 provide practical expedients to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

- Amendments to HKAS 1 Presentation of Financial Statements clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

- A package of narrow scope amendments to three standards as well as the Annual Improvements:
  - Amendments to HKFRS 3 Business Combinations update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - Amendments to HKAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual Improvements make minor amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards, HKFRS 9 Financial Instruments, HKAS 41 Agriculture and the Illustrative Examples accompanying HKFRS 16 Leases.

The Group is continuing to assess the implications of the adoption of these new standards and amendments to standards. Based on information currently available to the Group the application of these standards in the future would not be expected to have a material impact on the financial position and / or financial performance of the Group.

43 Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, which are described in note 41, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and reasonable. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual conditions could differ from our expectations. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected and the amount and timing of results of operations, cash flows and disclosures in future periods.

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

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

(i) Basis of consolidation and classification of investee entities

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

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

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

(iii) Determination of lease term

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

The following factors are normally the most relevant:

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

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

43 Significant accounting judgements, estimates and assumptions (continued)

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

(iv) Business combinations

As disclosed in note 41(ab) to the Annual Financial Statements, the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

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

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

(i) Impairment of goodwill and long-lived assets

Goodwill and assets with indefinite useful lives (telecommunication licences and brand names) are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

In assessing whether these assets have suffered any impairment, the carrying value of the respective business unit is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as EV/S, EV/EBITDA, P/E) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discount cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgment and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages. In determining the value in use of the investment, discounted cash flow method will be used. The cash flows used in the financial projections (discounted cash flow method) are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions. It is reasonably possible that the judgments and estimates described above could change in future periods. Changes to the judgements and estimates can significantly affect the carrying amount of the investment in future periods.

43 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

The Group assesses the impairment of investments accounted for using the equity method of accounting when there is objective evidence indicating that an investment may be impaired and carrying value may not be recoverable.

In assessing whether these assets have suffered any impairment, the net investment is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as EV/S, EV/EBITDA, P/E) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or, where financial projections are available, is measured using discount cash flow projections (Level 3 of the HKFRS 13 fair value hierarchy). The selection of comparable companies requires management judgment and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages. In determining the value in use of the investment, discounted cash flow method will be used. Significant judgement is required to estimate the Group's share of the present value of the estimated future cash flows expected to be generated by the investee or the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal. The discounted cash flow method requires estimates of the investees' projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions. It is reasonably possible that the judgments and estimates described above could change in future periods. Changes to the judgements and estimates can significantly affect the carrying amount of the investment in future periods.

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

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

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

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

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

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

43 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(vi) Estimation of useful life: Fixed assets

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

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

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

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

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

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

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

44 Financial risk management

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

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$166,539 million at 31 December 2020 (2019: HK$144,849 million), mainly reflecting proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, partly offset by dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings and capital expenditure and investment spending. Liquid assets were denominated as to 22% in HK dollars, 48% in US dollars, 4% in Renminbi, 9% in Euro, 10% in British Pounds and 7% in other currencies (2019: 21% were denominated in HK dollars, 51% in US dollars, 5% in Renminbi, 9% in Euro, 5% in British Pounds and 9% in other currencies).

Cash and cash equivalents represented 94% (2019: 95%) of the liquid assets, US Treasury notes and listed debt securities 4% (2019: 3%) and listed equity securities 2% (2019: 2%).

The US Treasury notes and listed debt securities, including those held under managed funds, consisted of US Treasury notes of 67% (2019: 70%), government and government guaranteed notes of 19% (2019: 20%), notes issued by financial institutions of nil (2019: 1%), and others of 14% (2019: 9%). Of these US Treasury notes and listed debt securities, 99% (2019: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.2 years (2019: 2.3 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

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

At 31 December 2020, approximately 35% (2019: approximately 38%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 65% (2019: approximately 62%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$5,460 million (2019: approximately HK$6,760 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$17,264 million (2019: HK$23,718 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 31% (2019: approximately 33%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% (2019: approximately 67%) were at fixed rates at 31 December 2020. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

44 Financial risk management (continued)

(c) Foreign currency exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses 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. At 31 December 2020, the Group had foreign exchange forward contracts and cross currency swaps with banks to hedge these infrastructure investments. The total notional amount of these net investment hedges amounted to HK$53,584 million (2019: HK$50,433 million).

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

As at 31 December 2020, the Group's total principal amount of bank and other debts are denominated as follows: 41% in US dollars, 42% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2019: 41% in US dollars, 42% in Euro, 4% in HK dollars, 5% in British Pounds and 8% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$31,356 million (2019: HK$36,660 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 32% in US dollars, 51% in Euro, 3% in HK dollars, 5% in British Pounds and 9% in other currencies (2019: 31% in US dollars, 52% in Euro, 4% in HK dollars, 5% in British Pounds and 8% in other currencies).

(d) Credit exposure

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

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

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 6% (2019: approximately 5%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

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

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

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

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

(i) Interest rate sensitivity analysis

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

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

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

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

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

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:
- cash and cash equivalents (see note 23)
- some of the listed debt securities and managed funds (see note 20) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 20) that bear interest at floating rate
- some of the bank and other debts (see note 26) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points (2019: 100 basis points) increase in market interest rate at 31 December 2020, with all other variables held constant:

- profit for the year would increase by HK$605 million due to increase in interest income (2019: HK$723 million);
- total equity would increase by HK$605 million due to increase in interest income (2019: HK$723 million); and
- total equity would increase by HK$619 million due to change in fair value of derivative financial instruments (2019: HK$644 million).

(ii) Foreign currency exchange rate sensitivity analysis

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

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

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

44 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

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

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

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

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

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

	2020		2019	
	Hypothetical increase (decrease) in profit after tax HK$ million	**Hypothetical increase (decrease) in total equity HK$ million**	Hypothetical increase (decrease) in profit after tax HK$ million	Hypothetical increase (decrease) in total equity HK$ million
Euro	**83**	**(419)**	145	(377)
British Pounds	**585**	**(742)**	144	(1,009)
Australian dollars	**37**	**(505)**	64	(385)
Renminbi	**53**	**53**	14	41
US dollars	**2,785**	**2,794**	2,290	2,290
Japanese Yen	**(113)**	**(113)**	(108)	(108)

(iii) Other price sensitivity analysis

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

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

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

- financial assets at FVOCI (see note 20)
- financial assets at fair value through profit or loss (see note 20)

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

- no impact to profit for the year (2019: profit increase of HK$2 million due to increase in gains on financial assets at fair value through profit or loss);
- no impact to total equity for the year (2019: total equity increase of HK$2 million due to increase in gains on financial assets at fair value through profit or loss); and
- total equity would increase by HK$527 million (2019: HK$382 million) due to increase in gains on financial assets at FVOCI which are recognised in other comprehensive income.

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million	Difference from carrying amounts HK$ million	Carrying amounts HK$ million
At 31 December 2020						
Trade payables	25,042	-	-	25,042	-	25,042
Other payables and accruals	66,253	-	-	66,253	-	66,253
Interest free loans from non-controlling shareholders	380	-	-	380	-	380
Lease liabilities	20,431	47,462	52,545	120,438	(26,173)	94,265
Bank loans	27,222	94,078	-	121,300	(547)	120,753
Other loans	4	195	75	274	-	274
Notes and bonds	20,800	103,325	102,059	226,184	1,860	228,044
Interest bearing loans from non-controlling shareholders	798	-	-	798	-	798
Obligations for telecommunications licences and other rights	1,355	7,198	1,124	9,677	(669)	9,008
Liabilities relating to the economic benefits agreements	-	2,166	-	2,166	-	2,166
Amount due to associated companies	717	-	-	717	-	717
Amount due to joint ventures	380	-	-	380	-	380
	163,382	254,424	155,803	573,609	(25,529)	548,080

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

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2020				
Cash flow hedges				
Interest rate swaps				
Net outflow	(116)	(269)	-	(385)
Cross currency interest rate swaps				
Net outflow	(44)	(2,159)	-	(2,203)
Forward foreign exchange contracts				
Inflow	128	-	-	128
Outflow	(129)	-	-	(129)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	25,540	-	-	25,540
Outflow	(26,255)	-	-	(26,255)
Cross currency swaps				
Inflow	687	6,414	8,884	15,985
Outflow	(682)	(6,788)	(9,063)	(16,533)
Other derivative financial instruments				
Net outflow	(168)	(278)	(55)	(501)

44 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million	Difference from carrying amounts HK$ million	Carrying amounts HK$ million
At 31 December 2019						
Trade payables	27,539	-	-	27,539	-	27,539
Other payables and accruals	61,536	-	-	61,536	-	61,536
Interest free loans from non-controlling shareholders	380	-	-	380	-	380
Lease liabilities	19,950	48,082	52,573	120,605	(26,917)	93,688
Bank loans	32,565	96,392	-	128,957	(739)	128,218
Other loans	4	182	73	259	-	259
Notes and bonds	9,100	111,439	93,203	213,742	2,341	216,083
Interest bearing loans from non-controlling shareholders	728	-	-	728	-	728
Obligations for telecommunications licences and other rights	1,644	7,724	1,978	11,346	(1,345)	10,001
Liabilities relating to the economic benefits agreements	-	2,166	-	2,166	-	2,166
Amount due to associated companies	729	-	-	729	-	729
Amount due to joint ventures	406	-	-	406	-	406
	154,581	265,985	147,827	568,393	(26,660)	541,733

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$7,368 million in "within 1 year" maturity band, HK$19,016 million in "after 1 year, but within 5 years" maturity band, and HK$16,558 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2019				
Cash flow hedges				
Interest rate swaps				
Net outflow	(84)	(253)	(6)	(343)
Cross currency interest rate swaps				
Net outflow	(302)	-	-	(302)
Other contracts				
Net outflow	(43)	-	-	(43)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	15,871	630	-	16,501
Outflow	(16,056)	(564)	-	(16,620)
Cross currency swaps				
Inflow	-	-	5,355	5,355
Outflow	(44)	(174)	(5,024)	(5,242)
Other derivative financial instruments				
Net outflow	(139)	(55)	-	(194)

44 Financial risk management (continued)

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

	2020 HK$ million	2019 HK$ million
Dividends from equity securities at FVOCI - related to investments held at the end of the reporting period	**221**	523
Interest from debt securities at FVOCI	**103**	99
Interest from assets held at amortised cost	**1,465**	2,762
Fair value losses on equity securities at FVPL	**(260)**	(7)
Fair value gains (losses) on debt securities at FVPL	**44**	(6)
Net impairment expense recognised on trade receivables	**(1,570)**	(1,577)
Gains arising on derivatives in a designated fair value hedge	**60**	169
Losses arising on adjustment for hedged items in a designated fair value hedge	**(60)**	(169)

(i) Hedge accounting

(i) Fair value hedges

	2020							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swap - receive fixed and pay floating maturing in 2022	**4.63%**	**5.28%**	**US$700**	**5,460**	**-**	**108**	**-**	**-**
				5,460	**-**	**108**	**-**	**-**

	2020		
Hedged items	Carrying amount of the hedged item HK$ million	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million	Line item in the statement of financial position in which the hedged item is included
USD Fixed rate debts	**5,623**	**108**	**Bank and other debts**

44 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	2019 Notional Amount HK$ million	Carrying amount of derivatives included in: Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swap								
- receive fixed and pay floating								
maturing in								
2020	4.23%	2.91%	HK$1,300	1,300	2	-	-	-
2022	4.63%	5.28%	US$700	5,460	-	46	-	-
				6,760	2	46	-	-

Hedged items	2019 Carrying amount of the hedged item HK$ million	Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million	Line item in the statement of financial position in which the hedged item is included
USD Fixed rate debts	5,636	46	Bank and other debts
HKD Fixed rate debts	1,302	2	Bank and other debts

44 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2020							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
- receive floating and pay fixed maturing in								
2022	**0.75%**	**2.39%**	**GBP 150**	**1,575**	**-**	**-**	**-**	**(110)**
2022	**0.99%**	**1.67%**	**NZD 150**	**830**	**-**	**-**	**-**	**(16)**
2025	**0.83%**	**3.56%**	**AUD 509**	**3,003**	**-**	**-**	**-**	**(310)**
				5,408	**-**	**-**	**-**	**(436)**
Cross currency interest rate swaps								
- receive floating and pay fixed maturing in								
2021 - 2023	**0.50%**	**0.05%**	**US$ 1,520**	**11,856**	**-**	**-**	**(136)**	**(1,225)**
- receive fixed and pay fixed maturing in								
2021 - 2023	**2.54%**	**0.00%**	**US$ 2,500**	**19,500**	**-**	**-**	**(345)**	**(731)**
				31,356	**-**	**-**	**(481)**	**(1,956)**

	2020						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2021	**1.19**	**US$ 16**	**125**	**-**	**-**	**(4)**	**-**

	2020		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	**108**	**403**	**-**
Foreign exchange risk	**2,646**	**2,441**	**-**

44 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

	2019							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Interest rate swaps								
- receive floating and pay fixed maturing in								
2022	1.31%	2.39%	GBP 300	3,048	-	-	-	(95)
2022	1.86%	2.07%	NZD 150	771	-	-	-	(4)
2025	1.71%	3.56%	AUD 509	2,739	-	-	-	(229)
				6,558	-	-	-	(328)
Cross currency interest rate swaps								
- receive floating and pay fixed maturing in								
2020	1.41%	0.05%	US$ 2,200	17,160	-	-	(318)	-
- receive fixed and pay fixed maturing in								
2021 - 2023	2.54%	0.00%	US$ 2,500	19,500	-	523	-	-
				36,660	-	523	(318)	-

	2019		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Interest rate risk	147	339	-
Foreign exchange risk	(1,133)	(100)	-

44 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

	2020						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2021	5.99	CAD 177	1,076	-	-	(23)	-
2021	5.69	AUD 159	940	-	-	(52)	-
2021	5.28	NZD 280	1,548	-	-	(100)	-
2021-2022	10.45	GBP 2,487	26,118	347	85	(848)	-
2022	9.69	EUR 65	617	-	-	-	-
			30,299	347	85	(1,023)	-
Cross currency swaps maturing in							
2022-2027	9.23	EUR 965	9,168	-	2	-	(63)
2021-2025	6.09	CAD 947	5,770	-	38	(7)	(39)
2027	5.86	AUD 1,415	8,347	-	-	-	(671)
			23,285	-	40	(7)	(773)

	2020		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve / exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve / exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	2,229	(2,620)	(716)

44 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

	2019						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2020	5.96	CAD 177	1,049	-	-	(3)	-
2020	5.34	AUD 159	857	-	-	(22)	-
2020	5.09	NZD 280	1,439	-	-	(46)	-
2020-2022	10.97	GBP 2,337	23,748	1,344	498	(274)	-
2020-2022	9.53	EUR 135	1,170	31	-	-	(24)
			28,263	1,375	498	(345)	(24)
Cross currency swaps maturing in							
2020-2024	9.23	EUR 1,030	8,930	64	448	-	-
2020-2025	6.12	CAD 947	5,628	13	159	-	-
2027	5.86	AUD 1,415	7,612	-	2	-	(26)
			22,170	77	609	-	(26)

	2019		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve / exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve / exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	547	(5,695)	(716)

44 Financial risk management (continued)

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

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

	Note	Classification under HKFRS 9 *	2020 Carrying amounts HK$ million	2020 Fair values HK$ million	2019 Carrying amounts HK$ million	2019 Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	**50**	**50**	42	42
Listed equity securities, Hong Kong	20	FVOCI	**3,423**	**3,423**	2,293	2,293
Listed equity securities, outside Hong Kong	20	FVOCI	**198**	**198**	213	213
Listed equity securities (included in Managed funds)	20	FVOCI	**226**	**226**	202	202
Listed debt securities (included in Managed funds)	20	FVOCI	**6,691**	**6,691**	4,933	4,933
Financial assets at fair value through profit or loss	20	FVPL	**-**	**-**	39	39
Unlisted investments						
Unlisted debt securities	21	Amortised cost	**179**	**179**	174	174
Unlisted equity securities	21	FVOCI	**2,347**	**2,347**	1,825	1,825
Unlisted equity securities	21	FVPL	**2,614**	**2,614**	3,042	3,042
Unlisted debt securities	21	FVPL	**358**	**358**	304	304
Derivative financial instruments						
Fair value hedges - Interest rate swaps	21 & 24	Fair value - hedges	**108**	**108**	48	48
Cash flow hedges						
Cross currency interest rate swaps	21	Fair value - hedges	**-**	**-**	523	523
Other contracts	21 & 24	Fair value - hedges	**63**	**63**	-	-
Net investment hedges						
Forward foreign exchange contracts	21 & 24	Fair value - hedges	**432**	**432**	1,873	1,873
Cross currency swaps	21 & 24	Fair value - hedges	**40**	**40**	686	686
Other derivative financial instruments	21	FVPL	**823**	**823**	44	44
Lease receivables	21	Amortised cost	**383**	**383**	245	245
Cash and cash equivalents	23	Amortised cost	**155,951**	**155,951**	137,127	137,127
Trade receivables	24	Amortised cost	**16,898**	**16,898**	16,863	16,863
Other receivables	24	Amortised cost	**13,998**	**13,998**	15,136	15,136
Amount due from associated companies	17	Amortised cost	**4,442**	**4,442**	4,419	4,419
Amount due from joint ventures	18	Amortised cost	**39,397**	**39,397**	42,342	42,342
			248,621	**248,621**	232,373	232,373
Financial liabilities						
Bank and other debts [(i)]	26	Amortised cost	**349,071**	**358,717**	344,560	350,125
Trade payables	27	Amortised cost	**25,042**	**25,042**	27,539	27,539
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	31	Fair value - hedges	**436**	**436**	328	328
Cross currency interest rate swaps	27 & 31	Fair value - hedges	**2,437**	**2,437**	318	318
Forward foreign exchange contracts	27	Fair value - hedges	**4**	**4**	-	-
Other contracts	27	Fair value - hedges	**-**	**-**	51	51
Net investment hedges						
Forward foreign exchange contracts	27 & 31	Fair value - hedges	**1,023**	**1,023**	369	369
Cross currency swaps	27 & 31	Fair value - hedges	**780**	**780**	26	26
Other derivative financial instruments	27 & 31	FVPL	**503**	**503**	535	535
Interest free loans from non-controlling shareholders	27	Amortised cost	**380**	**380**	380	380
Other payables and accruals		Amortised cost	**66,253**	**66,253**	61,536	61,536
Lease liabilities	13	Amortised cost	**94,265**	**94,265**	93,688	93,688
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**798**	**798**	728	728
Obligations for telecommunications licences and other rights		Amortised cost	**9,008**	**9,008**	10,001	10,001
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amount due to associated companies	17	Amortised cost	**717**	**717**	729	729
Amount due to joint ventures	18	Amortised cost	**380**	**380**	406	406
			553,263	**562,909**	543,360	548,925

* see note 41(n).

