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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 2021

HIGHLIGHTS

	Post-IFRS 16 [1] Basis				
Year ended 31 December	**2021**	2020	**2021**	2020	Change
	HK$ million	HK$ million	**HK$ per share**	HK$ per share	
Total Revenue [2]	**445,383**	403,846			
Total EBITDA [2]	**135,653**	122,348			
Total EBIT [2]	**68,818**	58,304			
Reported earnings [3]	**33,484**	29,143	**8.70**	7.56	+15%
Final dividend per share			**1.86**	1.70	+9%
Full year dividend per share			**2.660**	2.314	+15%

	Pre-IFRS 16 [1] Basis	
Year ended 31 December	**2021**	2020
	HK$ million	HK$ million
Total Revenue [2]	**445,383**	403,846
Total EBITDA [2]	**111,227**	96,944
Total EBIT [2]	**64,744**	53,854
Reported earnings [3]	**33,500**	29,000

(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 reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2020 and 2021. 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) Reported earnings represent profit attributable to shareholders. Reported earnings per share for the year ended 31 December 2021 and 2020 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the periods of 3,847,582,641 and 3,856,240,500 respectively.

CHAIRMAN'S STATEMENT

Following the strong economic rebound in the second half of 2020, global recovery continued during 2021 helped by the accelerated vaccination rollout programs and easing of lock-downs and economic reopenings in many parts of the world. However, the global recovery was not a smooth journey in 2021 as new COVID-19 variants continued to emerge during the year. Different policy responses in various markets led to operational and cost challenges exacerbated by pandemic-related supply-demand mismatches. Nevertheless, the Group was able to respond nimbly to changing economic and business environments in various sectors and geographies and is able to report pleasing results for the full year.

The Group reported EBITDA and EBIT growth of 15% and 20% respectively in reported currency compared to last year was primarily driven by improvements in the Ports and Retail divisions together with positive underlying results of Cenovus Energy[(1)] as opposed to significant losses reported by Husky Energy in 2020. The results also benefitted from favourable currency translation impacts, as well as the net impact of one-off items in 2021 as compared to those in 2020. These improvements were partly offset by lower contributions from the Telecommunications division as the operating environment remains challenging, particularly in Italy. In local currencies, the Group's reported EBITDA and EBIT grew 10% and 16% respectively from last year.

Profit attributable to ordinary shareholders for 2021 of HK$33,500 million was an increase of 16% in reported currency when compared to 2020. On a Post-IFRS 16 basis, profit attributable to ordinary shareholders was HK$33,484 million. Reported earnings per share were HK$8.70 for the year ended 31 December 2021, an increase of 15% from HK$7.56 for last year.

The Group's results in 2021 included a net gain attributable to shareholders of HK$4.9 billion from one-off items. This net gain includes a gain on disposal of HK$25.3 billion[(2)] from the tower asset sales in Italy and Sweden completed in 2021. This gain is largely offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business of approximately HK$15.5 billion, as well as the recognition of a non-cash foreign exchange reserve loss of approximately HK$3.5 billion following the merger of the Group's energy business with Cenovus Energy and the Group's share of Cenovus Energy's non-cash impairment on its US refinery assets of HK$1.4 billion. In 2020, the Group also recognised a one-off net earnings benefit of HK$7.0 billion, comprising the disposal gains from tower assets sales in Austria, Ireland and Denmark, dilution gain from the merger of the Australian Telecommunication businesses, partly offset by the Group's share of Husky Energy's impairments and other charges. On 3 March 2022, the Group obtained conditional regulatory approval of the tower asset transaction in the UK. Subject to the satisfactory conclusions to the conditions, the transaction is expected to complete in the second half of 2022.

Excluding the above one-off impacts in both years, the Group's underlying profit attributable to ordinary shareholders increased by 30% in 2021 compared to last year.

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(1) Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group owns 15.8% in Cenovus Energy. The share of Cenovus Energy's results in 2021 forms part of the Finance & Investments and Others segment and the energy business no longer constitutes a core business of the Group.

(2) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$25.3 billion. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Announcement.

Dividend

The Board of Directors recommends a final dividend of HK$1.86 per share (2020 final dividend – HK$1.70 per share), payable on Thursday, 9 June 2022, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 25 May 2022, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.80 per share, the full year dividend amounts to HK$2.660 per share (2020 full year dividend – HK$2.314 per share).

Ports and Related Services

The Ports and Related Services division handled 88.0 million twenty-foot equivalent units ("TEU") through 291 operating berths in 2021, a 5% growth compared to last year. Excluding 2020 throughput of Dammam port in Saudi Arabia, where the Group's concession expired in September 2020, throughput increased by 6% year on year. The throughput handled by the majority of the Group's ports operations around the world exceeded or was on par with pre-pandemic levels primarily attributable to strong global consumer demand recoveries across all regions this division operates in, albeit partially offset by sporadic pandemic-related disruptions.

In reported currency, total revenue of HK$42,285 million, EBITDA[(3)] of HK$15,157 million and EBIT[(3)] of HK$10,737 million increased by 29%, 39% and 60% respectively compared to 2020 from the higher throughput and improvement in margins, as well as strong performance of an associated company in the container shipping business during 2021. In local currencies, total revenue, EBITDA and EBIT increased 26%, 35% and 55% respectively.

In the coming years, the division will look to expand current handling capacities in Australia, Thailand and Indonesia and will be commencing the operations of the new facility at Jazan, Saudi Arabia in the second quarter, which will partially compensate for the loss of contribution as a result of the concession expiry at Dammam port last year. Operationally, the division's portfolio of sizeable hub ports is expected to continue to benefit from strong trade growth and should be relatively insulated from supply chain disruptions. As a result, the division is expecting an overall growth in throughput and increases in container handling revenues in 2022.

This division globally is phasing out diesel-powered yard cranes, tractors, other terminal vehicles and equipment in favour of electrification and hydrogen fuel-cell alternatives, where available, to significantly reduce scope 1 and 2 greenhouse gas emissions. Ongoing investments in automation and digitisation are continuing to make our Group's ports smarter and more efficient.

(3) Under Post-IFRS 16 basis, EBITDA was HK$18,008 million (2020: HK$13,748 million); EBIT was HK$11,946 million (2020: HK$8,055 million).

Retail

The Retail division had 16,398 stores across 28 markets at the end of 2021, a 1% increase compared to last year, while its loyalty member base continue to increase, reaching 142 million with 65% sales participation.

The division's total revenue, EBITDA[(4)] and EBIT[(4)] of HK$173,601 million, HK$16,034 million and HK$12,460 million increased by 9%, 11% and 14% respectively in reported currency against last year. In local currencies, total revenue, EBITDA and EBIT increased by 6%, 9% and 12% respectively reflecting strong recoveries from the pandemic-related impacts in 2020, with some operations in Europe achieving profitability exceeding pre-pandemic levels. The significantly improved underlying performance of the division compared to 2020 was partly offset by lower government subsidies received across various markets in 2021 as well as the reduced contribution from the division's Hong Kong supermarket operation which returned to more normal operating conditions in 2021.