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

44 Financial risk management (continued)

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

	2020		2019	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Representing:				
Financial assets measured at				
Amortised cost	**231,298**	**231,298**	216,348	216,348
FVOCI	**12,885**	**12,885**	9,466	9,466
FVPL	**3,795**	**3,795**	3,429	3,429
Fair value - hedges	**643**	**643**	3,130	3,130
	248,621	**248,621**	232,373	232,373
Financial liabilities measured at				
Amortised cost	**548,080**	**557,726**	541,733	547,298
FVPL	**503**	**503**	535	535
Fair value - hedges	**4,680**	**4,680**	1,092	1,092
	553,263	**562,909**	543,360	548,925

44 Financial risk management (continued)

(k) Fair value measurements

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

Fair value hierarchy

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

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

		2020				2019			
		Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	Note	**HK$ million**	**HK$ million**	**HK$ million**	**HK$ million**	HK$ million	HK$ million	HK$ million	HK$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	**3,423**	**-**	**-**	**3,423**	2,293	-	-	2,293
Listed equity securities, outside Hong Kong	20	**198**	**-**	**-**	**198**	213	-	-	213
Listed equity securities (included in Managed funds)	20	**226**	**-**	**-**	**226**	202	-	-	202
Listed debt securities (included in Managed funds)	20	**6,691**	**-**	**-**	**6,691**	4,933	-	-	4,933
Financial assets at fair value through profit or loss	20	**-**	**-**	**-**	**-**	39	-	-	39
Unlisted investments									
Unlisted equity securities - FVOCI	21	**-**	**-**	**2,347**	**2,347**	-	-	1,825	1,825
Unlisted equity securities - FVPL	21	**-**	**2,136**	**478**	**2,614**	-	2,387	655	3,042
Unlisted debt securities	21	**-**	**180**	**178**	**358**	-	137	167	304
Derivative financial instruments									
Fair value hedges - Interest rate swaps	21 & 24	**-**	**108**	**-**	**108**	-	48	-	48
Cash flow hedges									
Cross currency interest rate swaps	21	**-**	**-**	**-**	**-**	-	523	-	523
Other contracts	21 & 24	**-**	**63**	**-**	**63**	-	-	-	-
Net investment hedges									
Forward foreign exchange contracts	21 & 24	**-**	**432**	**-**	**432**	-	1,873	-	1,873
Cross currency swaps	21 & 24	**-**	**40**	**-**	**40**	-	686	-	686
Other derivative financial instruments	21	**-**	**823**	**-**	**823**	-	44	-	44
		10,538	**3,782**	**3,003**	**17,323**	7,680	5,698	2,647	16,025
Financial liabilities									
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	31	**-**	**436**	**-**	**436**	-	328	-	328
Cross currency interest rate swaps	27 & 31	**-**	**2,437**	**-**	**2,437**	-	318	-	318
Forward foreign exchange contracts	27	**-**	**4**	**-**	**4**	-	-	-	-
Other contracts	27	**-**	**-**	**-**	**-**	-	51	-	51
Net investment hedges									
Forward foreign exchange contracts	27 & 31	**-**	**1,023**	**-**	**1,023**	-	369	-	369
Cross currency swaps	27 & 31	**-**	**780**	**-**	**780**	-	26	-	26
Other derivative financial instruments	27 & 31	**-**	**503**	**-**	**503**	-	535	-	535
		-	**5,183**	**-**	**5,183**	-	1,627	-	1,627

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

During the year ended 31 December 2020 and 2019, 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.

44 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) 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:

	2020 **HK$ million**	2019 HK$ million
At 1 January	**2,647**	2,723
Total gains (losses) recognised in		
Income statement	**147**	49
Other comprehensive income	**(69)**	(16)
Additions	**601**	17
Disposals	**(353)**	(130)
Exchange translation differences	**30**	4
At 31 December	**3,003**	2,647
Total gains recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**147**	49

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.

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

Except for bank and other debts as detailed in the table 44(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

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

	Level 1 **HK$ million**	**Level 2** **HK$ million**	**Level 3** **HK$ million**	**Total** **HK$ million**
At 31 December 2020				
Bank and other debts	**235,264**	**123,453**	**-**	**358,717**
At 31 December 2019				
Bank and other debts	214,284	135,841	-	350,125

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

44 Financial risk management (continued)

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

The following tables set out the carrying amounts of recognised financial assets and recognised financial liabilities that:
(1) are offset in the Group's consolidated statement of financial position; or
(2) are subject to an enforceable master netting arrangements or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

	Gross amounts of recognised financial assets (liabilities) HK$ million	Gross amounts offset in the consolidated statement of financial position HK$ million	Net amounts presented in the consolidated statement of financial position HK$ million	Related amounts not offset in the consolidated statement of financial position: Financial assets (liabilities) HK$ million	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged (received) HK$ million	Net amounts HK$ million
At 31 December 2020						
Financial assets						
Trade receivables	**91**	**(51)**	**40**	**(10)**	**-**	**30**
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	**393**	**-**	**393**	**(793)**	**-**	**(400)**
Cross currency swaps	**40**	**-**	**40**	**(737)**	**-**	**(697)**
Other receivables and prepayments	**488**	**(142)**	**346**	**-**	**-**	**346**
	1,012	**(193)**	**819**	**(1,540)**	**-**	**(721)**
Financial liabilities						
Trade payables	**(4,782)**	**51**	**(4,731)**	**-**	**-**	**(4,731)**
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	**(793)**	**-**	**(793)**	**793**	**-**	**-**
Cross currency swaps	**(737)**	**-**	**(737)**	**737**	**-**	**-**
Other payables and accruals	**(142)**	**142**	**-**	**10**	**-**	**10**
	(6,454)	**193**	**(6,261)**	**1,540**	**-**	**(4,721)**
At 31 December 2019						
Financial assets						
Trade receivables	264	(71)	193	(19)	-	174
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	1,793	-	1,793	(211)	-	1,582
Cross currency swaps	337	-	337	(26)	-	311
Other derivative financial instruments	26	-	26	(3)	-	23
Other receivables and prepayments	536	(187)	349	-	-	349
	2,956	(258)	2,698	(259)	-	2,439
Financial liabilities						
Trade payables	(453)	71	(382)	-	-	(382)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(211)	-	(211)	211	-	-
Cross currency swaps	(26)	-	(26)	26	-	-
Other derivative financial instruments	(3)	-	(3)	3	-	-
Other payables and accruals	(206)	187	(19)	19	-	-
	(899)	258	(641)	259	-	(382)

45 Statement of financial position of the Company, as at 31 December 2020

	2020 HK$ million	2019 HK$ million
Non-current assets		
Subsidiary companies - Unlisted shares [(a)]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [(b)]	**11,058**	8,960
Other receivables	**27**	432
Cash	**3**	7
Current liabilities		
Other payables and accruals	**85**	71
Net current assets	**11,003**	9,328
Net assets	**366,167**	364,492
Capital and reserves		
Share capital (see note 32(a))	**3,856**	3,856
Share premium (see note 32(a))	**244,377**	244,377
Reserves - Retained profit [(c)]	**117,934**	116,259
Shareholders' funds	**366,167**	364,492

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

45 Statement of financial position of the Company, as at 31 December 2020 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 131 to 133.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves - Retained profit

	HK$ million
At 1 January 2019	116,280
Profit for the year	12,204
Dividends paid relating to 2018	(8,870)
Dividends paid relating to 2019	(3,355)
At 31 December 2019	**116,259**
Profit for the year	**12,913**
Dividends paid relating to 2019	**(8,870)**
Dividends paid relating to 2020	**(2,368)**
At 31 December 2020	**117,934**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) The net profit of the Company is HK$12,913 million (2019: HK$12,204 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2020, the Company's share premium and retained profit amounted to HK$244,377 million (2019: HK$244,377 million) and HK$117,934 million (2019: HK$116,259 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

46 Subsequent events

Saved as disclosed elsewhere in the Annual Financial Statements, no event occurring up to the date of approval of the Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

47 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK$), the functional currency of the Company. The translation into US dollars (US$) of these financial statements as of, and for the year ended, 31 December 2020, 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.

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2020

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
Ports and related services					
Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
Buenos Aires Container Terminal Services S.A.	Argentina	ARS	648,385,014	80	Container terminal operating
ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
Gdynia Container Terminal S.A.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
✡ Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	50	Ship repairing, general engineering and tug operations
✡ 惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘ Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
Hutchison Ajman International Terminals Limited - F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
✧ * # Hutchison Port Holdings Trust	Singapore / China	USD	8,797,780,935	30	Container port business trust
Hutchison Port Investments Limited	Cayman Islands / Hong Kong	USD	74,870,807	80	Holding company
Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
Hutchison Ports RAK Limited	British Virgin Islands / United Arab Emirates	USD	10,000	48	Container terminal operating
Hutchison Ports UAQ Limited	British Virgin Islands/ United Arab Emirates	USD	36,320	48	Container terminal operating
Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘ Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘ Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘ 寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating
Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡ + PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡ River Trade Terminal Co. Ltd.	British Virgin Islands / Hong Kong	USD	1	40	River trade terminal operation
Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘ 上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	24	Container terminal operating
South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
Star Classic Investments Limited	British Virgin Islands / Hong Kong	USD	2,232	80	Operation, management and development of ports and container terminals, and investment holding

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2020

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	2,208,492,000	48	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
* # +	Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ +	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ +	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
	Retail					
	A.S. Watson Holdings Limited	Cayman Islands / Hong Kong	HKD	1,000,000	75	Holding company
	A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
	A. S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘	廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
	PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
*	PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡	Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
⌖	武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
	Infrastructure and energy					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Natural gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
* +	CK Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,650,676,042	76	Holding company
✡ +	CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ +	CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,830	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
* # +	Husky Energy Inc.	Canada	CAD	7,293,334,286	40	Investment in oil and gas
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
✡ +	Northumbrian Water Group Limited	United Kingdom	GBP	181	43	Water & sewerage businesses
❖ * # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment holding in energy and utility-related businesses
✡ +	Trionista TopCo GmbH	Germany	EUR	25,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	10,000,000	30	Electricity distribution
✡ +	Eversholt UK Rails Limited	United Kingdom	GBP	102	54	Holding company in leasing of rolling stock
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands / Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
*	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2020

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Telecommunications (continued)					
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
	PT. Hutchison 3 Indonesia	Indonesia	IDR	55,310,965,000,000	67	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	780,000,002	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands / Hong Kong	USD	2	100	Holding company
*	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
* #	TPG Telecom Limited (formerly known as Vodafone Hutchison Australia Limited and Vodafone Hutchison Australia Pty Limited)	Australia	AUD	18,399,043,754	25	Telecommunications services
* # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
* #	Hutchison China MediTech Limited	Cayman Islands / China	USD	72,772,222	46	Holding company of healthcare business
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
	Marionnaud Parfumeries S.A.S.	France	EUR	351,575,833	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
* #	TOM Group Limited	Cayman Islands / Hong Kong	HKD	395,851,056	36	Technology and media

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

* Company listed on the Stock Exchange of Hong Kong except Hutchison Port Holdings Trust which is listed on the Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, PT Duta Intidaya Tbk which is listed on the Indonesia Stock Exchange, Husky Energy Inc. which is listed on the Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, TPG Telecom Limited which is listed on the Australian Securities Exchange and Hutchison China MediTech Limited which is listed on AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

\# Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

✟ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

❖ Power Assets Holdings Limited indirectly holds 33.37% equity interest in HK Electric Investments and HK Electric Investments Limited, which are listed on the Stock Exchange of Hong Kong.

\+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 29% of the Group's respective items.

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 year or remain outstanding at the end of the year. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

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 31 December 2020, approximately 35% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 65% were at fixed rates (31 December 2019 – 38% floating; 62% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$5,460 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$17,264 million principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 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 at 31 December 2020 (31 December 2019 – 33% floating; 67% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses 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 about 50 countries and conducts businesses in over 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. EBITDA (1) for 2020 was HK$96,944 million, on a recurring basis (excluding the gain on disposal of tower assets completed in 2020 and dilution gain from the merger of VHA with TPG Corporation Limited and the Group's share of impairment and other charges of Husky Energy), 62% was derived from European operations, including 23% from the UK. At 31 December 2020, of the Group's total principal amount of bank and other debts after currency swap arrangements, 51% and 5% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 9% Euro and 10% British Pounds denominated cash and cash equivalents. As a result, 89% and 1% of the Group's consolidated net debt (2) of HK$185,298 million were denominated in Euro and British Pounds respectively. Net assets (3) was HK$646,478 million, with 16% and 22% attributable to Continental Europe and UK operations respectively.

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

For purposes of illustrating the Group's currency sensitivity, based on the recurring results for 2020, a 10% depreciation of British Pounds would result in a HK$2.2 billion decrease in EBITDA, a HK$0.6 billion decrease in NPAT, HK$0.2 billion decrease in net debt and 0.4%-point increase on net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK$3.1 billion decrease in EBITDA, a HK$1.3 billion decrease in NPAT, HK$16.4 billion decrease in net debt and 1.3%-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 BBB+ (stable outlook) respectively. CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

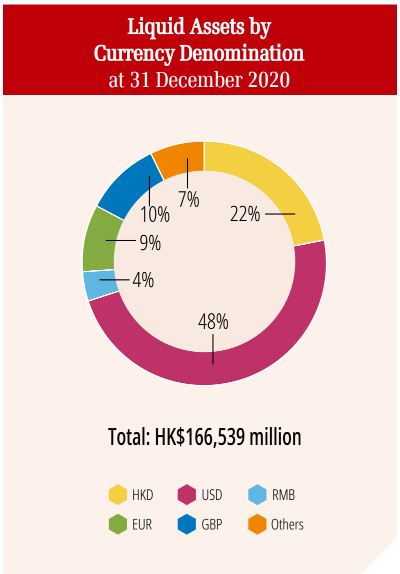
Market Price Risk

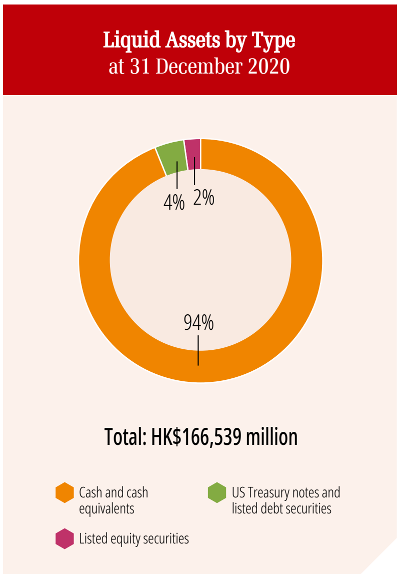
The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 6% (31 December 2019 – approximately 5%) 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.

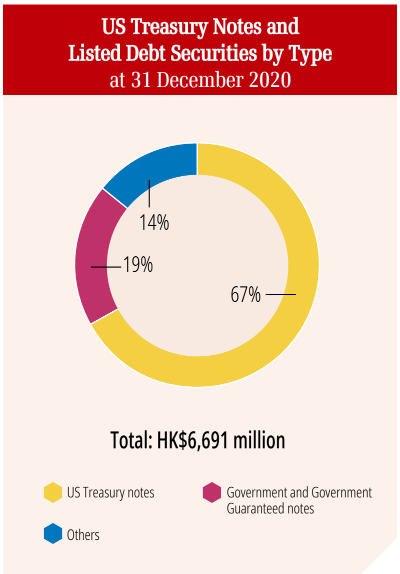
Note 1: Under Post-IFRS 16 basis, EBITDA for 2020 was HK$122,348 million (31 December 2019 – HK$136,049 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 31 December 2020 was HK$185,103 million (31 December 2019 – HK$202,648 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 31 December 2020 was HK$630,063 million (31 December 2019 – HK$596,963 million).







Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK$166,539 million at 31 December 2020, an increase of 15% from the balance of HK$144,849 million at 31 December 2019, mainly reflecting proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, partly offset by dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings and capital expenditure and investment spending. Liquid assets were denominated as to 22% in HK dollars, 48% in US dollars, 4% in Renminbi, 9% in Euro, 10% in British Pounds and 7% in other currencies.

Cash and cash equivalents represented 94% (31 December 2019 – 95%) of the liquid assets, US Treasury notes and listed debt securities 4% (31 December 2019 – 3%) and listed equity securities 2% (31 December 2019 – 2%). The US Treasury notes and listed debt securities, including those held under managed funds, consisted of US Treasury notes of 67%, government and government guaranteed notes of 19% and others of 14%. Of these US Treasury notes and listed debt securities, 99% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.2 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

EBITDA for 2020 was HK$96,944 million, a decrease of 13% compared to HK$112,068 million last year. Consolidated funds from operations [(4)] ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK$55,543 million for 2020, a decrease of 4% against last year of HK$57,919 million. Changes in working capital [(5)] was HK$332 million outflow for 2020, an improvement of HK$4,251 million against HK$4,583 million outflow last year.

The Group's capital expenditures (including licences, brand name and other rights, but excluding capital expenditures of assets classified as held for sale) for 2020 amounted to HK$29,588 million (31 December 2019 – HK$29,642 million). Capital expenditures (including licences, brand name and other rights, but excluding capital expenditures of assets classified as held for sale) for the ports and related services division amounted to HK$1,712 million (31 December 2019 – HK$3,037 million); for the retail division HK$1,947 million (31 December 2019 – HK$3,072 million); for the infrastructure division HK$205 million (31 December 2019 – HK$438 million); for CK Hutchison Group Telecom HK$21,542 million (31 December 2019 – HK$19,871 million); for HAT HK$4,003 million (31 December 2019 – HK$2,902 million); and for the finance and investments and others segment HK$179 million (31 December 2019 – HK$322 million).

Note 4: Under Post-IFRS 16 basis, FFO for 2020 was HK$72,655 million (31 December 2019 – HK$74,847 million).

Note 5: Under Post-IFRS 16 basis, changes in working capital for 2020 was positive HK$516 million (31 December 2019 – negative HK$5,577 million).

The Group's dividends received from associated companies and joint ventures for 2020 amounted to HK$10,241 million (31 December 2019 – HK$9,097 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK$1,543 million (31 December 2019 – HK$1,613 million); for the retail division HK$1,301 million (31 December 2019 – HK$1,291 million); for the infrastructure division HK$6,676 million (31 December 2019 – HK$4,659 million); for Husky HK$633 million (31 December 2019 – HK$1,164 million); and for the finance and investments and others segment HK$88 million (31 December 2019 – HK$370 million).

The Group's purchases of and advances to associated companies and joint ventures amounted to HK$833 million (31 December 2019 – HK$885 million). Purchases of and advances to associated companies and joint ventures for the retail division HK$308 million (31 December 2019 – HK$82 million); for the infrastructure division HK$251 million (31 December 2019 – HK$396 million); for CK Hutchison Group Telecom HK$76 million (31 December 2019 – HK$104 million); and for the finance and investments and others segment HK$198 million (31 December 2019 – HK$303 million).

Net cash inflow before financing activities [6] was HK$48,733 million, an increase of 208% compared to HK$15,824 million last year, reflecting proceeds received from tower sales and improvements in changes in working capital, partly offset by decrease in EBITDA.

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) and the "Consolidated Statement of Cash Flows" section of this Announcement.

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2020 amounted to HK$351,837 million (31 December 2019 – HK$347,726 million) which comprises principal amount of bank and other debts of HK$347,953 million (31 December 2019 – HK$343,187 million) and unamortised fair value adjustments arising from acquisitions of HK$3,884 million (31 December 2019 – HK$4,539 million). The Group's total principal amount of bank and other debts at 31 December 2020 consist of 65% notes and bonds (31 December 2019 – 62%) and 35% bank and other loans (31 December 2019 – 38%). The Group's weighted average cost of debt for the year ended 31 December 2020 is 1.7% (31 December 2019 – 2.1%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$798 million as at 31 December 2020 (31 December 2019 – HK$728 million).

The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2020 is set out below:

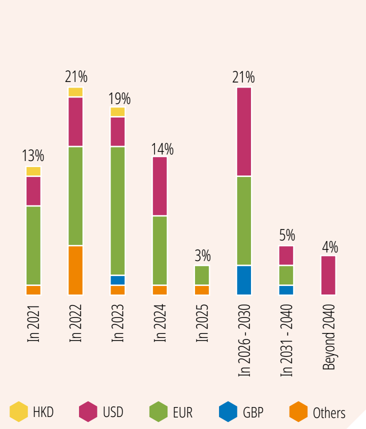
	HK$	US$	Euro	GBP	Others	**Total**
In 2021	1%	3%	8%	–	1%	**13%**
In 2022	1%	5%	10%	–	5%	**21%**
In 2023	1%	3%	13%	1%	1%	**19%**
In 2024	–	6%	7%	–	1%	**14%**
In 2025	–	–	2%	–	1%	**3%**
In 2026 – 2030	–	9%	9%	3%	–	**21%**
In 2031 – 2040	–	2%	2%	1%	–	**5%**
Beyond 2040	–	4%	–	–	–	**4%**
Total	3%	32%	51%	5%	9%	**100%**

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.

Note 6: Under Post-IFRS 16 basis, net cash inflow before financing activities for 2020 was HK$66,707 million (31 December 2019 – HK$31,851 million).

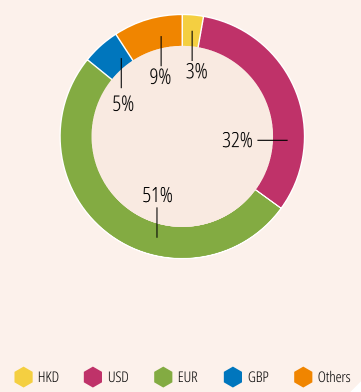
Debt Maturity Profile by Year and Currency Denomination at 31 December 2020

Total principal amount of bank and other debts: HK$347,953 million



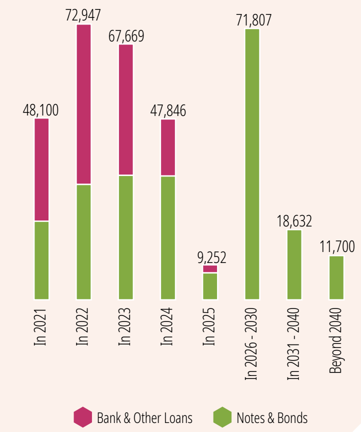
Debt Profile by Currency Denomination at 31 December 2020

Total principal amount of bank and other debts: HK$347,953 million



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans at 31 December 2020

Total principal amount of bank and other debts: HK$347,953 million



Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2020 were as follows:

- In January, repaid two HK$500 million fixed rate notes on maturity;
- In February, obtained a three year floating rate term loan facility of USD1,300 million (approximately HK$10,140 million);
- In March, repaid a club loan facility of US$1,200 million (approximately HK$9,360 million) on maturity;
- In March, obtained a three year floating rate loan facility of HK$1,000 million;
- In March, repaid two floating rate loan facilities of HK$500 million each on maturity;
- In March, repaid a bilateral facility of AUD260 million (approximately HK$1,160 million) on maturity and obtained a five year revolving facility of the same amount;
- In April, repaid HK$300 million principal amount of fixed rate notes on maturity;
- In May, issued US$750 million (approximately HK$5,850 million) guaranteed notes due 2030 and US$750 million (approximately HK$5,850 million) guaranteed notes due 2050;
- In May, obtained a three year floating rate term loan facility of EUR100 million (approximately HK$850 million);
- In June, repaid a club loan facility of US$1,000 million (approximately HK$7,800 million) on maturity;
- In June, obtained a three year floating rate loan facility of US$1,000 million (approximately HK$7,800 million);
- In June, obtained two 364 days floating rate loan facilities of US$100 million (approximately HK$780 million) and US$120 million (approximately HK$936 million);
- In June, obtained three one year floating rate loan facilities of EUR95 million (approximately HK$838 million), EUR100 million (approximately HK$882 million) and EUR105 million (approximately HK$926 million);
- In July, repaid a facility loan of US$236.5 million (approximately HK$1,845 million) on maturity;
- In July, repaid a term and revolving facility of GBP300 million (approximately HK$3,014 million) on maturity and obtained a three year term loan facility of GBP150 million (approximately HK$1,506 million);
- In September, repaid US$1,000 million (approximately HK$7,800 million) principal amount of fixed rate notes on maturity;
- In November, repaid a revolving loan facility of US$175 million (approximately HK$1,365 million) on maturity;
- In November, repaid a term loan facility of GBP325 million (approximately HK$3,412 million) on maturity and obtained a three year syndicated facility of the same amount;
- In December, repaid a term loan facility of US$300 million (approximately HK$2,340 million) on maturity;
- In December, prepaid EUR1,050 million (approximately HK$9,975 million) of a floating rate term loan facility of EUR2,100 million maturing in October 2024; and
- In December, obtained a three year floating rate term loan facility of EUR1,000 million (approximately HK$9,500 million).

Furthermore, the significant debt financing activities undertaken by the Group subsequent to the year ended 31 December 2020 were as follows:

- In January 2021, prepaid EUR1,650 million (approximately HK$15,527 million) of a floating rate term loan facility of EUR2,100 million maturing in October 2022; and
- In March 2021, US$1,200 million (approximately HK$9,360 million) Guaranteed Perpetual Capital Securities issued by OVPH Limited and guaranteed by CKI were redeemed in full.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities [7] increased to HK$518,975 million as at 31 December 2020, compared to HK$488,648 million as at 31 December 2019, reflecting the profit for 2020 and other items recognised directly in reserves, partly offset by the Group's 2019 final and 2020 interim dividends and distributions paid.

As at 31 December 2020, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$185,298 million (31 December 2019 – HK$202,877 million), a 9% decrease compared to the net debt at the beginning of the year primarily due to proceeds received from tower sales, improvement in working capital management, savings in interest costs and cash taxes, rigorous capital expenditure and investment controls, partly offset by dividend payments and distributions and adverse foreign exchange translation of net debt. The Group's consolidated net debt to net total capital ratio [8] was 22.2% as at 31 December 2020 (31 December 2019 – 24.8%). The Group's consolidated cash and liquid investments as at 31 December 2020 were sufficient to repay all of the Group's outstanding debt maturing before 2023.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK$5,398 million (31 December 2019 – HK$5,916 million) in 2020 was HK$1,707 million (31 December 2019 – HK$4,985 million). EBITDA of HK$96,944 million (31 December 2019 – HK$112,068 million) and FFO excluding net interest [9] of HK$57,250 million (31 December 2019 – HK$63,001 million) for the year covered consolidated net interest expenses and other finance costs 53.6 times (31 December 2019 – 21.3 times) and 33.5 times (31 December 2019 – 12.6 times) respectively.

Secured Financing

At 31 December 2020, assets of the Group totalling HK$1,411 million (31 December 2019 – HK$1,260 million) were pledged as security for bank loans.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2020 amounted to the equivalent of HK$20,766 million (31 December 2019 – HK$7,528 million).

Contingent Liabilities

At 31 December 2020, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$7,022 million (31 December 2019 – HK$6,960 million), of which HK$6,246 million (31 December 2019 – HK$6,058 million) has been drawn down as at 31 December 2020 and also provided performance and other guarantees of HK$7,868 million (31 December 2019 – HK$2,817 million).

Share Option Scheme

Neither the Company nor its subsidiaries had any share option scheme during the year ended 31 December 2020.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Note 7: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 31 December 2020 was HK$506,711 million (31 December 2019 – HK$476,695 million).

Note 8: Under Post-IFRS 16 basis, net debt to net total capital ratio for 2020 was 22.7% (31 December 2019 – 25.3%).

Note 9: Under Post-IFRS 16 basis, FFO excluding net interest for 2020 was HK$78,046 million (31 December 2019 – HK$83,552 million).

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 Company and its subsidiaries as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the year ended 31 December 2020 with all 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 about 50 countries, 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 the 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.

The current Nomination Committee comprising a majority of Independent Non-executive Directors and chaired by an Independent Non-executive Director is in full compliance with the code provisions. Prior to 26 November 2020, the Nomination Committee comprised all Directors as members with ad hoc sub-committee, comprising a majority of Independent Non-executive Directors and in compliance with the code provision requirements under the Listing Rules for a nomination committee, established to facilitate the selection and nomination process.

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 confirmed that they had complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the year ended 31 December 2020.

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2020 have been audited by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unqualified auditor's report is set out on pages 14 to 18 of this Announcement. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2020 have also been reviewed by the Audit Committee of the Company.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 10 May 2021 to Thursday, 13 May 2021, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2021 Annual General Meeting (or at any adjournment or postponement thereof). 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 Friday, 7 May 2021.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Thursday, 20 May 2021. In order to qualify for the proposed final dividend payable on Thursday, 3 June 2021, 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 Thursday, 20 May 2021.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 13 May 2021. Notice of the 2021 Annual General Meeting will be published and issued to shareholders in due course.

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 strong 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 infrastructure divestures and solidifying strategic alliances with global technology partners. The Chairman's Statement and the Operations Review contained in this Announcement and the Operations Analysis which are posted on the Company'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. 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 2020 annual 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 2020 annual 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 2020 annual 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 LEUNG Siu Hon
Mr George Colin MAGNUS

Independent Non-executive Directors:
Mr KWOK Tun-li, Stanley
Mr CHENG Hoi Chuen, Vincent
The Hon Sir Michael David KADOORIE
Ms LEE Wai Mun, Rose
Mr William Elkin MOCATTA
(Alternate to The Hon Sir Michael David Kadoorie)
Mr Paul Joseph TIGHE
Mr WONG Kwai Lam
Dr WONG Yick-ming, Rosanna

Risk Factors

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Global Economy

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

Industry Trends, Interest Rates and Currency Markets

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

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

COVID-19 Pandemic

In January 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on 11 March 2020 it was declared a pandemic. Between January 2020 and the date of this Announcement, the COVID-19 disease has spread to many countries, with significant number of reported cases and related deaths.

Several countries' governments and numerous companies have imposed increasingly stringent restrictions to help avoid, or slow down, the spread of the pandemic, including, for example, restrictions on international and local travel, public gatherings and participation in meetings, as well as closures of universities, schools, stores and restaurants, with some countries imposing strict curfews and lockdowns. There can be no assurance that these restrictions will not be extended further on one or more occasions. These measures have led to lockdowns in areas where the Group has operations, and is expected to have an adverse effect in the short to medium term on the Group's operations, particularly the ports and related services and retail operations, among others.

The Group continues to monitor developments closely as the pandemic develops. The impact of the pandemic on the Group's business will depend on a range of factors which the Group is not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity globally, and the nature and severity of measures adopted by governments. These factors include, but are not limited to:

- the deterioration of socio-economic conditions leading to disruptions to the Group's operations, such as reduction in the Group's ports operation's throughput as a result of factory closures in the Mainland or reduced demand in Europe and the US, or mandatory store closures and a decline in footfall in the Group's retail stores;
- reductions or volatility in consumer demand for the Group's products due to quarantine or illness, or other travel restrictions, economic hardship, or retail closures, which may impact the Group's revenue and market share;
- significant volatility in financial markets (including interest rate and foreign currency rate volatilities) and commodities market (including slump in crude oil prices) and measures adopted by governments and central banks, which may limit the Group's access to funds, lead to shortages of cash or increase the cost of raising such funds; and
- an adverse impact on the Group's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

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

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

The aforementioned risks may also be applicable to the outbreak of any highly contagious diseases on the economies of the affected countries.

Cash flow and Liquidity

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

Currency Fluctuations

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

Crude Oil and Natural Gas Markets

The results of operations and financial condition of the energy operation are dependent on the prices received for its refined products, crude oil, natural gas liquids ("NGL") and natural gas production. Lower prices for crude oil, NGL and natural gas could adversely affect the value and quantity of the oil and gas reserves of the energy operation. Prices for refined products, crude oil, NGL and natural gas are based on local and global supply and demand as well as availability and costs of transportation. Supply and demand can be affected by a number of factors including, but not limited to, actions taken by the Organisation of the Petroleum Exporting Countries (OPEC), non-OPEC crude oil supply, social conditions in oil producing countries, the occurrence of natural disasters, general and specific economic conditions, technological developments, prevailing weather patterns, government regulations and policies and the availability of alternate sources of energy. The fluctuation in refined products, crude oil and natural gas prices are beyond the Group's control and could adversely affect the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. New market entrants, intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- continued consolidation and vertical integrations of international shipping lines that are major clients of the Group's port operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and may not require the use of the Group's terminal facilities;
- significant competition and pricing pressure regularly experienced by the retail business of the Group from both online and brick and mortar retail competitors, which may materially and adversely affect the financial performance of the Group's retail operations;
- new market entrants and intensified price competition among existing market players of the Group's non-regulated infrastructure businesses could adversely affect the financial performance of the Group's non-regulated infrastructure businesses;
- risk of competition with respect to gaining access to the resources required to increase oil and gas reserves and production and gain access to markets. The Group's ability to successfully complete development projects could be adversely affected if it is unable to acquire economic supplies and services due to competition;

- aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and
- risk of competition from disruptive alternate telecommunications or energy technologies and potential competition in the future from substitute telecommunications or energy technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

Retail Product Liability

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

Strategic Partners

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

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

Future Growth

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

The Group has made substantial investments in acquiring telecommunications licences and developing its mobile networks and growing its customer bases in Europe, Hong Kong and Macau, Asia, and Australia. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to retain and build its customer bases. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may materially and adversely impact the Group's financial condition and results of operations.

As of 31 December 2020, the Group had a total deferred tax asset balance [1] of HK$18,015 million, of which HK$16,780 million were attributable to the CK Hutchison Group Telecom mobile operations. The ultimate realisation of deferred tax assets recognised depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries and locations that CK Hutchison Group Telecom operates, taxation losses may be carried forward indefinitely. In addition, in the UK, the Group benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from its other businesses in the same period. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cash flow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on the Group's financial condition and results of operations.

Completion risk of mergers, acquisitions and disposals

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

Impact of National, European Union and International Law and Regulatory Requirements

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

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU, as well as government-determined tariff resets of the Group's regulated infrastructure assets;
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to the Group's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- changes in the process of or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses;
- conditions or criteria to obtaining or maintaining assets that may be viewed by governments or regulatory authorities as critical assets for national security purposes, for example in the telecommunications, ports and energy sectors; and
- environmental, safety, employee and consumer protection laws, rules and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the countries in which the Group operates will not make decisions or interpret and implement regulations in a manner that materially and adversely affects the Group's financial condition and results of operations in the future.

Note 1: Under Post-IFRS 16 basis, the Group had a total deferred tax asset balance of HK$19,926 million, of which HK$16,942 million were attributable to the CK Hutchison Group Telecom mobile operations.

Ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime or sentiment changes in less politically stable countries may affect port concessions granted to foreign international port operations including the Group's port operations.

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

The energy operation is subject to inherent operational risks with respect to safety and the environment that require continuous vigilance. The energy operation seeks to minimise these operational risks by carefully designing and building its facilities and conducting its operations in a safe and reliable manner. However, failure to manage these operational risks effectively could result in potential fatalities, serious injury, interruptions to activities or use of assets, damage to assets, environmental impact, or loss of licence to operate. Enterprise risk management, emergency preparedness, business continuity and security policies and programmes are in place for all operating areas and are adhered to on an ongoing basis. The energy operation, in accordance with industry practice, maintains insurance coverage against losses from certain of these risks. Nonetheless, insurance proceeds may not be sufficient to cover all losses, and insurance coverage may not be available for all types of operational risks.

New policies or measures by governments, whether fiscal, regulatory or other changes, may pose a risk to the overall investment return of the Group's infrastructure and energy businesses and may delay or prevent the commercial operation of a business with a resulting loss of revenue and profit.

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

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future (including 5G) and will likely face competition for any such licences. Due to changes in legislation, the Group's mobile telecommunications licences in the UK and Italy effectively provide for perpetual renewal rights. Telecommunications licences (including spectrum licences) and authorisation may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its businesses (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process of or the conditions or criteria to, obtaining or maintaining spectrum or other licences necessary for the Group's mobile telecommunications business, could result in the Group facing unforeseen competition and/or could materially and adversely affect the Group's financial condition and results of operations.

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

Accounting

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

Impact of Regulatory Reviews

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

Natural Disasters

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

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

Climate Change

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create, a number of negative effects to the environment including loss of sea ice, sea level rise, and more frequent and severe weather events.

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

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

Political Unrest and Terrorist Attacks

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

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

Governments and multinational organisations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control ("OFAC") of the US and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners or suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Cyber Security Risks

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

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

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within the Group's business are expected to intensify. For example, the General Data Protection Regulation (2016/679/EU), which came into effect in May 2018, introduced a number of changes to EU data protection legislation such as permitting national supervisory authorities in the EU to levy administrative penalties of up to 4 per cent. of companies' global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

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

UK's Exit from the EU

The UK formally left the EU on 31 January 2020. As agreed in the withdrawal agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before.

The UK-EU Trade and Cooperation Agreement ("TCA") was finalised on 24 December 2020 and came into force from 1 January 2021. The TCA sets out all aspects of the new UK-EU relationship, such as trade, security, areas of ongoing collaboration/cooperation and governance.

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

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this 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 this 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 this 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.

Hutchison Ports BEST in Spain breaks historical records of moves per call to almost 8,500 moves.

Ports and Related Services

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1. In Mainland China, Hutchison Ports Yantian achieves new monthly throughput record of over 1.46 million TEU.
2. Six electricity-powered autonomous trucks equipped with smart operating system are taking on-site testing at Hutchison Ports Thailand's Terminal D.
3. Hutchison Ports Stockholm's new container terminal at Norvik Port in Sweden commences operations.
4. The Roll-on/Roll-off ("Ro/Ro") facilities upgrade enables the Ports of Felixstowe in the UK to accommodate larger Ro/Ro vessels and improve operational efficiency.
5. Upon completion of Phase II development, Hutchison Ports Pakistan is expected to achieve a handling capacity of 3.2 million TEU.

Operations Review – Ports and Related Services

This division is the world's leading port network, and has interests in 52 ports comprising 283 operational berths in 26 countries.

Group Performance

The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 83.7 million twenty-foot equivalent units ("TEU") in 2020.