The strength of the division's recovery was more apparent in the Health and Beauty Segment[(5)], with total revenue, EBITDA and EBIT improved by 8%, 17% and 23% respectively in local currencies. The robust growth momentum was the result of the successful strategic decision to drive further Offline plus Online ("O + O") digital transformation and increasingly enhanced digital engagement with its vast loyalty customer base.

Health and Beauty operations in Europe led the recovery of the division amidst the different pandemic waves in 2021 and delivered strong EBITDA growth of 32% in local currencies. This growth is primarily from the Benelux countries, Germany and Poland where our stores were classified as essential businesses and as a result allowed to remain open during lockdown periods.

In the Mainland, footfall continues to be below pre-pandemic levels due to the community lockdowns in the second half of 2021. EBITDA declined 11% as the business is continuing to adapt to the change in customer shopping behaviour brought on by the pandemic through accelerating its focus on the "O + O" platform strategy to recover sales from the decline in store traffic. Similarly in Asia, the division was adversely impacted by various movement restrictions throughout 2021. Through adopting store formats that best meet with local customers' needs, Health and Beauty Asia was still able to grow its EBITDA by 6% in local currencies, with improved performances in Malaysia, the Philippines and Hong Kong.

The division will continue with the "O + O" platform strategy to increase customer lifetime value with the target to achieve high double-digit "O + O" sales growth in 2022. Together with a target to increase exclusives sales participation by 1%-point to above 37%, the Health and Beauty Segment, particularly in Europe, is expected to continue to perform well despite the outbreak of the new COVID-19 variant, while the Mainland and Asia operations should see further recovery in 2022.

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(4) Under Post-IFRS 16 basis, EBITDA was HK$26,119 million (2020: HK$24,557 million); EBIT was HK$13,370 million (2020: HK$11,889 million).

(5) Includes Watsons, Kruidvat, Trekpleister, Rossmann, Savers, Superdrug, Drogas, ICI PARIS XL and The Perfume Shop.

This division continues to expand the sustainable product portfolio focusing on the use of sustainable raw materials in product and packaging, incorporating circular economy approaches, and launching diversity and inclusive beauty lines. In October 2021, Watsons announced the launch of a Sustainable Choices campaign with over 1,600 products and working in collaboration with the major suppliers.

Infrastructure

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

CKI

CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK$7,515 million, 3% higher than last year. Both 2021 and 2020 performances were impacted by deferred tax charges arising from the revision of the UK corporate tax rates. Excluding the non-cash deferred tax impact for both years, as well as the disposal gain from the sale of Portugal Renewable Energy in 2020, the adjusted net profit increased 22% in 2021 compared to last year, reflecting good operational performance across its global portfolio of infrastructure businesses. CKI also recorded a record high[6] in funds from operations, amounting to HK$8.4 billion, an increase of 8% year-on-year for the year ended 31 December 2021. This is testament of CKI's strong recurring cashflow.

This division is expected to operate in a steady regulatory environment with no regulatory reset in 2022. Higher inflation will benefit the performance of this division, particularly for regulated businesses, which will result in higher regulated revenue and asset base. Looking ahead, CKI will continue to explore bolt-on acquisition opportunities at various business unit levels.

Throughout 2021, the Infrastructure businesses continued to be leaders in developing clean technologies in most markets and industries in which they operate. The electricity distribution networks work on cutting-edge grid management, battery storage, solar energy grid export, and electric vehicle charging technologies. Various Infrastructure businesses also have extensive experience in renewable energy and connections – including solar, wind, waste coal mine gas, biomethane as well as municipal waste and sludge. The gas distribution networks and UK Rails are pioneers in the hydrogen transition, while the carbon capture initiatives of Dutch Enviro Energy are progressing well. ista provides energy management services to help customers to be more energy efficient, and HK Electric took a major step forward in its transition from coal-to-gas generation with the synchronisation of a new gas fired unit.

[6] When comparing historic funds from operations, the special dividend payouts from Power Assets in 2017 and 2018 which arose due to the IPO of HK Electric were excluded.

CK Hutchison Group Telecom

Revenue of this division was HK$92,575 million (€10,083 million), 2% higher than 2020, but EBITDA(7) and EBIT(7) of HK$43,052 million (€4,581 million) and HK$23,462 million (€2,446 million) were 11% and 28% lower than 2020 respectively, primarily due to the net impact of one-off items in 2021 being lower than last year. During the year, this division reported net one-time item of HK$9,787 million, comprising a HK$25,259 million disposal gain(8) on the sale of tower assets in Italy and Sweden in 2021, partly offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business of HK$15,472 million. In 2020 the division recognised a HK$16,583 million disposal gain(9) on the sale of tower assets in Denmark, Austria and Ireland where the transactions were completed at the end of 2020.

3 Group Europe

As at 31 December 2021, the active customer base of **3** Group Europe stands at 38.5 million, flat against last year mainly due to lower customer bases in both Italy and the UK, fully offset by net additions in other operations. Revenue, EBITDA(10) and EBIT(10), before the one-time items mentioned above, of HK$86,972 million, HK$29,892 million and HK$11,259 million were 4%, 9% and 34% lower against last year respectively in local currencies. Performance was adversely impacted by the incremental tower service fees. On a normalised basis(11), EBITDA and EBIT were 5% and 28% lower year-on-year respectively in local currencies, primarily due to Italy which remained an intensely competitive market throughout 2021. Net customer service margin performance in Italy has progressively improved over the second half of 2021 compared to the first half. All the other **3** Group Europe operations reported better or stable total margin which led to improved EBITDA performances in most countries. However, continued investments in IT and 5G rollouts, particularly in the UK, as well as spectrum licence spending, resulted in the lower EBIT performance from higher depreciation and amortisation compared to last year.

Looking ahead to 2022, the business in the UK should resume its EBIT growth and the net customer services margin in the Italian mobile business should also improve due to various initiatives implemented in the second half of this year. Together with expected higher roaming income across all operations as travel resumes in Europe, **3** Group Europe is expected to deliver improved performance overall. The Group will continue to explore in-market consolidation and other opportunities to realise cost synergies and maintain low operating cost.

3 Group Europe's ongoing investment in the 5G rollout is enabling greater opportunities for mobile connected technologies that can facilitate rapid reductions in greenhouse gas emissions as well as greater levels of digital inclusion to less connected sections of the society.

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(7) Under Post-IFRS 16 basis, EBITDA was HK$50,892 million (2020: HK$56,706 million); EBIT was HK$24,530 million (2020: HK$33,484 million).

(8) Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK$25,316 million. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Announcement.

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

(10) Under Post-IFRS 16 basis, EBITDA was HK$37,267 million (2020: HK$38,929 million); EBIT was HK$12,256 million (2020: HK$16,982 million).

(11) Comparison against 2020 results which exclude the proforma contribution from the tower assets in Sweden, Denmark, Austria and Ireland for full year 2020 and in Italy for July to December 2020.