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue (1)	**32,865**	35,375	-7%	-5%
EBITDA (1) (2)	**10,914**	13,405	-19%	-17%
EBIT (1) (2)	**6,717**	9,061	-26%	-24%
Throughput (million TEU)	**83.7**	86.0	-3%	
Number of berths	**283**	290	-7 berths	

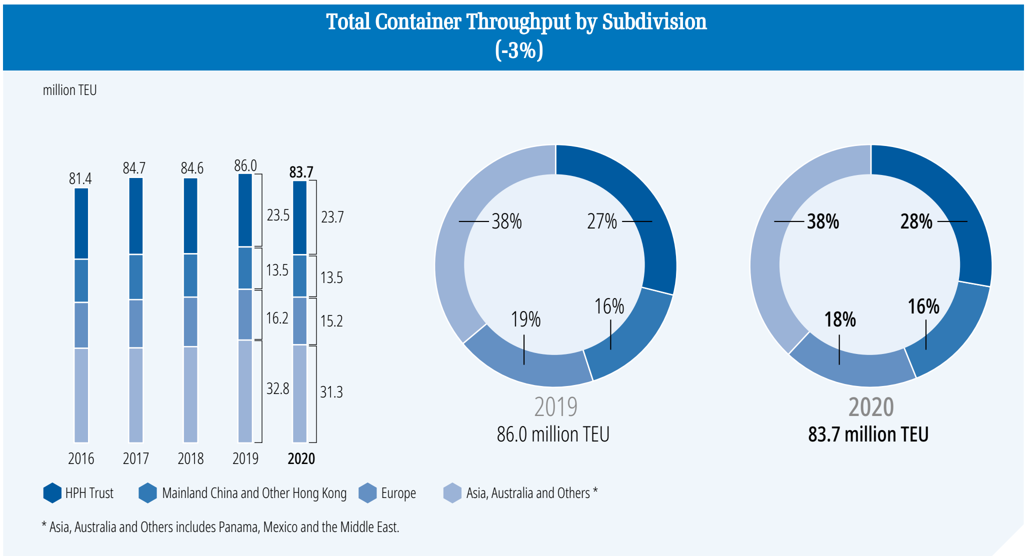
Note 1: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$13,748 million; EBIT was HK$8,055 million.

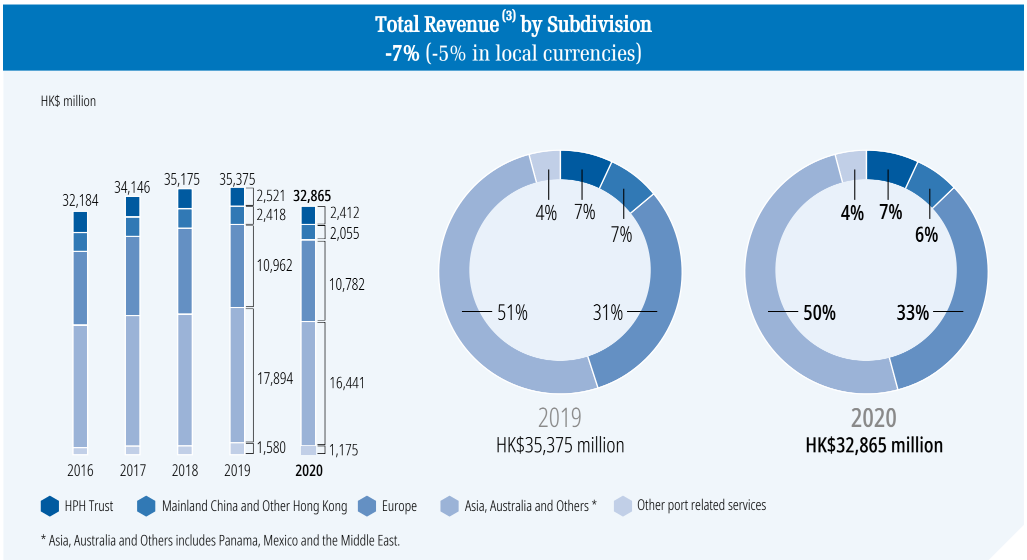
Overall throughput decreased 3% to 83.7 million TEU in 2020, primarily due to supply chain disruption as a result of the global pandemic with lower throughput across major ports in Europe (mainly UK, Barcelona and Rotterdam in the Netherlands), Klang in Malaysia and Jakarta, as well as lower throughput at Laem Chabang in Thailand due to intense competition and at Dammam in Saudi Arabia due to concession expiry at the end of September 2020.

The division's throughput in the second half of 2020 increased 16% against the first half of 2020. Gradual recovery was seen in throughput volumes across all regions especially in HPH Trust, Mainland China and other Hong Kong, as well as Europe.

Comparing second half of 2020 against same period last year, throughput increased by 2% as trade volumes started to stabilise. Significant recovery was seen in HPH Trust and Mainland China and other Hong Kong where trade volumes have outperformed second half of last year.

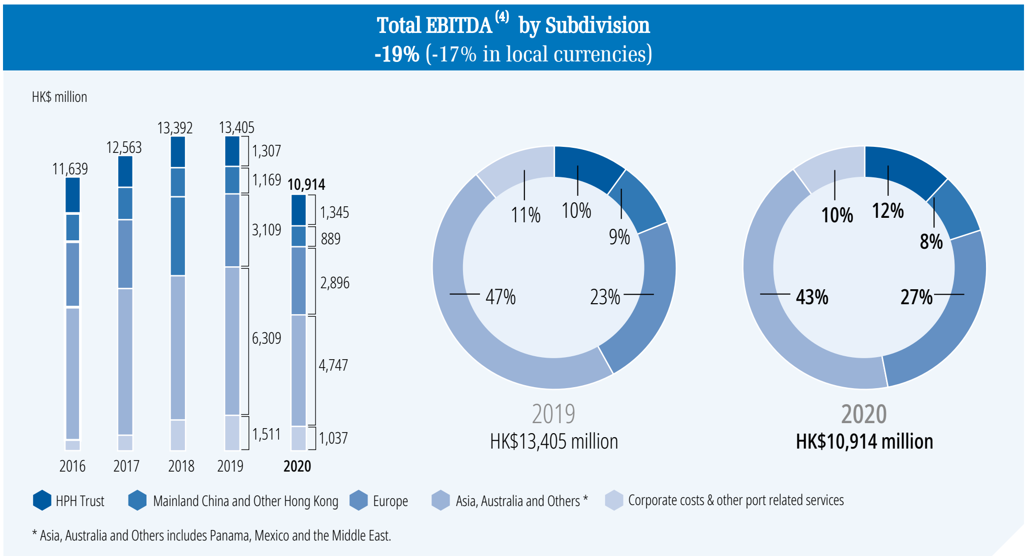


Total reported revenue decreased 7% to HK$32,865 million in 2020 mainly due to decline in throughput, lower contribution from Shanghai resulting from the division's partial disposal of 20% interest in Shanghai Mingdong Container Terminals during the year and weaker performances in Mexico from lower storage income, lower contribution from Dammam due to concession expiry and higher mix of transhipment throughput.



Note 3: Total revenue has been adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

In reported currency, EBITDA decreased 19% to HK$10,914 million and EBIT decreased 26% to HK$6,717 million against 2019, mainly due to lower revenue as mentioned above, port closure costs at Dammam, impairment provision on certain non-performing ports and adverse foreign currency translation impacts, partly offset by continued cost management across all business units.



Note 4: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2020, the division had 283 operating berths (5), a reduction of seven berths compared to 2019, as a result of closure of berths at Dammam (-8 berths) and new berths commencing operations in Stockholm (+2 berths at new Norvik terminal, offset by closure of 1 berth at old Container Terminal Frihamnen).

Note 5: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Operations Review – Ports and Related Services

Segment Performance

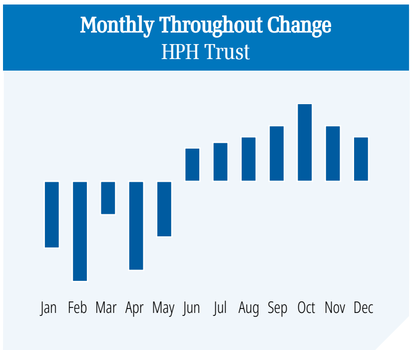
HPH Trust

	2020 HK$ million	2019 HK$ million	Change
Total Revenue [6]	**2,412**	2,521	-4%
EBITDA [6]	**1,345**	1,307	+3%
EBIT [6]	**638**	589	+8%
Throughput (million TEU)	**23.7**	23.5	+1%
Number of berths	**52**	52	–

Note 6: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Although overall throughput increased 1%, total revenue of the ports operated by HPH Trust decreased 4%. This was mainly attributable to higher mix of low-tariff transhipment volume in Hong Kong and China. Despite the reduction in revenue, the Group's share of EBITDA and EBIT were 3% and 8% higher respectively due to cost control initiatives and higher synergies arising from the Hong Kong Seaport Joint Operating Alliance arrangement.

In the second half of 2020, HPH Trust throughput increased by 30% and 10% against first half of 2020 and second half of last year respectively. Following lockdowns in the first half of 2020, global trade rebounded from the increase in demand from the US and Europe, driving recovery of exports in Yantian. Transhipment throughput at Kwai Tsing also outperformed the first half of 2020 and same period last year. As a result, EBITDA increased 23% and 12% against first half of 2020 and second half of last year respectively.

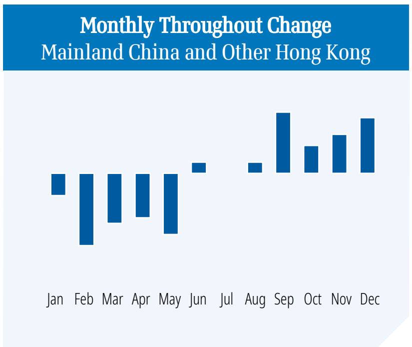


Mainland China and Other Hong Kong

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**2,055**	2,418	-15%	-14%
EBITDA	**889**	1,169	-24%	-24%
EBIT	**646**	908	-29%	-29%
Throughput (million TEU)	**13.5**	13.5	–	
Number of berths	**42**	42	–	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT decline was mainly attributable to the lower contribution from Shanghai due to the division's partial disposal of 20% interest in Shanghai Mingdong Container Terminals and higher mix of low margin throughput.

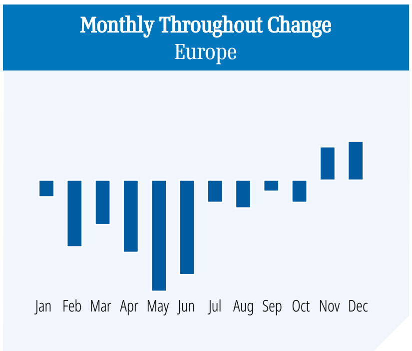
Throughput in second half of 2020 increased by 21% and 6% against first half of 2020 and second half of last year respectively mainly from recovery in Shanghai, Ningbo, Xiamen and River Trade Terminal in Hong Kong. Despite the improvements in throughput volume, second half EBITDA remained flat against first half of 2020 and decreased by 33% year-on-year due to lower contribution from Shanghai Mingdong Container Terminals following the partial disposal.



Europe

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**10,782**	10,962	-2%	-2%
EBITDA	**2,896**	3,109	-7%	-7%
EBIT	**1,874**	2,098	-11%	-11%
Throughput (million TEU)	**15.2**	16.2	-6%	
Number of berths	**62**	61	+1 berth	

Weaker performance in the Europe segment during the year was due to lower throughput in the region primarily from trade disruption caused by the pandemic resulting in 9% lower throughput in the UK and 3% lower throughput at Rotterdam in the Netherlands. During the year, Hutchison Ports Stockholm's new container terminal Phase 1 at the Stockholm Norvik Port commenced operations, and Container Terminal Frihamnen which was previously operated by the division has closed.

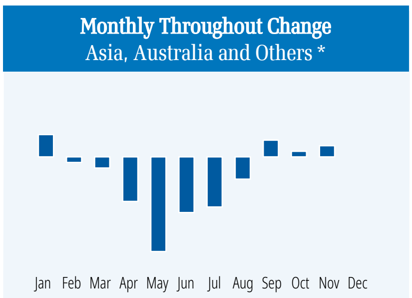


Comparing second half of 2020 against first half of 2020, throughput, EBITDA and EBIT increased by 11%, 40% and 63% respectively, primarily from the UK, Rotterdam in the Netherlands and Barcelona from the gradual recovery from the pandemic trade disruption. Although the second half's year-on-year throughput remained flat, EBITDA and EBIT increased by 7% and 9% respectively primarily due to improved margin.

Asia, Australia and Others

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**16,441**	17,894	-8%	-4%
EBITDA	**4,747**	6,309	-25%	-21%
EBIT	**2,690**	4,117	-35%	-30%
Throughput (million TEU)	**31.3**	32.8	-5%	
Number of berths	**127**	135	-8 berths	

The decline in total revenue, EBITDA and EBIT was mainly driven by lower throughput in Jakarta and Thailand, lower contribution and port closure costs at Dammam as the concession ended in September 2020, lower storage income in Mexico, as well as the recognition of certain impairment charges of non-performing ports in this segment.



* Excluding Dammam for October to December as concession expired at the end of September 2020.

Excluding Dammam, second half EBITDA and EBIT were 22% and 32% lower against same period last year mainly due to 1% lower throughput particularly in Jakarta and Thailand, as well as the abovementioned impairment charges of non-performing ports. Despite 10% growth in throughput excluding Dammam in second half against first half of 2020, EBITDA and EBIT were 11% and 18% lower mainly due to impairment charges of non-performing ports as mentioned above and lower margin mix in Panama.

In August 2020, this division entered into an agreement to develop and operate a new container terminal in Abu Qir, Egypt, with a total quay length of 1,200 metres and a 60-hectare terminal yard, with an additional 100 hectares of land exclusively reserved for yard expansion. This division holds 61% interest in the new terminal which has a concession period of 38 years and the first phase is expected to commence operations in 2022.

In February 2021, this division has agreed with the Royal Commission in Jubail and Yanbu, to invest and operate multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia which will be developed in two phases. Commercial operations of general cargo and dry-bulk terminal is expected to be launched in 2021 and container terminal to follow in early 2022, offering a combined total of 1,270 metres of berth length in Phase 1.

A.S. Watson Group signs its first-ever franchise agreement with Al-Futtaim and opens three stores in Dubai to mark its entry into the Middle East.

Retail

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1. Kruidvat offers a wide range of value-for-money products to customers across its portfolio of over 1,200 stores in the Netherlands and Belgium.

2. With more than 270 stores in Hong Kong, PARKnSHOP offers exceptional shopping experience via one of its supermarket brands TASTE.

3. Rossmann operates over 4,200 stores across Germany, Poland, Hungary, Czech Republic, Albania, Turkey and Kosovo.

4. Watsons China has an extensive network of over 4,100 stores and eCommerce channels with 63 million loyalty members.

5. Superdrug continues to serve customers with its health and wellbeing products and services offline and online in the UK amid pandemic.

Operations Review – Retail

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 139 million loyalty member base.

Group Performance

ASW operated 12 retail brands with 16,167 stores in 27 markets worldwide as of 31 December 2020, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

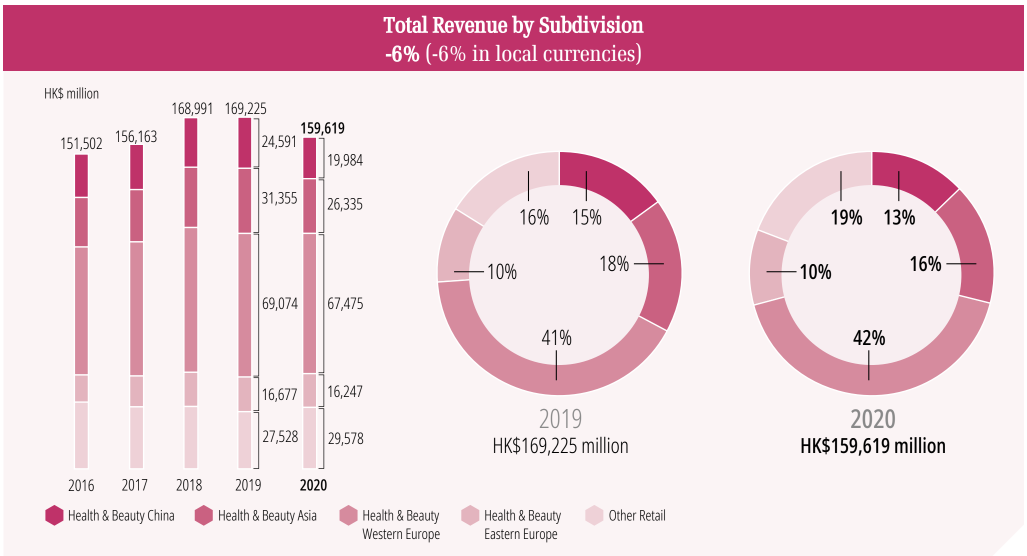
	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**159,619**	169,225	-6%	-6%
EBITDA [1]	**14,397**	16,891	-15%	-16%
EBIT [1]	**10,933**	13,671	-20%	-21%
Store Numbers	**16,167**	15,794	+2%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$24,557 million (2019: HK$27,023 million); EBIT was HK$11,889 million (2019: HK$14,705 million).

The division's businesses was impacted by the pandemic in the first half of 2020 due to a sharp decline in sales starting from February as stores were forced to close and shopper footfall dropped as the pandemic spread globally. As a result, total reported revenue for the full year was 6% lower against last year. As the market conditions improved in the second half of 2020, the division achieved acceleration of recovery by swiftly reacting to the change in operating environment and adopting the strategic decision to accelerate the "Online plus Offline" platform strategy. This resulted in a strong eCommerce sales growth of 90% in 2020 compared to last year.

H&B loyalty members' participation & exclusives sales contribution	**2020**	2019
Total loyalty members in H&B segment (million)	**138**	137
Loyalty members' sales participation in H&B segment (%)	**63%**	62%
Exclusives sales contribution to total H&B sales (%)	**35%**	35%

The H&B segment, which represented 81% of the Retail division's revenue in 2020, currently has 138 million loyalty members with 63% of total revenue being generated by these loyalty members during 2020. Watsons, the division's flagship brand and the market leading health and beauty retailer in the Mainland and Asia, achieved the milestone of 100 million members during 2020 as the brand continues to build up its customer loyalty base.



Total Revenue	2020 HK$ million	2019 HK$ million	Change	Local currencies change
H&B China	**19,984**	24,591	-19%	-19%
H&B Asia	**26,335**	31,355	-16%	-16%
H&B China & Asia Subtotal	**46,319**	55,946	-17%	-17%
H&B Western Europe	**67,475**	69,074	-2%	-3%
H&B Eastern Europe	**16,247**	16,677	-3%	–
H&B Europe Subtotal	**83,722**	85,751	-2%	-3%
H&B Subtotal	**130,041**	141,697	-8%	-8%
Other Retail (2)	**29,578**	27,528	+7%	+8%
Total Retail	**159,619**	169,225	-6%	-6%

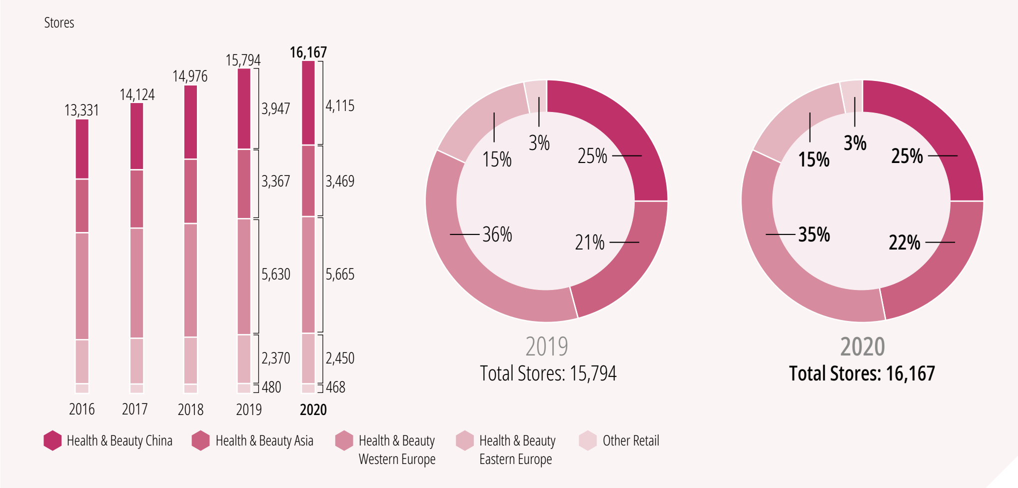
Comparable Stores Sales Growth (%) (3)	2020	2019
H&B China	**-21.8%**	+2.0%
H&B China (adjusted to include loyalty members' sales recovered in proximate new stores)	**-20.0%**	+5.5%
H&B Asia	**-17.0%**	+4.0%
H&B China & Asia Subtotal	**-19.2%**	+3.1%
H&B Western Europe	**-3.8%**	+1.9%
H&B Eastern Europe	**-4.1%**	+2.9%
H&B Europe Subtotal	**-3.8%**	+2.1%
H&B Subtotal	**-9.7%**	+2.4%
Other Retail (2)	**+12.2%**	-6.7%
Total Retail	**-6.8%**	+1.2%

Note 2: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

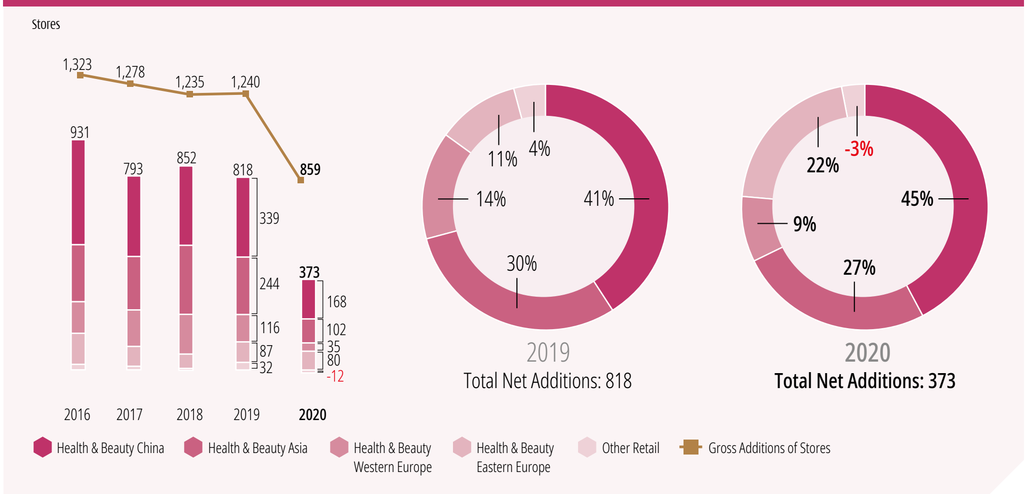
Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Group Performance (continued)

Total Retail Store Numbers by Subdivision (+2%)



Total Net Additions of Retail Store by Subdivision



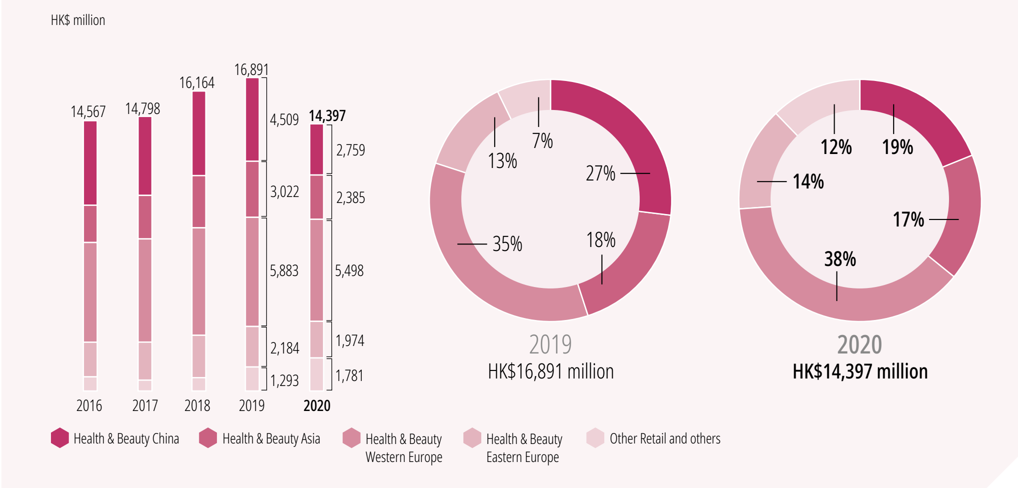
Store Numbers	2020	2019	Change
H&B China	**4,115**	3,947	+4%
H&B Asia	**3,469**	3,367	+3%
H&B China & Asia Subtotal	**7,584**	7,314	+4%
H&B Western Europe	**5,665**	5,630	+1%
H&B Eastern Europe	**2,450**	2,370	+3%
H&B Europe Subtotal	**8,115**	8,000	+1%
H&B Subtotal	**15,699**	15,314	+3%
Other Retail (4)	**468**	480	-3%
Total Retail	**16,167**	15,794	+2%

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

The Retail division's EBITDA and EBIT decreased by 15% and 20% respectively in reported currency against 2019, primarily due to the decline in revenue as a result of the pandemic. Included in 2019 was a one-off gain of approximately HK$633 million recognised upon formation of the joint venture in the division's China supermarket business. Excluding this one-off dilution gain, EBITDA and EBIT decreased by 11% and 16% respectively.

Following the gradual easing of the restrictive lockdowns in the second half, EBITDA and EBIT increased significantly by 111% and 168% respectively when compared to the first half of 2020. Comparing against the second half of 2019, EBITDA and EBIT both increased by 12%.

EBITDA by Subdivision
-15% (-16% in local currencies)



EBITDA	2020 HK$ million	2019 HK$ million	Change	Local currencies change
H&B China	**2,759**	4,509	-39%	-39%
H&B Asia	**2,385**	3,022	-21%	-21%
H&B China & Asia Subtotal	**5,144**	7,531	-32%	-32%
H&B Western Europe	**5,498**	5,883	-7%	-9%
H&B Eastern Europe	**1,974**	2,184	-10%	-9%
H&B Europe Subtotal	**7,472**	8,067	-7%	-9%
H&B Subtotal	**12,616**	15,598	-19%	-20%
Other Retail (5) and others	**1,781**	1,293	+38%	+38%
Total Retail	**14,397**	16,891	-15%	-16%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and manufacturing operations for water and beverage businesses.

In September 2020, ASW and Al-Futtaim jointly announced that they have reached an exclusive franchise agreement to launch the flagship health and beauty brand Watsons in the Gulf Cooperation Council. The first store was opened in Dubai, the United Arab Emirates, in October 2020.

Operations Review – Retail

Segment Performance

Health and Beauty China

	2020 HK$ million	2019 HK$ million	Change	Local currency change
Total Revenue	**19,984**	24,591	-19%	-19%
EBITDA	**2,759**	4,509	-39%	-39%
EBITDA Margin %	***14%***	*18%*		
EBIT	**1,952**	3,736	-48%	-49%
EBIT Margin %	***10%***	*15%*		
Store Numbers	**4,115**	3,947	+4%	
Comparable Stores Sales Growth (%)	**-21.8%**	+2.0%		
Adjusted Comparable Stores Sales Growth (%) (6)	**-20.0%**	+5.5%		

Note 6: Adjusted to include loyalty members' sales recovered in proximate new stores.

The Watsons business continued to be the leading health and beauty retail chain in the Mainland. During 2020, temporary store closures peaked at around 2,500 stores in February, resulting in a year-on-year reduction in EBITDA of 62% in the first half of 2020. As the pandemic related restriction measures gradually eased off, almost all stores reopened by the end of April with steady store traffic recovery. In the second half of 2020, the year-on-year decline in EBITDA narrowed to 13%, which was less adverse than the store traffic reduction of 23% as sales are recovered through the division's digital channels. Online sales grew by 123% compared to 2019.

H&B China added net 168 stores during the year and had more than 4,100 stores in close to 500 cities in the Mainland as of 31 December 2020.

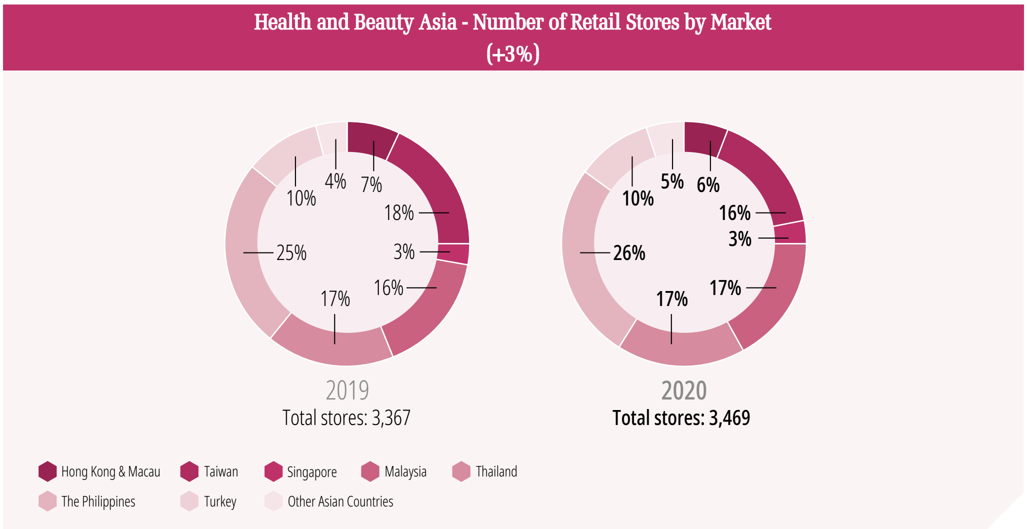
Health and Beauty Asia

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**26,335**	31,355	-16%	-16%
EBITDA	**2,385**	3,022	-21%	-21%
EBITDA Margin %	***9%***	*10%*		
EBIT	**1,824**	2,505	-27%	-27%
EBIT Margin %	***7%***	*8%*		
Store Numbers	**3,469**	3,367	+3%	
Comparable Stores Sales Growth (%)	**-17.0%**	+4.0%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. Footfall was severely impacted by lockdown measures beginning in late March with temporary store closures peaked at around 750 stores in April. H&B Asia narrowed its year-on-year EBITDA decline from 39% in the first half to only 3% in the second half of 2020.

Although it was particularly challenging for the health and beauty operation in Hong Kong during 2020 as the retail market was adversely impacted by the various levels of border entry restrictions imposed which limited inbound tourists, it only represented 2% of the Retail division's revenue in 2020. Excluding the Hong Kong contribution, H&B Asia delivered a solid recovery in the second half with an EBITDA growth of 2%. Singapore, Malaysia, Thailand and Turkey all recorded EBITDA growth in the second half.

H&B Asia added net 102 stores during the year and had more than 3,400 stores in 11 markets as of 31 December 2020.

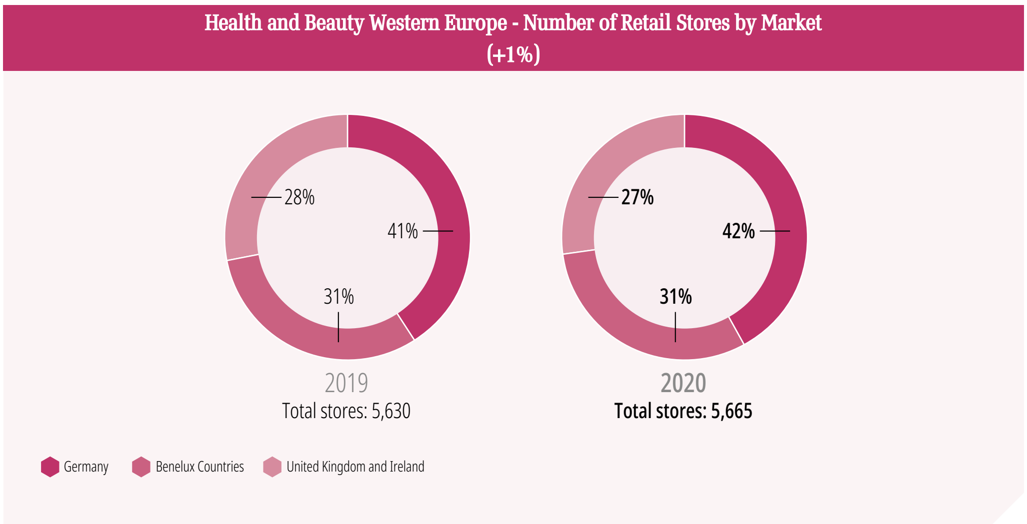


Health and Beauty Western Europe

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**67,475**	69,074	-2%	-3%
EBITDA	**5,498**	5,883	-7%	-9%
EBITDA Margin %	***8%***	*9%*		
EBIT	**4,194**	4,685	-10%	-14%
EBIT Margin %	***6%***	*7%*		
Store Numbers	**5,665**	5,630	+1%	
Comparable Stores Sales Growth (%)	**-3.8%**	+1.9%		

Footfall on high streets and shopping centres was severely impacted by lockdown measures beginning in late March with temporary store closures peaked at around 1,100 stores in April for H&B Western Europe. H&B Western Europe's major operations are in essential businesses which allowed most stores to remain open during the lockdown periods partially mitigating declines. H&B Western Europe delivered a very strong recovery in the second half, by turning around a year-on-year reduction in EBITDA of 43% in the first half to an EBITDA growth of 16% in the second half of 2020, primarily from the Benelux countries and Germany, partly offset by the UK with the new rounds of country lockdown towards the end of the year.

H&B Western Europe added net 35 stores during the year and had more than 5,600 stores as of 31 December 2020.



Segment Performance (continued)

Health and Beauty Eastern Europe

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**16,247**	16,677	-3%	–
EBITDA	**1,974**	2,184	-10%	-9%
EBITDA Margin %	***12%***	*13%*		
EBIT	**1,626**	1,886	-14%	-13%
EBIT Margin %	***10%***	*11%*		
Store Numbers	**2,450**	2,370	+3%	
Comparable Stores Sales Growth (%)	**-4.1%**	+2.9%		

H&B Eastern Europe contributed to the recovery of the division by turning around a year-on-year decline in EBITDA of 28% in the first half to an EBITDA growth of 5% in the second half this year, mainly attributable to the Rossmann joint venture in Poland as a result of the strong momentum in store openings during the period.

H&B Eastern Europe added net 80 stores during the year and had more than 2,400 stores in 7 markets as of 31 December 2020.

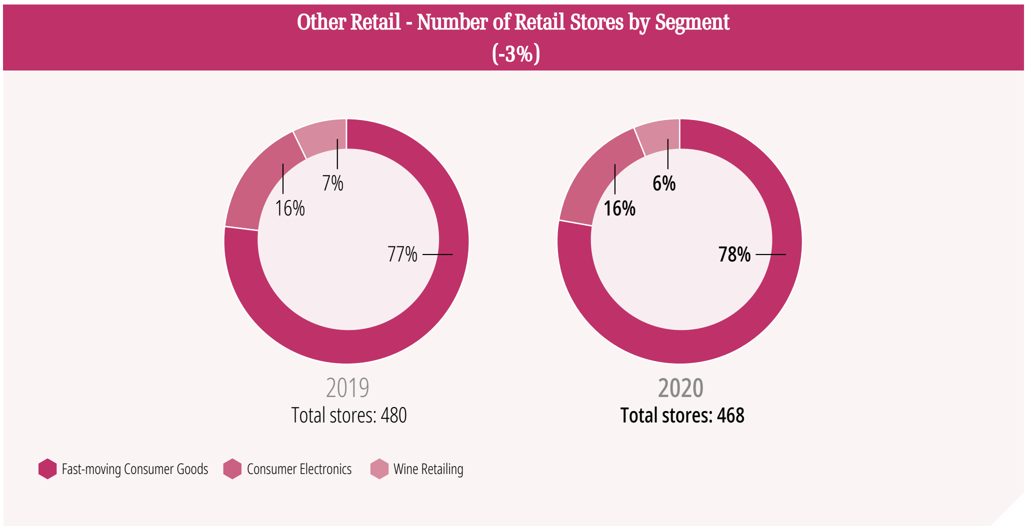
Other Retail

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**29,578**	27,528	+7%	+8%
EBITDA	**1,781**	1,293	+38%	+38%
EBITDA Margin %	***6%***	*5%*		
EBIT	**1,337**	859	+56%	+56%
EBIT Margin %	***5%***	*3%*		
Store Numbers	**468**	480	-3%	
Comparable Stores Sales Growth (%)	**+12.2%**	-6.7%		

The Other Retail segment reported a growth in revenue of 7% in 2020, primarily arising from the improved performance of the supermarkets in Hong Kong and the Mainland.

Included in 2019 was a one-off gain of approximately HK$633 million recognised upon formation of the joint venture in the division's China supermarket business. Excluding this one-off dilution gain, EBITDA increased by 170% compared to 2019.

Other Retail had 468 retail stores in 3 markets as of 31 December 2020, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and the Mainland.



Northern Gas Networks links Bradford's Alternative Fuel Centre to the gas network to power the development of Compressed Natural Gas filling stations.

Infrastructure

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1. UK Power Networks completes upgrading the electricity infrastructure in Croydon to maintain reliable supplies for local homes and businesses.

2. HK Electric's gas-fired generation has risen to about 50% of its electricity output with the commissioning of the new gas unit L10 at Lamma Power Station in February.

3. SA Power Networks' specialised cable jointing and access track civil works are underway at Cuttlefish Bay following the successful installation of a new undersea cable connecting Kangaroo Island to the South Australian mainland.

4. Northumbrian Water is the first in the industry to install ultraviolet light disinfection system to clean drinking water at its Mosswood Water Treatment Works.

5. UK Rails further invests in hydrogen trains, making a notable step in the path towards decarbonising the UK railway.

Operations Review – Infrastructure

The infrastructure division comprises the Group's 75.67% [1] interest in CK Infrastructure Holdings Limited ("CKI") and 10% of the economic benefits deriving from the Group's direct holdings in six co-owned infrastructure investments with CKI.