Hutchison Asia Telecommunications

Hutchison Asia Telecommunications ("HAT") includes the Group's telecommunication businesses in Indonesia, Vietnam and Sri Lanka. As of 31 December 2021, HAT reported active customer accounts of approximately 56.2 million, 1% lower than 2020, primarily driven by the operating environment in the Indonesia market, which attributed to 70% of the total active customer base.

For 2021, total revenue of HK$8,786 million was 4% lower than last year primarily due to lower contribution from the Indonesia operation from the pandemic-related restrictions impacting sales and aggressive pricing from other incumbents. However, due to certain one-time foreign currency exchange gains recognised in the year, EBITDA(12) of HK$2,036 million was flat against last year. EBIT(12) of HK$209 million was 62% lower than last year, reflecting the higher depreciation and amortisation from the enlarged asset base due to the network rollout and enhancements across all operations. In local currencies, Revenue, EBITDA and EBIT were 5%, 1% and 63% lower than last year respectively.

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia with an estimated proforma combined annual revenue of approximately US$3 billion for 2021. Through combination of the highly complementary infrastructure assets of the two companies, the merged company is expected to realise annual run rate pre-tax synergies of approximately US$300 – 400 million over the next 3 to 5 years, providing accretive returns to all stakeholders. Following the completion of the transaction, the Group holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in Indosat Ooredoo Hutchison.

Finance & Investments and Others

The Group's liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK$161,360 million and consolidated total bank and other debts(13) amounted to HK$329,529 million, resulting in consolidated net debt(13) of HK$168,169 million (31 December 2020 – HK$185,298 million) and net debt to net total capital ratio(13) of 20.3% (31 December 2020 – 22.2%).

Following the gradual completion of the tower sales, the Group has deployed part of the tower sales proceeds amounting to approximately HK$1.2 billion in on-market share repurchases in 2021.

(12) Under Post-IFRS 16 basis, EBITDA was HK$4,232 million (2020: HK$4,362 million); EBIT was HK$979 million (2020: HK$1,480 million).

(13) 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 20.5% (31 December 2020: 22.7%).

Sustainability

Accelerating progress of the Group's climate action strategy has been one of our priorities during 2021. Central to this has been the development of science-based targets. HK Electric has already had its target validated by the Science Based Target Initiative ("SBTi") and UK Power Networks also became the first distribution network operator in the UK to be validated by the SBTi in 2021. CK Hutchison Group Telecom, the retail and ports divisions have enlisted carbon experts to help them set science-based targets, develop long-term net-zero plans and baseline their scope 3 footprints. Refining a Group-wide target and plan towards net-zero will be a key focus area for 2022. Developing workplaces where employees of the Group feel supported, recognised and included continues to be a core objective, together with supporting stakeholders during the continuing COVID-19 pandemic. The Group aims to use the sustainability strategies not only as means to address social and environmental challenges but also as a forward looking tool to create profound new business opportunities for the Group.

Outlook

The outlook for the global economy is still uncertain. The emergence of new COVID-19 variants, elevated inflation concerns and expected tightening of monetary policies have increased the difficulty in predicting both the global growth trajectory and the growth trajectories for the world's major economies for 2022. However, the experiences in 2020 and 2021 have shown that resilience and agility are key factors in withstanding major disruptions and uncertainties. Therefore, the Group will continue to maintain its resilience and agility in responding to the evolving market dynamics. The Group is aiming to achieve growth in recurring earnings and will focus on increasing shareholder return while maintaining a strong financial position. We will continue to maintain disciplined and prudent financial, liquidity and cash flow management. We will also continue to emphasise sustainability objectives across all core businesses. Barring any unforeseen circumstances, I expect the Group to be able to maintain a steady growth trajectory and deliver solid performances in the coming years.

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, 17 March 2022

Financial Performance Summary

	Pre-IFRS 16 [1] 2021 HK$ million	%	Pre-IFRS 16 [1][2] 2020 HK$ million	%	Change %	Local currencies change %
Revenue [3]						
Ports and Related Services [3]	**42,285**	**9%**	32,865	8%	29%	26%
Retail	**173,601**	**39%**	159,619	40%	9%	6%
Infrastructure	**56,100**	**13%**	52,792	13%	6%	–
CK Hutchison Group Telecom	**92,575**	**21%**	90,663	22%	2%	-3%
Hutchison Asia Telecommunications	**8,786**	**2%**	9,147	2%	-4%	-5%
Finance & Investments and Others	**72,036**	**16%**	58,760	15%	23%	20%
Total Revenue	**445,383**	**100%**	403,846	100%	10%	7%
EBITDA [3]						
Ports and Related Services [3]	**15,157**	**13%**	10,914	12%	39%	35%
Retail	**16,034**	**14%**	14,397	15%	11%	9%
Infrastructure	**29,636**	**27%**	29,066	30%	2%	-5%
CK Hutchison Group Telecom	**43,052**	**39%**	48,540	50%	-11%	-14%
Hutchison Asia Telecommunications	**2,036**	**2%**	2,034	2%	–	-1%
Finance & Investments and Others	**5,312**	**5%**	(8,007)	-9%	166%	165%
Total EBITDA	**111,227**	**100%**	96,944	100%	15%	10%
EBIT [3]						
Ports and Related Services [3]	**10,737**	**17%**	6,717	12%	60%	55%
Retail	**12,460**	**19%**	10,933	20%	14%	12%
Infrastructure	**19,095**	**30%**	18,488	34%	3%	-4%
CK Hutchison Group Telecom	**23,462**	**36%**	32,581	61%	-28%	-30%
Hutchison Asia Telecommunications	**209**	**–**	544	1%	-62%	-63%
Finance & Investments and Others	**(1,219)**	**-2%**	(15,409)	-28%	92%	92%
Total EBIT	**64,744**	**100%**	53,854	100%	20%	16%
Interest Expenses and other finance Costs [3]	**(14,659)**		(15,139)		3%	
Profit Before Tax	**50,085**		38,715		29%	
Tax [3]						
Current tax	**(7,631)**		(7,557)		-1%	
Deferred tax	**(1,947)**		6,087		-132%	
	(9,578)		(1,470)		-552%	
Profit after tax	**40,507**		37,245		9%	
Non-controlling interests and perpetual capital securities holders' interests	**(7,007)**		(8,245)		15%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**33,500**		29,000		16%	12%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this 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 reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2020 and 2021. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: The year ended 31 December 2020 comparative has been reclassified to enable a better comparison of performance. Subsequent to merger completion between Cenovus Energy and Husky in January 2021, the Group's sharing of Cenovus Energy's results is reported under Finance & Investments and Others segment. The Group's sharing of Husky's results included in the Energy division for the year ended 31 December 2020 have been reclassified to the Finance & Investments and Others segment to conform with the year ended 31 December 2021 presentation.