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**52,792**	51,191	+3%	+4%
- CKI	**51,805**	49,818	+4%	+5%
- Co-owned infrastructure investments	**987**	1,373	-28%	-28%
EBITDA [2]	**29,066**	28,488	+2%	+3%
- CKI	**28,527**	27,855	+2%	+3%
- Co-owned infrastructure investments	**539**	633	-15%	-14%
EBIT [2]	**18,488**	19,220	-4%	-3%
- CKI	**18,185**	18,829	-3%	-2%
- Co-owned infrastructure investments	**303**	391	-23%	-22%
CKI Reported Net Profit (under Post-IFRS 16 basis)	**7,320**	10,506	-30%	

Note 1: In January 2015, CKI completed a share placement and share subscription transaction that resulted in the Group's interest in CKI reducing from 78.16% to 75.67%. On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities. Subsequent to this transaction, the Group holds a 71.93% interest. As these new shares are disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI continues to be 75.67%.

Note 2: Under Post-IFRS 16 basis, EBITDA for CKI was HK$28,828 million and co-owned infrastructure investments was HK$539 million; EBIT for CKI was HK$18,234 million and co-owned infrastructure investments was HK$303 million.

CKI

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand and Canada.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK$7,320 million, 30% lower against the last year. Excluding the deferred tax charge of HK$1.4 billion in the year as a result of the revision of the UK corporate tax rate glide path from 17% to 19% in 2020, the pandemic impacts, as well as the higher depreciation and amortisation mainly from Energy Developments in Australia and UK Rails, the net profit decreased 7% in 2020 compared to 2019.

The Group's share of CKI's EBITDA of HK$28,527 million was 2% higher than last year in reported currency, reflecting gain on disposal of Portugal Renewable Energy in October 2020 (including share of Power Assets) of HK$1.1 billion, partly offset by pandemic impacts, adverse foreign currency translation impacts and lower earnings contribution from Northumbrian Water which entered a new regulatory regime in April 2020. EBIT was lower year on year due to higher depreciation as mentioned above that more than offset the EBITDA growth.

Profit contribution from Power Assets, a company listed on the SEHK and in which CKI holds a 35.96% interest as of 31 December 2020, was HK$2,208 million as compared to HK$2,566 million in 2019, mainly due to the recognition of deferred tax charge in the year as a result of the revision of the UK corporate tax rate glide path from 17% to 19% in 2020, as well as lower contribution from the Mainland resulting from the expiry of two coal-fired power station ventures in 2019, partly offset by the gain on disposal of Portugal Renewable Energy in 2020.

Many of CKI's businesses have embarked on organic growth plans, including Northumbrian Water's new 3.6 million litres capacity water treatment facility, Northern Gas Networks' new 5.5-mile gas pipeline, Victoria Power Networks' several solar farm projects totalling 272 MW in capacity, Dampier Bunbury Pipeline's new major Western Australia gas pipeline, as well as Energy Developments' waste coal mine gas power station in Australia and Renewable Natural Gas plants in the United States.

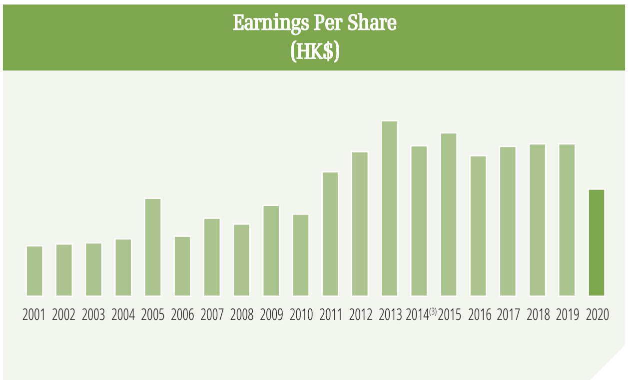
A number of CKI's regulated businesses have gone through or will go through challenging regulatory resets. In 2020, Northumbrian Water's new determination as set by the regulator imposed a lower than anticipated allowable return. In 2021, Northern Gas Networks and Wales & West Utilities in the UK, as well as Victoria Power Networks, Australian Gas Networks and certain regulated businesses of CK William in Australia, are scheduled to enter new regulatory regime. As the terms of the new determination as set by the regulator are more stringent than in previous periods, Northumbrian Water has elected to challenge the determination through the Competition and Markets Authority ("CMA") appeal process. The final terms of the CMA's redetermination showed improvements. The final determinations for Northern Gas Networks and Wales & West Utilities were released in December 2020. Both operations have also decided to appeal to the CMA.

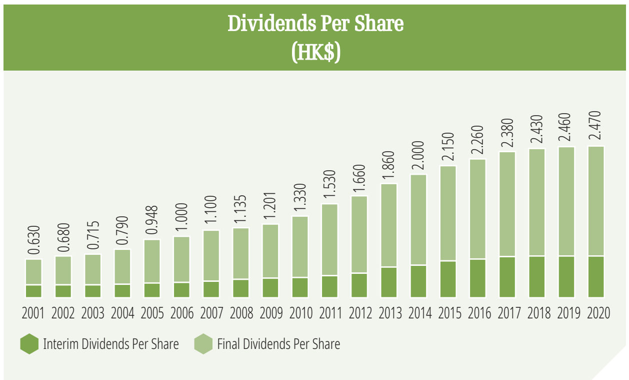
Anticipated lower allowable returns given the current low interest rate environment and the stringent stance taken by regulators are expected to result in lower revenues for these operations. Depending on outcomes, declining revenue outlooks and recent transaction multiples may affect the Group's valuations in relation to CKI and some or all of its businesses.

CKI has always been committed to prudent financial management with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with HK$13.5 billion cash on hand and a net debt to net total capital ratio of 13.1% as at 31 December 2020, a 0.4%-point improvement against 31 December 2019. Credit rating from Standard & Poor's maintained at "A/Stable".

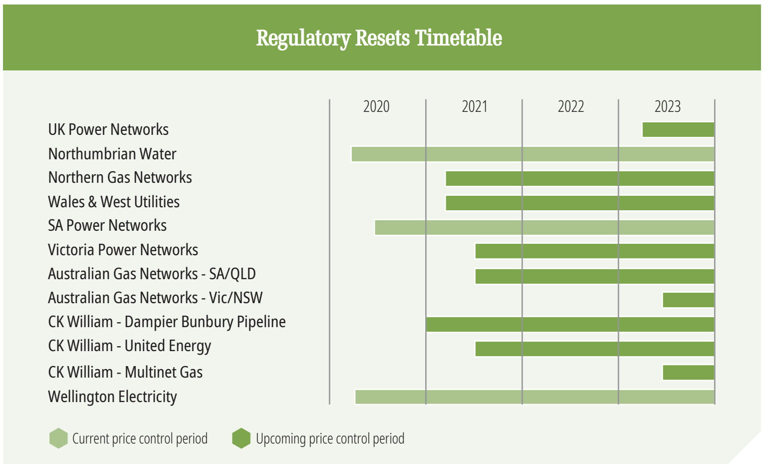
Co-owned infrastructure investments

The Group's direct interests in six co-owned infrastructure investments include Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails and have contributed revenue, EBITDA and EBIT of HK$987 million, HK$539 million and HK$303 million respectively in the year. The lower contribution from the co-owned infrastructure investments mainly reflected the lower performance of Northumbrian Water impacted by the tariff reset in the year.





Note 3: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.



The Spruce Lake Central thermal project in Saskatchewan, Canada achieves first oil.

Energy

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1. Crude-by-rail cars are loaded at the Bruderheim Energy Terminal in Alberta, Canada.
2. The Wood River Refinery located in Illinois, US processes light low-sulphur and heavy high-sulphur crude oil.
3. Cenovus Energy's Deep Basin operations are located in a natural gas fairway in north-western Alberta and north-eastern British Columbia, Canada.

Operations Review – Energy

In January 2021, Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion to combine Cenovus Energy and Husky Energy ("Husky"). Post-completion, Husky was delisted from the Toronto Stock Exchange and the Group currently holds approximately 15.71% of Cenovus Energy, together with warrants representing a further 1.08% to 16.79% [1]. The results of the Energy division reported in 2020 represent the Group's 40.19% share of Husky's results for the year.

	2020 HK$ million	2019 HK$ million	Change	Local currency change
Total Revenue	**31,179**	47,618	-35%	-33%
EBITDA [2]	**(23,003)**	3,139	-833%	-835%
- Underlying	**1,906**	9,122	-79%	-80%
- Impairment and other charges [3]	**(24,909)**	(5,983)	-316%	-316%
EBIT [2]	**(28,096)**	(3,004)	-835%	-841%
- Underlying	**(3,187)**	2,979	-207%	-213%
- Impairment and other charges [3]	**(24,909)**	(5,983)	-316%	-316%
Production (mboe/day)	**272.0**	290.1	-6%	
	C$ million	C$ million		
Husky's reported net losses [4]	**(10,016)**	(1,370)	-631%	
- Underlying	**(1,451)**	970	-250%	
- Impairment and other charges [5]	**(8,565)**	(2,340)	-266%	

Note 1: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Note 2: Under Post-IFRS 16 basis, the Group's share of LBITDA was HK$22,746 million (2019: EBITDA of HK$3,480 million); LBIT was HK$28,020 million (2019: LBIT of HK$2,974 million).

Note 3: Represents the Group's share of non-cash impairment and other charges (before-tax) after consolidation adjustments.

Note 4: Net earnings for the year ended 31 December 2019 and 2020 are under Post-IFRS 16 basis.

Note 5: Represents non-cash impairment and other charges (after-tax) recognised by Husky in 2020 and 2019 respectively.

Husky announced Post-IFRS 16 net losses of C$(10,016) million for 2020, as compared to net loss of C$(1,370) million for 2019. The net losses for 2020 and 2019 included non-cash asset impairment and other charges (after-tax) of C$8,565 million and C$2,340 million respectively. Excluding the impairment and other charges, Husky reported a net loss of C$(1,451) million for 2020, worsened compared to net earnings of C$970 million reported for 2019, primarily due to:

- Lower earnings from the Lloyminster Heavy Oil Value Chain, Oil Sands and US Refining segments due to declines in crude oil benchmarks and refined product prices; and
- Lower insurance recoveries recognised for business interruption and incident costs associated with the Superior Refinery.

During 2020, Husky recognised non-cash asset impairment and other charges totalling C$11.2 billion (before-tax) or C$8.6 billion (after-tax), largely due to sustained market impact from the COVID-19 pandemic which has resulted in declines in forecasted long-term commodity prices, reductions in planned future capital investment, delayed future development plans, higher discount rates based on a number of factors, market indicators including the Cenovus Energy transaction. In 2019, Husky also recognised impairment and other charges of C$3.1 billion (before-tax) or C$2.3 billion (after-tax). The Group's share of these charges in EBITDA and EBIT results, after consolidation adjustments, was HK$24,909 million for 2020 and HK$5,983 million for 2019 respectively.

Including the aforementioned impairment and other charges, after translation into Hong Kong dollars and including consolidation adjustments based on Pre-IFRS 16, the Group's share of LBITDA and LBIT for 2020 were HK$(23,003) million and HK$(28,096) million respectively, compared to EBITDA and LBIT of HK$3,139 million and HK$(3,004) million for 2019 respectively.

Cash flow from operating activities was C$841 million for the year ended 31 December 2020, 72% lower than C$2,971 million in 2019, primarily attributed to the same factors noted above for the net earnings.

Capital expenditure was C$1,587 million for 2020 (2019: C$3,432 million) with approximately 73% invested in Integrated Corridor operations (primarily construction work at the Spruce Lake Central and Spruce Lake North thermal projects, Upgrader turnaround and Lima Refinery crude oil flexibility projects, as well as ongoing Superior Refinery rebuild) and 23% invested in Offshore operations (primarily for the development of Liuhua 29-1 and West White Rose Project).

3 Sweden has launched the country's most developed 5G network in terms of population coverage and sites installed.

Telecommunications

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1. **3** UK plays a major role enabling remote schooling and work from home as the country fights through the pandemic.

2. **3** Denmark launches 5G services in Copenhagen and Roskilde and will continue to expand its network to make 5G available to the whole country by 2022.

3. CK Hutchison and Ooredoo sign MOU to potentially combine their Indonesian telecommunications businesses.

4. Wind Tre is recognised as "Top Quality Network" by independent global standard analysis company Opensignal.

5. CK Hutchison Group Telecom sells its European tower assets and businesses to Cellnex for €10 billion.

The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKHGT") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, as well as Hutchison Asia Telecommunications ("HAT"). **3** Group Europe is a pioneer of mobile data communication technologies and an operator and innovator of converged telecommunication and digital services with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

CK Hutchison Group Telecom

In November 2020, CKHGT entered into an agreement to dispose of its European telecommunications tower assets for an aggregate consideration of €10 billion. Following the transactions, CKHGT will be able to increase its focus on developing its networks and IT platforms, and will retain optionality to accelerate the rollout of its 5G networks, while benefiting from significant additional financial capacity to support future growth and opportunities. The disposals of tower assets in Denmark, Austria and Ireland, pursuant to this agreement, were completed in December 2020 and as a result CKHGT recognised a disposal gain of HK$16,583 million. Disposal of the remaining tower assets in Sweden was completed in January 2021, resulting in a gain of approximately HK$6.6 billion, with the disposal of tower assets in Italy and in the UK expected to complete in the first half and second half of 2021 respectively.

In million	**2020 HK$**	2019 HK$	Change	Local currencies change	**2020 EURO**	2019 [2] EURO
Total Revenue	**90,663**	93,517	-3%	-4%	**10,231**	10,663
Total Margin	**63,563**	63,844	–	-1%	**7,182**	7,280
Total CACs	**(16,681)**	(18,054)	+8%		**(1,875)**	(2,059)
Less: Handset revenue	**13,028**	14,233	-8%		**1,462**	1,623
Total CACs (net of handset revenue)	**(3,653)**	(3,821)	+4%		**(413)**	(436)
Operating Expenses	**(27,953)**	(24,682)	-13%		**(3,162)**	(2,816)
Gain from disposal of tower assets	**16,583**	–	+100%		**1,702**	–
EBITDA [1]	**48,540**	35,341	+37%	+37%	**5,309**	4,028
Depreciation & Amortisation	**(15,959)**	(14,210)	-12%		**(1,797)**	(1,620)
EBIT [1]	**32,581**	21,131	+54%	+54%	**3,512**	2,408

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$56,706 million; EBIT was HK$33,484 million.

Note 2: CKHGT 2019 results in Euro have been restated to reflect the translation of HK$ into Euro at 2019 average rates.

3 Group Europe

In million	2020 HK$	2019 HK$	Change	Local currencies change
Total Revenue	**85,799**	87,516	-2%	-3%
Total Margin	**60,371**	60,229	–	–
Total CACs	**(16,155)**	(17,257)	+6%	
Less: Handset revenue	**12,683**	13,761	-8%	
Total CACs (net of handset revenue)	**(3,472)**	(3,496)	+1%	
Operating Expenses	**(25,521)**	(23,222)	-10%	
Opex as a % of total margin	***42%***	*39%*		
EBITDA [4]	**31,378**	33,511	-6%	-7%
EBITDA Margin % [3]	***43%***	*45%*		
Depreciation & Amortisation	**(15,108)**	(13,399)	-13%	
EBIT [4]	**16,270**	20,112	-19%	-20%

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$38,929 million; EBIT was HK$16,982 million.

3 Group Europe has been less affected by the pandemic. Total revenue was 3% lower against 2019 in local currencies while total margin was flat, primarily reflecting lower roaming revenues from pandemic related travel restrictions and various regulatory impacts introduced since mid-2019, such as reduced intra-EU calls and SMS chargeable rates, offset by an increase in proportion of higher margin contract customers. Active customer base as at 31 December 2020 of 38.5 million is 5% lower against 2019 mainly due to lower customer bases in Wind Tre and in the UK impacted by the aggressive competition, partly offset by net additions in other operations in Europe. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base maintained at 1.3% for the year, flat against 2019, with notable improvements in churn rates in all countries except in the UK.

3 Group Europe's net ARPU and net AMPU improved by 1% and 2% to €13.05 and €11.29 respectively compared to 2019, primarily due to the improvement in tariff mix and propositions.

Total data usage increased 35% compared to last year to approximately 5,485 petabytes in 2020. Data usage per active customer was approximately 147.7 gigabytes per user in 2020 compared to 102.3 gigabytes per user in 2019.

Total CACs, net of handset revenue in contract bundled plans, of HK$3,472 million in 2020 are 1% lower than 2019 driven by reduced gross additions impacted by lockdown in 2020, as well as disciplined cost control to cope with the keen competition. Operating expenses increased 10% to HK$25,521 million primarily due to one-time income recognised by Wind Tre in 2019 and certain tax dispute settlements in 2019 that did not recur in 2020 in the UK, as well as higher operating costs in the UK from escalating annual licence fees and continued dual costs from IT transformation.

3 Group Europe's EBITDA and EBIT were adverse year-on-year, primarily due to the higher operating expenses as mentioned, partly offset by disciplined spending on customer acquisition costs. **3** Group Europe reported a EBITDA margin of 43%, 2%-point lower compared to 2019. Higher depreciation and amortisation against last year is driven by the enlarged asset base due to the significant investments in IT and networks, resulting in lower EBIT year on year. Excluding the impact of one-time items in 2019 mentioned above, underlying EBITDA of **3** Group Europe was the same as last year but EBIT was 9% lower than 2019 in local currencies.

All operations launched 5G or fixed wireless access offers in 2020 with strong network and spectrum assets available to deploy and support the development of emerging 5G opportunities in all its markets.

CKHGT - Results by operations

In million	UK GBP 2020	UK GBP 2019	Italy (5) EURO 2020	Italy (5) EURO 2019	Sweden SEK 2020	Sweden SEK 2019	Denmark DKK 2020	Denmark DKK 2019
Total Revenue	**2,355**	2,384	**4,656**	4,854	**6,734**	6,757	**2,254**	2,182
% change	*-1%*		*-4%*		–		*+3%*	
Total margin	**1,436**	1,441	**3,524**	3,548	**4,076**	3,909	**1,737**	1,720
% change	–		*-1%*		*+4%*		*+1%*	
Total CACs	**(891)**	(882)	**(348)**	(464)	**(2,422)**	(2,563)	**(245)**	(244)
Less: Handset Revenue	**682**	680	**268**	382	**1,954**	2,045	**106**	100
Total CACs (net of handset revenue)	**(209)**	(202)	**(80)**	(82)	**(468)**	(518)	**(139)**	(144)
Operating Expenses	**(674)**	(526)	**(1,444)**	(1,366)	**(1,359)**	(1,212)	**(777)**	(732)
Opex as a % of total margin	***47%***	*37%*	***41%***	*39%*	***33%***	*31%*	***45%***	*43%*
Gain from disposal of tower assets	–	–	–	–	–	–	–	–
EBITDA	**553**	713	**2,000**	2,100	**2,249**	2,179	**821**	844
% change	*-22%*		*-5%*		*+3%*		*-3%*	
EBITDA margin % (6)	***33%***	*42%*	***46%***	*47%*	***47%***	*46%*	***38%***	*41%*
Depreciation & Amortisation	**(358)**	(334)	**(862)**	(743)	**(1,123)**	(962)	**(406)**	(373)
EBIT	**195**	379	**1,138**	1,357	**1,126**	1,217	**415**	471
% change	*-49%*		*-16%*		*-7%*		*-12%*	
Capex (excluding licence)	**(764)**	(426)	**(990)**	(1,190)	**(1,112)**	(1,170)	**(209)**	(215)
EBITDA less Capex	**(211)**	287	**1,010**	910	**1,137**	1,009	**612**	629
Licence (7)	–	–	–	–	–	–	–	(485)
HK dollar equivalents of EBITDA and EBIT are summarised as follows:								
EBITDA-pre IFRS 16 basis (HK$)	***5,497***	*7,164*	***17,742***	*18,426*	***1,901***	*1,806*	***977***	*990*
EBITDA-post IFRS 16 basis (HK$)	***6,573***	*7,984*	***22,893***	*22,994*	***2,201***	*2,083*	***1,156***	*1,165*
EBIT-pre IFRS 16 basis (HK$)	***1,934***	*3,815*	***10,067***	*11,914*	***950***	*1,008*	***494***	*552*
EBIT-post IFRS 16 basis (HK$)	***2,139***	*3,988*	***10,341***	*12,349*	***978***	*1,040*	***510***	*577*

In million	Austria EURO 2020	Austria EURO 2019	Ireland EURO 2020	Ireland EURO 2019	3 Group Europe HK$ 2020	3 Group Europe HK$ 2019	HTHKH HK$ 2020	HTHKH HK$ 2019	Corporate and Others HK$ 2020	Corporate and Others HK$ 2019	CKHGT HK$ 2020	CKHGT HK$ 2019	CKHGT (9) EURO 2020	CKHGT (9) EURO 2019
Total Revenue	**850**	867	**593**	603	**85,799**	87,516	**4,545**	5,582	**319**	419	**90,663**	93,517	**10,231**	10,663
% change	*-2%*		*-2%*		*-2%*		*-19%*		*-24%*		*-3%*		*-4%*	
			Local currencies change %		*-3%*						*-4%*			
Total margin	**618**	622	**448**	454	**60,371**	60,229	**3,151**	3,551	**41**	64	**63,563**	63,844	**7,182**	7,280
% change	*-1%*		*-1%*		–		*-11%*		*-36%*		-		*-1%*	
			Local currencies change %		–						*-1%*			
Total CACs	**(116)**	(136)	**(89)**	(87)	**(16,155)**	(17,257)	**(526)**	(797)	–	–	**(16,681)**	(18,054)	**(1,875)**	(2,059)
Less: Handset Revenue	**104**	121	**87**	82	**12,683**	13,761	**345**	472	–	–	**13,028**	14,233	**1,462**	1,623
Total CACs (net of handset revenue)	**(12)**	(15)	**(2)**	(5)	**(3,472)**	(3,496)	**(181)**	(325)	–	–	**(3,653)**	(3,821)	**(413)**	(436)
Operating Expenses	**(228)**	(234)	**(229)**	(238)	**(25,521)**	(23,222)	**(1,629)**	(1,837)	**(803)**	377	**(27,953)**	(24,682)	**(3,162)**	(2,816)
Opex as a % of total margin	***37%***	*38%*	***51%***	*52%*	***42%***	*39%*	***52%***	*52%*	***N/A***	*N/A*	***44%***	*39%*	***44%***	*39%*
Gain from disposal of tower assets	–	–	–	–	–	–	–	–	**16,583**	–	**16,583**	–	**1,702**	–
EBITDA	**378**	373	**217**	211	**31,378**	33,511	**1,341**	1,389	**15,821**	441	**48,540**	35,341	**5,309**	4,028
% change	*+1%*		*+3%*		*-6%*		*-3%*		*+3,488%*		*+37%*		*+32%*	
			Local currencies change %		*-7%*						*+37%*			
EBITDA margin % (6)	***51%***	*50%*	***43%***	*40%*	***43%***	*45%*	***32%***	*27%*			***63%***	*45%*	***61%***	*45%*
Depreciation & Amortisation	**(152)**	(140)	**(124)**	(122)	**(15,108)**	(13,399)	**(845)**	(808)	**(6)**	(3)	**(15,959)**	(14,210)	**(1,797)**	(1,620)
EBIT	**226**	233	**93**	89	**16,270**	20,112	**496**	581	**15,815**	438	**32,581**	21,131	**3,512**	2,408
% change	*-3%*		*+4%*		*-19%*		*-15%*		*+3,511%*		*+54%*		*+46%*	
			Local currencies change %		*-20%*						*+54%*			
Capex (excluding licence)	**(128)**	(129)	**(132)**	(133)	**(20,255)**	(18,132)	**(593)**	(503)	**(15)**	(7)	**(20,863)**	(18,642)	**(2,296)**	(2,150)
EBITDA less Capex	**250**	244	**85**	78	**11,123**	15,379	**748**	886	**15,806**	434	**27,677**	16,699	**3,013**	1,878
Licence (7)	**(49)**	(52)	**(1)**	(1)	**(477)**	(1,026)	**(202)**	(203)	–	–	**(679)**	(1,229)	**(74)**	(141)
EBITDA-pre IFRS 16 basis (HK$)	***3,343***	*3,268*	***1,918***	*1,857*	***31,378***	*33,511*	***1,341***	*1,389*	***15,821***	*441*	***48,540***	*35,341*	***€5,309***	*€4,028*
EBITDA-post IFRS 16 basis (HK$)	***3,779***	*3,698*	***2,327***	*2,202*	***38,929***	*40,126*	***1,776***	*1,850*	***16,001***	*441*	***56,706***	*42,417*	***€6,229***	*€4,835*
EBIT-pre IFRS 16 basis (HK$)	***1,999***	*2,043*	***826***	*780*	***16,270***	*20,112*	***496***	*581*	***15,815***	*438*	***32,581***	*21,131*	***€3,512***	*€2,408*
EBIT-post IFRS 16 basis (HK$)	***2,084***	*2,123*	***930***	*875*	***16,982***	*20,952*	***507***	*597*	***15,995***	*438*	***33,484***	*21,987*	***€3,612***	*€2,505*

	UK 2020	UK 2019	Italy 2020	Italy 2019	Sweden 2020	Sweden 2019	Denmark 2020	Denmark 2019	Austria 2020	Austria 2019	Ireland (8) 2020	Ireland (8) 2019	3 Group Europe (8) 2020	3 Group Europe (8) 2019	HTHKH 2020	HTHKH 2019
Total registered customer base (million)	**13.1**	13.7	**21.5**	23.8	**2.2**	2.1	**1.5**	1.5	**3.6**	3.7	**2.6**	2.4	**44.5**	47.2	**3.8**	4.3
Total active customer base (million)	**9.7**	10.3	**19.6**	21.5	**2.2**	2.0	**1.4**	1.4	**3.0**	3.0	**2.6**	2.4	**38.5**	40.6	**3.3**	3.7
Contract customers as a % of the total registered customer base	**58%**	53%	**48%**	44%	**69%**	70%	**58%**	58%	**74%**	71%	**68%**	63%	**56%**	51%	**37%**	35%
Average monthly churn rate of the total contract registered customer base (%)	**1.4%**	1.3%	**1.4%**	1.5%	**1.4%**	1.6%	**1.7%**	1.8%	**0.2%**	0.2%	**1.0%**	1.0%	**1.3%**	1.3%	**1.1%**	1.2%
Active contract customers as a % of the total contract registered customer base	**99%**	98%	**94%**	93%	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%	**97%**	96%	**100%**	100%
Active customers as a % of the total registered customer base	**74%**	75%	**91%**	90%	**97%**	97%	**100%**	97%	**83%**	80%	**100%**	100%	**87%**	86%	**86%**	86%
LTE coverage by population (%)	**94%**	94%	**100%**	100%	**92%**	88%	**100%**	100%	**96%**	98%	**99%**	98%	–	–	**90%**	90%
Full year data usage per active customer (Gigabyte)													**147.7**	102.3	**74.0**	58.7

Note 5: Wind Tre's results include fixed line business revenue of €1,004 million (2019: €967 million) and EBITDA of €236 million (2019: €320 million).

Note 6: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 7: 2020 licence cost for Austria represents investment for 20 MHz of 700 MHz spectrum, 30 MHz of 1500 MHz spectrum and 40 MHz of 2100 MHz spectrum acquired in October 2020, and the licence cost for Hong Kong represents investment for 40 MHz of 3500 MHz spectrum acquired in October 2019 for 15 years from 2020. 2019 licence cost for Austria represents investment for 10x10 MHz of 3500 MHz spectrum acquired in March 2019, the licence cost for Denmark represents investment for 2x10 MHz of 700 MHz spectrum and 2x10 MHz of 900MHz spectrum acquired in March 2019, and the licence cost for Hong Kong represents investment for 30 MHz of 3300 MHz spectrum acquired in November 2019.

Note 8: **3** Ireland's closing registered customer base as at 31 December 2020 represented the closing active base as the new system will not identify registered base separately from the active base following the completion of system integration and migration in 2020. The comparative registered base and the corresponding KBIs of **3** Ireland and **3** Group Europe have been restated to enable a like-for-like comparison.

Note 9: CKHGT 2019 results in Euro have been restated to reflect the translation of HK$ into Euro at 2019 average rates.

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2020 ('000)			Registered Customer Growth (%) from 30 June 2020 to 31 December 2020			Registered Customer Growth (%) from 31 December 2019 to 31 December 2020		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	5,524	7,619	**13,143**	-7%	+3%	**-1%**	-14%	+5%	**-4%**
Italy [11]	11,194	10,323	**21,517**	-9%	+1%	**-4%**	-16%	-1%	**-10%**
Sweden	682	1,527	**2,209**	+4%	+3%	**+3%**	+10%	+4%	**+6%**
Denmark	618	851	**1,469**	+3%	–	**+1%**	–	–	**–**
Austria	933	2,611	**3,544**	-7%	–	**-2%**	-14%	–	**-4%**
Ireland [12]	830	1,788	**2,618**	+5%	+13%	**+10%**	-5%	+21%	**+11%**
3 Group Europe Total [12]	19,781	24,719	**44,500**	-7%	+3%	**-2%**	-14%	+2%	**-6%**
HTHKH	2,401	1,427	**3,828**	-1%	-2%	**-2%**	-14%	-3%	**-10%**

	Active [10] Customer Base								
	Active Customers at 31 December 2020 ('000)			Active Customer Growth (%) from 30 June 2020 to 31 December 2020			Active Customer Growth (%) from 31 December 2019 to 31 December 2020		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	2,191	7,515	**9,706**	-5%	+4%	**+2%**	-30%	+5%	**-6%**
Italy [11]	9,941	9,697	**19,638**	-7%	–	**-3%**	-16%	–	**-9%**
Sweden	626	1,527	**2,153**	+6%	+3%	**+4%**	+14%	+4%	**+7%**
Denmark	612	851	**1,463**	+3%	–	**+1%**	+7%	–	**+3%**
Austria	342	2,604	**2,946**	+4%	–	**–**	-4%	–	**–**
Ireland	830	1,788	**2,618**	+5%	+13%	**+10%**	-5%	+21%	**+11%**
3 Group Europe Total	14,542	23,982	**38,524**	-5%	+2%	**–**	-16%	+3%	**-5%**
HTHKH	1,852	1,427	**3,279**	–	-2%	**-1%**	-15%	-3%	**-10%**

Note 10: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

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

Note 12: **3** Ireland's closing registered customer base as at 31 December 2020 represented the closing active base as the new system will not identify registered base separately from the active base following the completion of system integration and migration in 2020. The comparative registered base and the corresponding KBIs of **3** Ireland and **3** Group Europe have been restated to enable a like-for-like comparison.

12-month Trailing Average Revenue per Active User (13) ("ARPU") to 31 December 2020

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2019
United Kingdom	£4.42	£22.60	**£17.95**	+1%
Italy (16)	€10.81	€12.78	**€11.75**	+3%
Sweden	SEK116.18	SEK324.01	**SEK265.07**	-6%
Denmark	DKK87.77	DKK147.22	**DKK122.85**	-1%
Austria	€11.75	€21.69	**€20.53**	–
Ireland	€15.21	€18.53	**€17.41**	-10%
3 Group Europe Average (16)	€10.17	€19.47	**€15.77**	+1%
HTHKH	HK$7.82	HK$195.63	**HK$88.77**	-11%

12-month Trailing Net Average Revenue per Active User (14) ("Net ARPU") to 31 December 2020

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2019
United Kingdom	£4.42	£15.53	**£12.69**	–
Italy	€10.81	€11.31	**€11.05**	+3%
Sweden	SEK116.18	SEK211.33	**SEK184.35**	-3%
Denmark	DKK87.77	DKK136.93	**DKK116.78**	-1%
Austria	€11.75	€17.80	**€17.09**	-1%
Ireland	€15.21	€14.42	**€14.69**	-11%
3 Group Europe Average	€10.17	€14.96	**€13.05**	+1%
HTHKH	HK$7.82	HK$170.74	**HK$78.04**	-10%

12-month Trailing Net Average Margin per Active User (15) ("Net AMPU") to 31 December 2020

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2019
United Kingdom	£3.76	£13.65	**£11.12**	+1%
Italy	€9.18	€9.63	**€9.40**	+5%
Sweden	SEK98.90	SEK182.76	**SEK158.98**	–
Denmark	DKK73.28	DKK112.63	**DKK96.50**	-3%
Austria	€10.16	€15.88	**€15.21**	-1%
Ireland	€13.94	€12.96	**€13.29**	-10%
3 Group Europe Average	€8.69	€13.01	**€11.29**	+2%
HTHKH	HK$6.08	HK$149.72	**HK$67.99**	-13%

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 year.

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 year.

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 year.

Note 16: Wind Tre's ARPU for the year ended 31 December 2019 has been restated to conform with the definition of **3** Italy before the merger with WIND.

United Kingdom

EBITDA and EBIT decreased by 22% and 49% in local currency respectively mainly due to lower margin driven by regulatory changes in the UK and within EU in 2019, reduced roaming margin, increased annual spectrum licence fee imposed by Ofcom, as well as increased network & IT transformation spend and certain tax dispute settlements in 2019 that did not recur in 2020, partly offset by improvements in other margins from MVNOs and various initiatives, as well as more stringent operating costs control. EBIT was further impacted by increased depreciation from IT investments and accelerated network rollout.

3 UK has demonstrated a strong recovery in the second half of 2020, with EBITDA and EBIT increasing by 20% and 27% respectively against the first half of the year, and excluding the aforementioned tax dispute settlements in 2019, EBITDA and EBIT increased by 22% and 43% against the same period of last year, mainly driven by margin and cost saving initiatives put in place under the new senior management team.

Italy

EBITDA and EBIT decreased by 5% and 16% in local currency respectively. Excluding the impact of a one-time income in 2019, the underlying EBITDA was relatively stable against last year as lower margin driven by reduced customer base and roaming revenue were mostly offset by increased MVNO margin and cost savings, while EBIT decreased by 8% due to higher depreciation and amortisation from an enlarged asset base.

For the second half of 2020, EBITDA and EBIT decreased by 3% and 15% respectively against the same period of 2019, mainly due to lower margin amid uncertain market sentiments. Encouragingly, as Wind Tre acclimatises to the trading environment impacted by the pandemic, in the second half of 2020, EBITDA increased by 9% compared to the first half through margin initiatives and stringent cost controls, with EBIT remaining flat across the two halves of the year as the improvement in EBITDA was mostly offset by increased depreciation and amortisation from an enlarged asset base.

Sweden

Despite reduced roaming margin contribution due to the pandemic, Sweden, where the Group has 60% interest, reported 4% growth in total margin primarily driven by 7% active customer growth. Full year EBITDA was 3% higher than last year, primarily driven by the total margin growth, partly offset by higher operating costs incurred from enlarged network and one-off charge for certain dispute settlement in 2020. Full year EBIT was 7% below last year as the EBITDA growth was more than offset by higher depreciation from the ongoing LTE network rollout, as well as higher amortisation from the higher capitalised CACs balance. When compared to second half of last year, EBITDA for the second half of 2020 was 1% higher primarily driven by 4% higher total margin. EBIT, however, decreased by 10%, primarily due to the same reason for full year as mentioned above.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 1% growth in total margin primarily driven by 3% higher active customer base, partly offset by reduced roaming margin due to the pandemic. Full year EBITDA and EBIT were 3% and 12% below last year respectively, mainly due to the higher network costs and depreciation charges from enlarged network base, together with increased amortisation cost from the spectrum acquired in March 2019. Second half EBITDA and EBIT were 8% and 17% lower than same period last year respectively, mainly due to the reduced roaming margin, as well as the higher costs as mentioned above.

Austria

Austria reported a 1% growth in EBITDA in local currency compared to 2019, mainly due to stringent control on total CACs and operating costs, as well as favourable MVNO performance, partly offset by lower roaming contribution as a result of travel restriction. EBIT decreased by 3% in local currency against last year primarily due to higher depreciation from an enlarged asset base. Second half EBITDA and EBIT were 2% and 7% lower than same period last year respectively, mainly due to lower roaming contribution, higher spending on network costs and depreciation charges from enlarged network asset base.

Ireland

EBITDA and EBIT in local currency increased by 3% and 4% respectively compared to 2019 driven by stringent control on total CACs and operating cost, partly offset by lower total margin from decreased roaming revenue. EBIT also reflected the higher depreciation and amortisation from an enlarged asset base. EBITDA and EBIT for the second half of 2020 decreased by 2% and 4% respectively against the same period of 2019, primarily due to lower roaming revenue as mentioned above, partly offset by various cost saving initiatives.

Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2020 Post-IFRS 16 profit attributable to shareholders of HK$361 million. On Pre-IFRS 16 basis, EBITDA and EBIT of HK$1,341 million and HK$496 million were 3% and 15% lower respectively when compared with last year. The decrease was mainly due to lower interest income following the distribution of special interim dividend and cash settlement for the acquisition of a 24.1% interest in the mobile business in May 2019, together with lower net customer service margin as roaming revenue declined due to the prolonged global travel restrictions, partly offset by stringent control on operating costs.

Hutchison Asia Telecommunications

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**9,147**	8,984	+2%	+6%
- Indonesia	**7,964**	7,804	+2%	+6%
- Vietnam	**761**	690	+10%	+11%
- Sri Lanka	**422**	490	-14%	-10%
EBITDA (17)	**2,034**	2,167	-6%	-3%
- Indonesia	**2,051**	2,581	-21%	-18%
- Vietnam	**29**	(282)	+110%	+109%
- Sri Lanka	**48**	1	+4700%	+5000%
- Corporate costs	**(94)**	(133)	+29%	+29%
EBIT (17)	**544**	1,055	-48%	-46%
- Indonesia	**1,015**	1,800	-44%	-42%
- Vietnam	**(259)**	(511)	+49%	+48%
- Sri Lanka	**(118)**	(101)	-17%	-21%
- Corporate costs	**(94)**	(133)	+29%	+29%
Total active customer base ('000)	**57,018**	45,527	+25%	

Note 17: Under Post-IFRS 16 basis, EBITDA was HK$4,362 million (2019: HK$4,328 million); EBIT was HK$1,480 million (2019: HK$2,032 million).