Note 3: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Financial Performance Summary

	Post-IFRS 16 [1] 2021 HK$ million	%	Post-IFRS 16 [1][2] 2020 HK$ million	%	Change %
Revenue [3]					
Ports and Related Services [3]	**42,285**	**9%**	32,865	8%	29%
Retail	**173,601**	**39%**	159,619	40%	9%
Infrastructure	**56,100**	**13%**	52,792	13%	6%
CK Hutchison Group Telecom	**92,575**	**21%**	90,663	22%	2%
Hutchison Asia Telecommunications	**8,786**	**2%**	9,147	2%	-4%
Finance & Investments and Others	**72,036**	**16%**	58,760	15%	23%
Total Revenue	**445,383**	**100%**	403,846	100%	10%
EBITDA [3]					
Ports and Related Services [3]	**18,008**	**13%**	13,748	11%	31%
Retail	**26,119**	**19%**	24,557	20%	6%
Infrastructure	**29,938**	**22%**	29,367	24%	2%
CK Hutchison Group Telecom	**50,892**	**38%**	56,706	46%	-10%
Hutchison Asia Telecommunications	**4,232**	**3%**	4,362	4%	-3%
Finance & Investments and Others	**6,464**	**5%**	(6,392)	-5%	201%
Total EBITDA	**135,653**	**100%**	122,348	100%	11%
EBIT [3]					
Ports and Related Services [3]	**11,946**	**17%**	8,055	14%	48%
Retail	**13,370**	**20%**	11,889	20%	12%
Infrastructure	**19,139**	**28%**	18,537	32%	3%
CK Hutchison Group Telecom	**24,530**	**36%**	33,484	57%	-27%
Hutchison Asia Telecommunications	**979**	**1%**	1,480	3%	-34%
Finance & Investments and Others	**(1,146)**	**-2%**	(15,141)	-26%	92%
Total EBIT	**68,818**	**100%**	58,304	100%	18%
Interest Expenses and other finance Costs [3]	**(18,841)**		(19,591)		4%
Profit Before Tax	**49,977**		38,713		29%
Tax [3]					
Current tax	**(7,629)**		(7,538)		-1%
Deferred tax	**(1,932)**		6,227		-131%
	(9,561)		(1,311)		-629%
Profit after tax	**40,416**		37,402		8%
Non-controlling interests and perpetual capital securities holders' interests	**(6,932)**		(8,259)		16%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	**33,484**		29,143		15%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this 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: The year ended 31 December 2020 comparative has been reclassified to enable a better comparison of performance. Subsequent to merger completion between Cenovus Energy and Husky in January 2021, the Group's sharing of Cenovus Energy's results is reported under Finance & Investments and Others segment. The Group's sharing of Husky's results included in the Energy division for the year ended 31 December 2020 have been reclassified to the Finance & Investments and Others segment to conform with the year ended 31 December 2021 presentation.

Note 3: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 18 to 133, comprise:

- the consolidated and Company statements of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Independence

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

Key Audit Matters

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

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

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

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Goodwill and brand names with an indefinite useful life *Refer to notes 5(b)(xvi), 15, 16 and 46 to the consolidated financial statements* The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2021, goodwill amounted to approximately HK$289 billion and brand names with an indefinite useful life amounted to approximately HK$69 billion. Goodwill and brand names with an indefinite useful life are subject to impairment assessments annually and when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates to extrapolate the cash flows beyond the budget period and the discount rates to bring the future cash flows back to their present values. The Group recognised the impairment of goodwill of approximately HK$15.5 billion relating to the mobile telecommunications business in Italy for the year ended 31 December 2021. Refer to notes 5(b)(xvi) and 16 to the consolidated financial statements for details. Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned impairment charge of approximately HK$15.5 billion, there is no impairment of goodwill and brand names with an indefinite useful life. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amounts of the respective business units including goodwill, brand names with an indefinite useful life and other operating assets. The significant assumptions are disclosed in notes 15, 16 and 46 to the consolidated financial statements.	The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and brand names with an indefinite useful life and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Assessing the appropriateness of the valuation methodologies used; • Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of these budgets; • Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the relevant businesses and industries and with the involvement of our valuations specialists; and • Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Key Audit Matters (continued)

Key Audit Matter

Investments in associated companies and joint ventures

Refer to notes 5(b)(xvii), 17, 18 and 46 to the consolidated financial statements

The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2021, investments in associated companies and joint ventures amounted to approximately HK$279 billion.

Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures, taking into consideration the share of the associated companies' and the joint ventures' future cash flows and a number of other assumptions, including the growth rates to prepare the associated companies' and joint ventures' cash flow projections, and the discount rates to bring the future cash flows back to their present values.

Cenovus Energy Inc. ("Cenovus Energy"), a listed associated company of the Group, recorded an impairment charge for the year ended 31 December 2021 as the carrying values of certain of its refinery assets exceeded their recoverable amounts. The Group therefore recognised its share of the impairment charge of Cenovus Energy of approximately HK$1.4 billion for the year ended 31 December 2021. Refer to note 5(b)(xvii) to the consolidated financial statements for details.

Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned share of impairment charge of Cenovus Energy of approximately HK$1.4 billion, there is no impairment of the Group's investments in associated companies and joint ventures. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.

How our audit addressed the Key Audit Matter

The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included:

- Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of investments in associated companies and joint ventures and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- Evaluating the Group's assessments as to whether any indication of impairment exists in respect of investments in associated companies and joint ventures;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the growth rates and discount rates; and comparing cash flow projections to supporting evidence, such as approved budgets; and
- Performing sensitivity analyses on the key assumptions, including the growth rates and discount rates, to evaluate the potential impacts on the recoverable amounts.

We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2022

Consolidated Income Statement

for the year ended 31 December 2021

2021 # **US$ million**		Note	**2021 HK$ million**	2020 HK$ million
36,006	Revenue	4, 5	**280,847**	266,396
(13,367)	Cost of inventories sold	7	**(104,266)**	(95,549)
(4,803)	Staff costs		**(37,462)**	(35,495)
(2,104)	Expensed customer acquisition and retention costs		**(16,411)**	(16,362)
(5,802)	Depreciation and amortisation	7	**(45,256)**	(41,658)
(8,174)	Other expenses and losses	7	**(63,758)**	(42,482)
3,526	Other income and gains	7	**27,505**	31,274
	Share of profits less losses of:			
733	Associated companies		**5,718**	(18,529)
820	Joint ventures		**6,393**	4,954
6,835			**53,310**	52,549
(1,360)	Interest expenses and other finance costs	8	**(10,608)**	(10,850)
5,475	**Profit before tax**		**42,702**	41,699
(517)	Current tax	9	**(4,029)**	(3,985)
231	Deferred tax credit (charge)	9	**1,799**	(317)
5,189	**Profit after tax**		**40,472**	37,397
(896)	**Profit attributable to non-controlling interests and holders of perpetual capital securities**		**(6,988)**	(8,254)
4,293	**Profit attributable to ordinary shareholders**		**33,484**	29,143
US$ 1.12	**Earnings per share for profit attributable to ordinary shareholders**	10	**HK$ 8.70**	HK$ 7.56

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

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
5,189	**Profit after tax**		**40,472**	37,397
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss			
133	Remeasurement of defined benefit obligations recognised directly in reserves		**1,034**	(664)
	Equity securities at fair value through other comprehensive income ("FVOCI")			
34	Valuation gains recognised directly in reserves		**265**	1,461
98	Share of other comprehensive income (losses) of associated companies		**766**	(540)
216	Share of other comprehensive income (losses) of joint ventures		**1,684**	(1,815)
10	Tax relating to items that will not be reclassified to profit or loss	33 (c)	**80**	169
491			**3,829**	(1,389)
	Items that may be reclassified to profit or loss			
	Debt securities at FVOCI			
(8)	Valuation gains (losses) recognised directly in reserves		**(60)**	44
(1)	Valuation losses (gains) previously in reserves recognised in income statement		**(7)**	89
131	Gains (losses) on cash flow hedges recognised directly in reserves		**1,020**	(65)
227	Gains (losses) on net investment hedges recognised directly in reserves		**1,767**	(2,229)
(1,355)	Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves		**(10,567)**	13,004
373	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		**2,913**	2,093
(91)	Share of other comprehensive income (losses) of associated companies		**(708)**	2,227
(280)	Share of other comprehensive income (losses) of joint ventures		**(2,184)**	3,535
(1)	Tax relating to items that may be reclassified to profit or loss	33 (c)	**(8)**	9
(1,005)			**(7,834)**	18,707
(514)	Other comprehensive income (losses), net of tax		**(4,005)**	17,318
4,675	**Total comprehensive income**		**36,467**	54,715
(866)	**Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities**		**(6,753)**	(9,588)
3,809	**Total comprehensive income attributable to ordinary shareholders**		**29,714**	45,127

See note 44.

Consolidated Statement of Financial Position

at 31 December 2021

2021 # US$ million		Note	2021 HK$ million	2020 HK$ million
	Non-current assets			
16,807	Fixed assets	12	**131,099**	132,101
9,853	Right-of-use assets	13	**76,852**	83,805
8,972	Telecommunications licences	14	**69,985**	66,944
11,413	Brand names and other rights	15	**89,019**	91,453
37,095	Goodwill	16	**289,340**	319,718
17,664	Associated companies	17	**137,781**	136,076
18,121	Interests in joint ventures	18	**141,344**	141,465
2,716	Deferred tax assets	19	**21,188**	19,926
1,055	Liquid funds and other listed investments	20	**8,227**	10,588
1,821	Other non-current assets	21	**14,202**	14,944
125,517			**979,037**	1,017,020
	Current assets			
19,632	Cash and cash equivalents	23	**153,133**	155,951
3,029	Inventories		**23,625**	24,565
7,402	Trade receivables and other current assets	24	**57,731**	55,809
30,063			**234,489**	236,325
-	Assets classified as held for sale	25	-	1,251
30,063			**234,489**	237,576
	Current liabilities			
8,508	Bank and other debts	26	**66,361**	48,021
308	Current tax liabilities		**2,402**	2,639
2,062	Lease liabilities	13	**16,085**	18,621
12,380	Trade payables and other current liabilities	27	**96,565**	103,881
23,258			**181,413**	173,162
-	Liabilities directly associated with assets classified as held for sale	25	-	284
23,258			**181,413**	173,446
6,805	Net current assets		**53,076**	64,130
132,322	Total assets less current liabilities		**1,032,113**	1,081,150
	Non-current liabilities			
33,261	Bank and other debts	26	**259,438**	301,050
97	Interest bearing loans from non-controlling shareholders	29	**759**	798
8,845	Lease liabilities	13	**68,994**	75,644
2,229	Deferred tax liabilities	19	**17,383**	17,672
444	Pension obligations	30	**3,466**	3,804
4,849	Other non-current liabilities	31	**37,818**	52,119
49,725			**387,858**	451,087
82,597	**Net assets**		**644,255**	630,063

See note 44.

Consolidated Statement of Financial Position

at 31 December 2021

2021 # **US$ million**		Note	**2021** **HK$ million**	2020 HK$ million
	Capital and reserves			
492	Share capital	32 (a)	**3,834**	3,856
31,175	Share premium	32 (a)	**243,169**	244,377
34,122	Reserves	33	**266,149**	246,063
65,789	Total ordinary shareholders' funds		**513,152**	494,296
1,591	Perpetual capital securities	32 (b)	**12,414**	12,415
15,217	Non-controlling interests		**118,689**	123,352
82,597	**Total equity**		**644,255**	630,063

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

Total equity # US$ million		Attributable to: Ordinary shareholders: Share capital and share premium (a) HK$ million	Reserves (b) HK$ million	Total ordinary shareholders' funds HK$ million	Perpetual capital securities HK$ million	Non-controlling interests HK$ million	Total equity HK$ million
80,777	At 1 January 2021	**248,233**	**246,063**	**494,296**	**12,415**	**123,352**	**630,063**
5,189	Profit for the year	**-**	**33,484**	**33,484**	**490**	**6,498**	**40,472**
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
34	Valuation gains recognised directly in reserves	**-**	**266**	**266**	**-**	**(1)**	**265**
	Debt securities at FVOCI						
(8)	Valuation losses recognised directly in reserves	**-**	**(60)**	**(60)**	**-**	**-**	**(60)**
(1)	Valuation gains previously in reserves recognised in income statement	**-**	**(7)**	**(7)**	**-**	**-**	**(7)**
133	Remeasurement of defined benefit obligations recognised directly in reserves	**-**	**845**	**845**	**-**	**189**	**1,034**
131	Gains on cash flow hedges recognised directly in reserves	**-**	**954**	**954**	**-**	**66**	**1,020**
227	Gains on net investment hedges recognised directly in reserves	**-**	**1,337**	**1,337**	**-**	**430**	**1,767**
(1,355)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**-**	**(9,603)**	**(9,603)**	**-**	**(964)**	**(10,567)**
373	Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	**-**	**2,913**	**2,913**	**-**	**-**	**2,913**
7	Share of other comprehensive income (losses) of associated companies	**-**	**(85)**	**(85)**	**-**	**143**	**58**
(64)	Share of other comprehensive income (losses) of joint ventures	**-**	**(380)**	**(380)**	**-**	**(120)**	**(500)**
9	Tax relating to components of other comprehensive income (losses)	**-**	**50**	**50**	**-**	**22**	**72**
(514)	Other comprehensive income (losses), net of tax	**-**	**(3,770)**	**(3,770)**	**-**	**(235)**	**(4,005)**
4,675	Total comprehensive income	**-**	**29,714**	**29,714**	**490**	**6,263**	**36,467**
1	Impact of hyperinflation	**-**	**5**	**5**	**-**	**1**	**6**
	Transactions with owners in their capacity as owners:						
(840)	Dividends paid relating to 2020	**-**	**(6,555)**	**(6,555)**	**-**	**-**	**(6,555)**
(394)	Dividends paid relating to 2021	**-**	**(3,072)**	**(3,072)**	**-**	**-**	**(3,072)**
(825)	Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**(6,437)**	**(6,437)**
(63)	Distribution paid on perpetual capital securities	**-**	**-**	**-**	**(491)**	**-**	**(491)**
627	Equity contribution from non-controlling interests	**-**	**-**	**-**	**-**	**4,890**	**4,890**
(1,200)	Redemption of perpetual capital securities by a subsidiary	**-**	**-**	**-**	**-**	**(9,360)**	**(9,360)**
(4)	Transaction costs in relation to equity contribution from non-controlling interests	**-**	**(24)**	**(24)**	**-**	**(8)**	**(32)**
(159)	Buy-back and cancellation of issued shares (see note 32(a)(i))	**(1,230)**	**(9)**	**(1,239)**	**-**	**-**	**(1,239)**
3	Unclaimed dividends write back of a subsidiary	**-**	**27**	**27**	**-**	**-**	**27**
(1)	Relating to acquisition of subsidiary companies	**-**	**-**	**-**	**-**	**(12)**	**(12)**
(2,855)		**(1,230)**	**(9,628)**	**(10,858)**	**(491)**	**(10,926)**	**(22,275)**
82,597	At 31 December 2021	**247,003**	**266,149**	**513,152**	**12,414**	**118,689**	**644,255**

\# See note 44.