As of 31 December 2020, Hutchison Asia Telecommunications ("HAT") had approximately 57.0 million active customer accounts, 25% higher than 2019. Indonesia and Vietnam represent 70% and 23% of the total active customer account numbers respectively.

As at 31 December 2020, the Indonesia operation had a 4G network of approximately 31,000 base transceiver stations ("BTS") covering approximately 36,000 villages. With an enlarged network base, the operation grew its active customer account numbers by 31% during 2020. However, revenue only grew 6% in local currency, as the favourable impact of customer base growth was mostly offset by decline in ARPU as a result of market pressure during the pandemic. In local currencies, EBITDA and EBIT of Indonesia were 18% and 42% below 2019 due to the higher network costs and depreciation from network expansion, as well as certain foreign exchange gains included in 2019 results.

The Vietnam operation revenue growth of 11% in local currency was primarily driven by 24% growth in active customer accounts and ARPU improvement during 2020. The operation turnaround and reported positive EBITDA in 2020, reflecting revenue growth and disciplined cost controls. LBIT in 2020 also improved by 48% in local currency from 2019, reflecting the EBITDA improvement, partly offset by higher depreciation charges from network expansion.

The Sri Lanka operation continued to be under challenge in stabilising its customer base and reported a 7% decrease in active customer accounts, which resulted in a 10% decrease in revenue in local currency when compared to 2019. Despite the revenue drop, EBITDA grew from HK$1 million in 2019 to HK$48 million in 2020 through continued realisation of cost synergies from the merged network and stringent cost controls. However, LBIT was 21% adverse to last year in local currency, primarily due to the higher depreciation following the 4G network rollout.

Hutchison China MediTech's novel cancer drug to treat neuroendocrine tumours, surufatinib, has been approved by the National Medical Products Administration of China and will be marketed as Sulanda® in the Mainland.

Finance & Investments and Others

The 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 ("TOM"), the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL"), which has a 25.05% interest in TPG Telecom Limited ("TPG", formerly known as Vodafone Hutchison Australia or "VHA", prior to its merger with TPG Corporation Limited).

	2020 HK$ million	2019 HK$ million	Change	Local currencies change
Total Revenue	**27,581**	33,946	-19%	-18%
EBITDA [1]	**14,996**	12,637	+19%	+19%
EBIT [1]	**12,687**	9,974	+27%	+26%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$16,354 million (2019: HK$13,958 million); EBIT was HK$12,879 million (2019: HK$10,119 million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$166,539 million at 31 December 2020. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2020 annual results announcement.

The higher EBITDA and EBIT results of this segment primarily due to the gain of approximately HK$10.1 billion arising from the dilution of the Group's attributable interest in VHA folllowing the completion of TPG-VHA merger recognised in 2020, partly offset by the gain of HK$6.9 billion arising from the derecognition of Hutchison China MediTech Limited ("HUTCHMED") as a subsidiary to an associated company recognised in 2019.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the United Kingdom, and also has 45.69% interest in HUTCHMED, which is dual-listed on the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. HUTCHMED raised additional equity through a follow-on offering of ADS in January 2020 and private placements in July and November 2020. Correspondingly, CKHH's shareholding was further diluted from 49.85% to 45.69%.

TOM Group

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

Marionnaud

Marionnaud had approximately 830 stores in 9 European markets as of 31 December 2020, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing, sale of, and investment in, products and assets which are nutraceuticals, pharmaceuticals and agriculture-related.

HTAL, share of TPG Telecom Limited

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange, has 25.05% interest of TPG Telecom Limited (formerly known as Vodafone Hutchison Australia or "VHA"), a 50-50 joint venture with Vodafone Group Plc before its merger with TPG Corporation Limited (formerly named TPG Telecom Limited) which became effective on 26 June 2020. Post-merger, TPG Telecom Limited was listed on the ASX on 30 June 2020 and is held 25.05% by HTAL, 25.05% by Vodafone Group Plc and 49.9% by other shareholders.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, 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$15,139 million, decreased by 3% when compared to last year. The Group's weighted average cost of debt for 2020 was 1.7%, decreased from 2.1% in 2019, mainly due to the refinancing of Wind Tre external debt with CK Hutchison Group Telecom debt in August 2019, as well as interest costs savings from loan refinancing at lower interest rates.

The Group recorded current and deferred tax charges of HK$1,470 million in 2020, a decrease from HK$7,701 million in 2019, primarily reflected the lower profit before tax for 2020.

Sustainability: COVID-19

The COVID-19 pandemic has presented all of our stakeholders with unprecedented challenges. Due to the commitment of all of the Group's operations around the world, we have been able to provide support to employees, customers and communities with immediate and compassionate mitigating measures.

Employee health and wellbeing has been, and will continue to be, our number one priority. Throughout the pandemic, wherever possible, we have distributed masks daily, ensured workplace sanitising measures, and conducted temperature checks and onsite rapid COVID-19 testing. The Group implemented flexible and hybrid working policies, along with the necessary IT support, to fit the needs of employees in fulfilling their job requirements. Employee wellness programmes were also rolled out focusing on managing anxiety, staying active and keeping connected during lockdowns. Amongst our employees caseloads, hospital admissions and morbidity have trended well below national averages throughout the pandemic.

Supporting our customers and communities has also been on the top of our agenda. Our retail customers have been protected through rigorous social distancing measures such as floor markings indicating 1.5m distancing, one-way walking routes, coughing screens, cleaning stations, customer information points and expanded online shopping options. Telecommunications customers in certain countries were offered free data access and calls to healthcare support websites and hotlines, and customers working on the frontline were further supported with unlimited mobile data, voice calls and texts. Financial relief packages were also offered through our Infrastructure division. For example, CitiPower, Powercor and United Energy in Australia deferred electricity network charges for customers experiencing hardship, and Hong Kong Electric increased their subsidy measures to disadvantaged households, in addition to offering dining coupons, to lessen the financial burden felt during the crisis.

Across the Group, the divisions supported healthcare services as they faced equipment shortages and increasing patient caseloads. The ports division funded the construction of independent air-conditioning systems for COVID-19 hospital wards in Thailand and donated hospital beds and ventilators for intensive care units in Panama. The Group further donated personal protective equipment and financial support to hospitals in Mainland China, Hong Kong, Italy, the UK and Malaysia, and to respond to the unstable global supply of hygienic face masks, the Group transformed part of its bottled water manufacturing factory in Hong Kong into a safe environment for mask production. To assist with the challenge of a global vaccine rollout, the retail division in the UK became one of several high-street retailers to support the UK's vaccine rollout increasing accessibility to our local communities.

To support local businesses and school children needing to make the switch to online learning, the telecommunications division donated internet packages to Small and Medium Enterprises in Austria, Zoom classroom accounts in Hong Kong, tablets, internet access and school materials to underprivileged families in Italy, and phones and sims with pre-loaded data to 160 schools around Ireland. The telecommunications operation in the UK also collaborated with the Ministry of Justice to zero-rate access to victim support and domestic abuse services as well as with the Department for Education to give disadvantaged children unlimited data to enable online learning from home. The volunteer teams at the ports division also worked to deliver food packages and other personal protective necessities to communities in areas that have been hit hardest by the pandemic in Pakistan, the UK, Hong Kong, Spain and Panama.

Summary

Although the outlook for 2021 is likely to remain challenging, the operating environment is expected to be similar to the second half of 2020. The Group has been adapting and reacting to the changing market conditions and business environments. All businesses will continue to accelerate digital and access solutions and capabilities to service the changes in customer demands, maintaining the strict financial and cost disciplines, as well as preserving cash flows to maintain the Group's strong financial position. Together with the various transactions completing in 2021, the Group is expected to strengthen the balance sheet and deliver solid performances in the coming year.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 18 March 2021

Operations Review – Additional Information

Ports and Related Services

The following tables summarise the port operations for the four segments of the division.

Name	Location	The Group's Effective Interest	2020 Throughput (100% basis)
			(million TEU)
HPH Trust			
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	10.1
Yantian International Container Terminals – Phase I and II/ Phase III/ West Port	Mainland China	16.96% / 15.53% / 15.53%	13.3
Huizhou International Container Terminals	Mainland China	12.42%	0.3
Ancillary Services – Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	30.07% / 30.07% / 26.02%	–

Name	Location	Hutchison Ports' Effective Interest [1]	2020 Throughput (100% basis)
			(million TEU)
Mainland China and Other Hong Kong			
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	30% / 30%	8.9
Ningbo Beilun International Container Terminals	Mainland China	49%	2.1
River Trade Terminal	Hong Kong	50%	1.0
Ports in Southern China – Nanhai International Container Terminals [2]/ Jiangmen International Container Terminals [2]/ Huizhou Port Industrial Corporation/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	50% / 50% / 33.59% / 49% / 49%	1.5

Note 1: The Group holds an 80% interest in Hutchison Ports Holdings Group ("Hutchison Ports").

Note 2: Although HPH Trust holds the economic interest in the two River Ports in Nanhai and Jiangmen in Southern China, the legal interests in these operations are retained by this division.

Name	Location	Hutchison Ports' Effective Interest [1]	2020 Throughput (100% basis)
			(million TEU)
Europe			
Europe Container Terminals (ECT)/ Delta Terminal, ECT/Euromax Terminal, ECT Amsterdam Container Terminals/TMA logistics	Belgium, Germany and The Netherlands	93.5% / 89.37% / 60.78% 100% / 50%	9.1
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	3.6
Barcelona Europe South Terminal	Spain	100%	2.0
Gdynia Container Terminal	Poland	100%	0.4
Container Terminal Frihamnen / Hutchison Ports Stockholm[3]	Sweden	100% / 100%	0.1

Note 3: Transition from Container Terminal Frihamnen to the Norvik Port was completed in June 2020.

Name	Location	Hutchison Ports' Effective Interest [1]	2020 Throughput (100% basis) (million TEU)
Asia, Australia and Others			
Westports Malaysia	Malaysia	23.55%	10.5
Jakarta International Container Terminal/Koja Terminal	Indonesia	49% / 45.09%	2.7
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2.5
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	3.2
Karachi International Container Terminal/South Asia Pakistan Terminals	Pakistan	100% / 90%	1.5
Saigon International Terminals Vietnam	Vietnam	70%	–
Myanmar International Terminals Thilawa	Myanmar	100%	0.2
Brisbane Container Terminals	Australia	100%	0.2
Sydney International Container Terminals	Australia	100%	0.3
International Ports Services [4]	Saudi Arabia	51%	1.0
Tanzania International Container Terminal Services	Tanzania	60%	0.6
Alexandria International Container Terminals	Egypt	73.33%	0.8
Oman International Container Terminal	Oman	65%	0.8
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Hutchison Ports RAK	United Arab Emirates	60%	0.1
Hutchison Ports UAQ	United Arab Emirates	60%	–
Hutchison Ports Basra	Iraq	51%	–
Internacional de Contenedores Asociados de Veracruz/ Lazaro Cardenas Terminal Portuaria de Contenedores/ Lazaro Cardenas Multipurpose Terminal/ Ensenada International Terminal/ Terminal Internacional de Manzanillo	Mexico	100%	2.1
Buenos Aires Container Terminal Services	Argentina	100%	0.2
Freeport Container Port	The Bahamas	51%	1.3
Panama Ports Company	Panama	90%	3.1

Note 4: International Ports Services' concession at Dammam in Saudi Arabia ended in 30 September 2020.

Retail

Brand list by Market

Market	Brand
Albania	Rossmann
Belgium	ICI PARIS XL, Kruidvat
Czech Republic	Rossmann
Germany	Rossmann
Hong Kong	Watsons, PARKnSHOP, Fortress, Watson's Wine, Watsons Water, Mr Juicy
Hungary	Rossmann
Indonesia	Watsons
Ireland	The Perfume Shop, Superdrug
Kosovo	Rossmann
Latvia	Drogas
Lithuania	Drogas
Luxembourg	ICI PARIS XL
Macau	Watsons, PARKnSHOP, Fortress, Watson's Wine
Mainland China	Watsons, PARKnSHOP Yonghui, Watson's Wine, Watsons Water, Mr Juicy
Malaysia	Watsons
The Netherlands	ICI PARIS XL, Kruidvat, Trekpleister
The Philippines	Watsons
Poland	Rossmann
Russia	Watsons
Singapore	Watsons
Taiwan	Watsons
Thailand	Watsons
Turkey	Watsons, Rossmann
United Arab Emirates	Watsons (1)
United Kingdom	The Perfume Shop, Superdrug, Savers
Ukraine	Watsons
Vietnam	Watsons

Note 1: ASW opened its first store in Dubai, the United Arab Emirates, in October 2020 after entering into a franchise agreement with Al-Futtaim.

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Powercor Australia Limited	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	The CitiPower Trust	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Australian Gas Networks Limited	Gas Distribution	CKHH: 27.51%(1); CKI: 44.97%; Power Assets: 27.51%
	Australian Energy Operations Pty Ltd.	Electricity Transmission	CKI: 50%; Power Assets: 50%
	CK William Group	Electricity distribution, gas transmission and distribution, and provision of electricity generation solutions	CKI: 40%; Power Assets: 20%
Canada	Canadian Power Holdings Inc.	Electricity Generation	CKI: 50%; Power Assets: 50%
	Park'N Fly	Off-airport Parking	CKHH: 5%(1); CKI: 65%; Power Assets: 10%
	Husky Midstream Limited Partnership	Oil pipelines and storage	CKI: 16.25%; Power Assets: 48.75%
	Reliance	Building Equipment Services	CKI: 25%
Germany	ista	Energy Management Services	CKI: 35%
Hong Kong	Power Assets Holdings Limited ("Power Assets")	Holding company of a 33.37% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas	CKI: 35.96%
	Alliance Construction Materials Limited	Infrastructure Materials	CKI: 50%
	Green Island Cement Company, Limited	Infrastructure Materials	CKI: 100%
	Anderson Asphalt Limited	Infrastructure Materials	CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited	Infrastructure Materials	CKI: 100%
	Guangdong GITIC Green Island Cement Co. Ltd.	Infrastructure Materials	CKI: 66.5%
	Shen-Shan Highway (Eastern Section)	Toll Road	CKI: 33.5%
	Shantou Bay Bridge	Toll Bridge	CKI: 30%
	Tangshan Tangle Road (2)	Toll Road	CKI: 51%
	Jiangmen Chaolian Bridge (2)	Toll Bridge	CKI: 50%
	Panyu Beidou Bridge	Toll Bridge	CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 3.5%(1); CKI: 45.5%; Power Assets: 27%
New Zealand	Wellington Electricity Lines Limited	Electricity Distribution	CKI: 50%; Power Assets: 50%
	Enviro (NZ) Limited	Waste Management	CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
Portugal	Portugal Renewable Energy (2)	Generation and Sale of Wind Energy	CKI: 50%; Power Assets: 50%
United Kingdom	UK Power Networks Holdings Limited	Electricity Distribution	CKI: 40%; Power Assets: 40%
	Northumbrian Water Group Limited	Water Supply, Sewerage and Waste Water businesses	CKHH: 4%(1); CKI: 52%, Power Assets: 8%
	Northern Gas Networks Limited	Gas Distribution	CKI: 47.06%; Power Assets: 41.29%
	Wales & West Utilities Limited	Gas Distribution	CKHH: 3%(1); CKI: 39%; Power Assets: 36%
	Seabank Power Limited	Electricity Generation	CKI: 25%; Power Assets: 25%
	Southern Water Services Limited	Water and Wastewater Services	CKI: 4.75%
	UK Rails S.à r.l.	Leasing of Rolling Stock	CKHH: 5%(1); CKI: 65%, Power Assets: 10%

Note 1: Represents CKHH's direct interest.

Note 2: CKI's 50% interest in Jiangmen Chaolian Bridge and 51% interest in Tangshan Tangle Road were disposed of in October and November 2020 respectively. CKI's and Power Assets' respective 50% interest in Portugal Renewable Energy was disposed of in October 2020.

Operations Review – Additional Information

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 MHz
	1800 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3400 MHz	5 MHz	4	Unpaired	20 MHz
	3500 MHz	40 MHz	1	Unpaired	40 MHz
	3600 MHz	80 MHz	1	Unpaired	80 MHz
	3900 MHz	84 MHz	1	Unpaired	84 MHz
	28 GHz (National)	112 MHz	2	Unpaired	224 MHz
	28 GHz (Regional)	112 MHz	2	Unpaired	224 MHz
	40 GHz	1000 MHz	2	Unpaired	2000 MHz
Italy	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2000 MHz	5 MHz	2	Unpaired	10 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	15 MHz	2	Unpaired	30 MHz
	3600 MHz	20 MHz	1	Unpaired	20 MHz
	27 GHz	200 MHz	1	Unpaired	200 MHz
Austria	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	5	Paired	50 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	5 MHz	5	Paired	50 MHz
	2600 MHz	25 MHz	1	Unpaired	25 MHz
	3500 MHz	10 MHz	10	Unpaired	100 MHz
	700 MHz [(1)]	5 MHz	2	Paired	20 MHz
	1500 MHz [(1)]	10 MHz	3	Unpaired	30 MHz
	2100 MHz [(1)]	5 MHz	4	Paired	40 MHz
Sweden	800 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
	3500 MHz [(2)]	100 MHz	1	Unpaired	100 MHz
Denmark	700 MHz	10MHz	1	Paired	20 MHz
	900 MHz	10MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	10 MHz	2	Paired	40 MHz
	2100 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
Ireland	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	5 MHz	7	Paired	70 MHz
	2100 MHz	5 MHz	6	Paired	60 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3600 MHz	5 MHz	20	Unpaired	100MHz

Note 1: Acquired in October 2020.

Note 2: Acquired in January 2021.

Telecommunications (continued)

Summary of licence investments (continued)

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
Hong Kong	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz [3]	8.3 MHz	1	Paired	16.6 MHz
	1800 MHz [3]	11.6 MHz	1	Paired	23.2 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz [4]	5 MHz	1	Paired	10 MHz
	2600 MHz [4]	15 MHz	1	Paired	30 MHz
	3300 MHz	30 MHz	1	Unpaired	30 MHz
	3500 MHz	40 MHz	1	Unpaired	40 MHz
Macau	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz	5 MHz	1	Paired	10 MHz
Indonesia	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
Sri Lanka	900 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	7.5 MHz	2	Paired	30 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
Vietnam	900 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz [5]	15 MHz	1	Paired	30 MHz

Note 3: After the spectrum auction and licence renewal in 2018, HTHKH will hold 10 MHz in 900 MHz band and 30 MHz in 1800 MHz band from 2021 to 2036 upon expiry of the existing licences.

Note 4: Spectrum held by 50/50 joint venture with PCCW.

Note 5: Spectrum shared with Viettel Mobile.