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

(b) See note 33 for details on reserves.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

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

See note 44.

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

(b) See note 33 for details on reserves.

(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

2021 # **US$ million**		Note	**2021** **HK$ million**	2020 HK$ million
	Operating activities			
	Cash generated from operating activities before interest expenses			
11,017	and other finance costs, tax paid and changes in working capital	34 (a)	**85,933**	87,072
(1,356)	Interest expenses and other finance costs paid (net of capitalisation)		**(10,577)**	(10,789)
(525)	Tax paid		**(4,092)**	(3,628)
9,136	**Funds from operations (before principal elements of lease payments)**		**71,264**	72,655
(2,446)	Changes in working capital	34 (b)	**(19,080)**	516
6,690	**Net cash from operating activities**		**52,184**	73,171
	Investing activities			
(3,469)	Purchase of fixed assets		**(27,056)**	(27,104)
(1,046)	Additions to telecommunications licences		**(8,158)**	(679)
(567)	Additions to brand names and other rights		**(4,429)**	(1,791)
(18)	Purchase of subsidiary companies, net of cash acquired	34 (c)	**(138)**	-
(18)	Additions to unlisted investments		**(142)**	(131)
134	Repayments of loans from associated companies and joint ventures		**1,044**	1,609
(225)	Purchase of and advances to associated companies and joint ventures		**(1,753)**	(833)
56	Proceeds from disposal of fixed assets		**438**	564
4,926	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	**38,425**	20,780
	Proceeds from partial disposal / disposal of associated companies			
119	and joint ventures		**928**	2,005
1	Proceeds from disposal of other unlisted investments		**11**	13
	Cash flows used in investing activities before additions to /			
(107)	disposal of liquid funds and other listed investments		**(830)**	(5,567)
41	Disposal of liquid funds and other listed investments		**318**	730
(5)	Additions to liquid funds and other listed investments		**(38)**	(1,627)
(71)	**Cash flows used in investing activities**		**(550)**	(6,464)
6,619	**Net cash inflow before financing activities**		**51,634**	66,707
	Financing activities			
9,090	New borrowings	34 (e)	**70,901**	44,391
(10,711)	Repayment of borrowings	34 (e)	**(83,546)**	(56,361)
(2,232)	Principal elements of lease payments	34 (e)	**(17,407)**	(18,010)
6	Net loans from non-controlling shareholders	34 (e)	**47**	-
	Issue of equity securities by subsidiary companies to non-controlling			
12	shareholders		**95**	-
(251)	Payments to acquire additional interests in subsidiary companies		**(1,955)**	(1,048)
-	Proceeds from partial disposal of subsidiary companies		**-**	309
	Proceeds on issue of perpetual capital securities by a subsidiary,			
596	net of transaction costs		**4,648**	-
(1,200)	Redemption of perpetual capital securities by a subsidiary		**(9,360)**	-
(159)	Payments for buy-back and cancellation of issued shares		**(1,239)**	-
(1,234)	Dividends paid to ordinary shareholders		**(9,627)**	(11,238)
(835)	Dividends paid to non-controlling interests		**(6,518)**	(5,444)
(63)	Distribution paid on perpetual capital securities		**(491)**	(482)
(6,981)	**Cash flows used in financing activities**		**(54,452)**	(47,883)
(362)	Increase (decrease) in cash and cash equivalents		**(2,818)**	18,824
19,994	Cash and cash equivalents at 1 January		**155,951**	137,127
19,632	**Cash and cash equivalents at 31 December**		**153,133**	155,951

See note 44.

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

2021 # **US$ million**		Note	**2021** **HK$ million**	2020 HK$ million
	Analysis of cash, liquid funds and other listed investments			
19,632	Cash and cash equivalents, as above	23	**153,133**	155,951
1,055	Liquid funds and other listed investments	20	**8,227**	10,588
20,687	**Total cash, liquid funds and other listed investments**		**161,360**	166,539
42,084	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	**328,253**	351,642
97	Interest bearing loans from non-controlling shareholders	29	**759**	798
21,494	**Net debt**		**167,652**	185,901
(97)	Interest bearing loans from non-controlling shareholders		**(759)**	(798)
21,397	**Net debt (excluding interest bearing loans from non-controlling shareholders**)		**166,893**	185,103

See note 44.

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 2021 (the “Annual Financial Statements”) were authorised for issue by the Company’s board of directors on 17 March 2022.

The Chairman’s Statement, the Operations Review, the Risk Factors, and the Group Capital Resources and Liquidity, issued outside the Annual Financial Statements as part of the announcement of the Group’s results for the year ended 31 December 2021 and the Group’s 2021 Annual Report, include discussions of the performance of the Group’s businesses for the current year, the principal risk and uncertainties affecting the Group’s businesses, the important corporate transactions concluded since the end of the 2020 financial year, and the Group’s liquidity and financial profile.

2 Use of judgements, assumptions and estimates

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

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Annual Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop. Note 46 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group, existing funding available to the Group and Covid-19 mitigating actions which have been and may be taken to reduce discretionary spend and other operating cash outflows, and non-essential and non-committed capital expenditures. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

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

There were no new accounting standards or interpretations adopted during the year ended 31 December 2021 that had a significant effect on the Group in 2021. A summary of the Group’s significant accounting policies, including changes thereto, are included in note 47.

4 Revenue

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

	2021 **HK$ million**	2020 HK$ million
Sale of goods	**160,701**	148,712
Revenue from services	**116,386**	112,060
Interest	**3,672**	5,398
Dividend income	**88**	226
	280,847	266,396

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

(i) By segments *

	Revenue from contracts with customers			**Revenue**	
	recognised at a point in time HK$ million	**recognised over time HK$ million**	**Subtotal HK$ million**	**from other sources HK$ million**	**2021 Total HK$ million**
Ports and Related Services	**-**	**28,896**	**28,896**	**94**	**28,990**
Retail	**130,767**	**75**	**130,842**	**-**	**130,842**
Infrastructure	**4,267**	**-**	**4,267**	**2,825**	**7,092**
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	***13,914***	***73,040***	***86,954***	***6***	***86,960***
Hutchison Telecommunications Hong Kong Holdings	***2,144***	***3,241***	***5,385***	***-***	***5,385***
Corporate and Others	***3***	***39***	***42***	***62***	***104***
	16,061	**76,320**	**92,381**	**68**	**92,449**
Hutchison Asia Telecommunications	**-**	**8,786**	**8,786**	**-**	**8,786**
Finance & Investments and Others	**11,665**	**169**	**11,834**	**854**	**12,688**
	162,760	**114,246**	**277,006**	**3,841**	**280,847**

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

* See note 5 for operating segment information.

4 Revenue (continued)

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

(ii) By geographical locations *

	Revenue from contracts with customers			**Revenue**	
	recognised at a point in time HK$ million	**recognised over time HK$ million**	**Subtotal HK$ million**	**from other sources HK$ million**	**2021 Total HK$ million**
Hong Kong	**29,589**	**3,357**	**32,946**	**31**	**32,977**
Mainland China	**27,201**	**420**	**27,621**	**28**	**27,649**
The People's Republic of China	**56,790**	**3,777**	**60,567**	**59**	**60,626**
Europe	**68,211**	**85,353**	**153,564**	**1,962**	**155,526**
Canada	**-**	**-**	**-**	**256**	**256**
Asia, Australia and Others	**26,094**	**24,947**	**51,041**	**710**	**51,751**
	94,305	**110,300**	**204,605**	**2,928**	**207,533**
	151,095	**114,077**	**265,172**	**2,987**	**268,159**
Finance & Investments and Others	**11,665**	**169**	**11,834**	**854**	**12,688**
	162,760	**114,246**	**277,006**	**3,841**	**280,847**

	Revenue from contracts with customers			Revenue	
	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

* See note 5 for operating segment information.

4 Revenue (continued)

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

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

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

	2021 **HK$ million**	2020 HK$ million
Trade receivables (see note 24)	**16,697**	16,898
Contract assets (see notes 21 and 24)	**7,599**	8,999
Contract liabilities (see note 27)	**(6,933)**	(6,160)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In 2021, HK$1,757 million (2020: HK$1,577 million) was recognised in the income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2021, HK$1,056 million (2020: HK$1,024 million) was recognised in the income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$4,958 million (2020: HK$5,028 million) was recognised as revenue in 2021 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

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

	2021 **HK$ million**	2020 HK$ million
Within one year	**14,065**	14,801
More than one year	**7,897**	7,707
	21,962	22,508

5 Operating segment information

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

In January 2021, Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion of an all-stock combination of Cenovus Energy and the Group's listed associated company Husky Energy Inc. ("Husky"). Following the merger, the Group's share of Cenovus Energy's results in 2021 is reported and included in Finance & Investments and Others (see below) and the energy business no longer constitutes a core business of the Group. Comparative information has been reclassified accordingly to conform to this presentation. At 31 December 2021, the Group owns 15.8% of the issued and outstanding common shares of Cenovus Energy.

As at 31 December 2021, the Group has four core businesses - ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

Ports and Related Services:

This division is the world's leading port network, and has interests in 52 ports comprising 291 operational berths in 26 countries as at 31 December 2021. This division operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 142 million loyalty member base. ASW operated 12 retail brands with 16,398 stores in 28 markets worldwide as at 31 December 2021.

Infrastructure:

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

Telecommunications:

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

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

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

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resources allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2021 and 31 December 2020.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated are mainly attributable to Retail of HK$34 million (2020: HK$71 million), Hutchison Telecommunications Hong Kong Holdings of HK$16 million (2020: HK$14 million) and Hutchison Asia Telecommunications of HK$1 million (2020: HK$1 million).

	Revenue							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	**28,990**	**13,295**	**42,285**	**9%**	25,083	7,782	32,865	8%
Retail	**130,842**	**42,759**	**173,601**	**39%**	121,348	38,271	159,619	40%
Infrastructure	**7,092**	**49,008**	**56,100**	**13%**	7,346	45,446	52,792	13%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***86,960***	***12***	***86,972***	***20%***	*85,787*	*12*	*85,799*	*21%*
Hutchison Telecommunications Hong Kong Holdings	***5,385***	***-***	***5,385***	***1%***	*4,545*	*-*	*4,545*	*1%*
Corporate and Others	***104***	***114***	***218***	***-***	*201*	*118*	*319*	*-*
	92,449	**126**	**92,575**	**21%**	90,533	130	90,663	22%
Hutchison Asia Telecommunications	**8,786**	**-**	**8,786**	**2%**	9,147	-	9,147	2%
Finance & Investments and Others	**12,688**	**59,348**	**72,036**	**16%**	12,939	45,821	58,760	15%
	280,847	**164,536**	**445,383**	**100%**	266,396	137,450	403,846	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**-**	**1,382**	**1,382**		-	1,074	1,074	
Divesture of infrastructure investments	**-**	**938**	**938**		-	857	857	
	280,847	**166,856**	**447,703**		266,396	139,381	405,777	
HKFRS 16 impact	-	-	-		-	-	-	
	280,847	**166,856**	**447,703**		266,396	139,381	405,777	

5 Operating segment information (continued)

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

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

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	**9,021**	**6,136**	**15,157**	**13%**	7,672	3,242	10,914	12%
Retail	**11,633**	**4,401**	**16,034**	**14%**	11,108	3,289	14,397	15%
Infrastructure	**3,345**	**26,291**	**29,636**	**27%**	3,574	25,492	29,066	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***29,892***	**-**	***29,892***	***27%***	*31,377*	*1*	*31,378*	*32%*
Hutchison Telecommunications Hong Kong Holdings	***1,036***	***57***	***1,093***	***1%***	*1,278*	*63*	*1,341*	*1%*
Corporate and Others (xvi)	***12,067***	**-**	***12,067***	***11%***	*15,824*	*(3)*	*15,821*	*17%*
	42,995	**57**	**43,052**	**39%**	48,479	61	48,540	50%
Hutchison Asia Telecommunications	**2,036**	**-**	**2,036**	**2%**	2,034	-	2,034	2%
Finance & Investments and Others (xvii) (xviii) (xix)	**(3,928)**	**9,240**	**5,312**	**5%**	13,143	(21,150)	(8,007)	-9%
EBITDA	**65,102**	**46,125**	**111,227**	**100%**	86,010	10,934	96,944	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**-**	**984**	**984**		-	740	740	
EBITDA ^	**65,102 ^**	**47,109 ^**	**112,211 ^**		86,010 ^	11,674 ^	97,684 ^	
Depreciation and amortisation	**(27,617)**	**(19,140)**	**(46,757)**		(23,550)	(19,812)	(43,362)	
Interest expenses and other finance costs	**(7,075)**	**(7,584)**	**(14,659)**		(7,166)	(7,973)	(15,139)	
Current tax	**(4,031)**	**(3,600)**	**(7,631)**		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	**1,771**	**(3,718)**	**(1,947)**		(431)	6,518	6,087	
Non-controlling interests	**(7,063)**	**(654)**	**(7,717)**		(8,240)	(473)	(8,713)	
	21,087	**12,413**	**33,500**		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBITDA ^	**21,353 ^**	**3,073 ^**	**24,426 ^**		22,073 ^	3,331 ^	25,404 ^	
Depreciation and amortisation	**(17,639)**	**(2,713)**	**(20,352)**		(18,108)	(2,846)	(20,954)	
Interest expenses and other finance costs	**(3,533)**	**(649)**	**(4,182)**		(3,684)	(768)	(4,452)	
Current tax	**2**	**-**	**2**		19	-	19	
Deferred tax	**28**	**(13)**	**15**		114	26	140	
Non-controlling interests	**75**	**-**	**75**		(14)	-	(14)	
	21,373	**12,111**	**33,484**		43,019	(13,876)	29,143	

^ Reconciliation to Post-HKFRS 16 basis EBITDA :

Pre-HKFRS 16 basis EBITDA per above	**65,102**	**47,109**	**112,211**	86,010	11,674	97,684
HKFRS 16 impact per above	**21,353**	**3,073**	**24,426**	22,073	3,331	25,404
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**86,455**	**50,182**	**136,637**	108,083	15,005	123,088

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) [xv]							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	6,058	4,679	10,737	17%	4,793	1,924	6,717	12%
Retail	8,899	3,561	12,460	19%	8,434	2,499	10,933	20%
Infrastructure	3,013	16,082	19,095	30%	3,206	15,282	18,488	34%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	29,892	-	29,892		31,377	1	31,378	
Depreciation	(10,728)	-	(10,728)		(9,237)	-	(9,237)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,905)	-	(7,905)		(5,871)	-	(5,871)	
EBIT - **3** Group Europe	11,259	-	11,259	17%	16,269	1	16,270	30%
Hutchison Telecommunications Hong Kong Holdings	130	12	142	-	479	17	496	1%
Corporate and Others [xvi]	12,061	-	12,061	19%	15,818	(3)	15,815	30%
	23,450	12	23,462	36%	32,566	15	32,581	61%
Hutchison Asia Telecommunications	209	-	209	-	544	-	544	1%
Finance & Investments and Others [xvii] [xviii] [xix]	(4,144)	2,925	(1,219)	-2%	12,917	(28,326)	(15,409)	-28%
EBIT (LBIT)	37,485	27,259	64,744	100%	62,460	(8,606)	53,854	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	-	710	710		-	468	468	
EBIT (LBIT) ^	37,485 ^	27,969 ^	65,454 ^		62,460 ^	(8,138) ^	54,322 ^	
Interest expenses and other finance costs	(7,075)	(7,584)	(14,659)		(7,166)	(7,973)	(15,139)	
Current tax	(4,031)	(3,600)	(7,631)		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	1,771	(3,718)	(1,947)		(431)	6,518	6,087	
Non-controlling interests	(7,063)	(654)	(7,717)		(8,240)	(473)	(8,713)	
	21,087	12,413	33,500		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBIT ^	3,714 ^	360 ^	4,074 ^		3,965 ^	485 ^	4,450 ^	
Interest expenses and other finance costs	(3,533)	(649)	(4,182)		(3,684)	(768)	(4,452)	
Current tax	2	-	2		19	-	19	
Deferred tax	28	(13)	15		114	26	140	
Non-controlling interests	75	-	75		(14)	-	(14)	
	21,373	12,111	33,484		43,019	(13,876)	29,143	

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

Pre-HKFRS 16 basis EBIT (LBIT) per above	37,485	27,969	65,454	62,460	(8,138)	54,322
HKFRS 16 impact per above	3,714	360	4,074	3,965	485	4,450
Post-HKFRS 16 basis EBIT (LBIT)	41,199	28,329	69,528	66,425	(7,653)	58,772

5 Operating segment information (continued)

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

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

	Depreciation and amortisation					
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million
Ports and Related Services	**2,963**	**1,457**	**4,420**	2,879	1,318	4,197
Retail	**2,734**	**840**	**3,574**	2,674	790	3,464
Infrastructure	**332**	**10,209**	**10,541**	368	10,210	10,578
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	***18,633***	**-**	***18,633***	*15,108*	-	*15,108*
Hutchison Telecommunications Hong Kong Holdings	***906***	***45***	***951***	*799*	*46*	*845*
Corporate and Others	***6***	**-**	***6***	*6*	-	*6*
	19,545	**45**	**19,590**	15,913	46	15,959
Hutchison Asia Telecommunications	**1,827**	**-**	**1,827**	1,490	-	1,490
Finance & Investments and Others	**216**	**6,315**	**6,531**	226	7,176	7,402
	27,617	**18,866**	**46,483**	23,550	19,540	43,090
Portion attributable to:						
Non-controlling interests of HPH Trust	**-**	**274**	**274**	-	272	272
	27,617	**19,140**	**46,757**	23,550	19,812	43,362
Divesture of infrastructure investments	**-**	**174**	**174**	-	156	156
	27,617	**19,314**	**46,931**	23,550	19,968	43,518
HKFRS 16 impact	**17,639**	**2,713**	**20,352**	18,108	2,846	20,954
	45,256	**22,027**	**67,283**	41,658	22,814	64,472

5 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments

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

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

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

(vii) An analysis of total liabilities by segments

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

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

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

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

(ix) An analysis of EBITDA by geographical locations

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

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

5 Operating segment information (continued)

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

(x) An analysis of EBIT by geographical locations

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

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

5 Operating segment information (continued)

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

(xi) An analysis of capital expenditure by geographical locations

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

(xii) An analysis of total assets by geographical locations

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

5 Operating segment information (continued)

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

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

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

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

An analysis of EBITDA by segments

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

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

5 Operating segment information (continued)

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

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

An analysis of EBITDA by geographical locations

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

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

5 Operating segment information (continued)

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

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

An analysis of EBIT by segments

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

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

5 Operating segment information (continued)

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

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

An analysis of EBIT by geographical locations

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

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

5 Operating segment information (continued)

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

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

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

(xvi) Included in the current year balance are disposal gains of HK$25,259 million (HK$25,316 million at Post-HKFRS 16 basis) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of HK$15,472 million (HK$15,472 million at Post-HKFRS 16 basis) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom - Corporate and Others" in the segment results. In the consolidated income statement, the disposal gains are reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See notes 7(g) and 16.

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

(xvii) Included in the current year balance are a charge of HK$3,514 million (HK$3,514 million at Post-HKFRS 16 basis) arising from the merger of Husky and Cenovus Energy completed in January 2021 and the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$1,494 million (HK$1,494 million at Post-HKFRS 16 basis). The former amount represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This charge is recorded at the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results and is included in "Other expenses and losses" in the consolidated income statement. See note 7(c). The latter amount represents the Group's share of impairment on Cenovus Energy's U.S. refinery assets. The Group's share of these charges is HK1,494 million (HK$1,494 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) is HK$1,352 million (HK$1,352 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies" in the consolidated income statement.

(xviii) During the comparative year ended 31 December 2020, joint venture VHA and TPG Corporation Limited have completed the merger of their telecommunications businesses in Australia. As a result, the Group's attributable interest in VHA had been diluted from 43.93% to 22.01%. The Group recognised a gain arising from the dilution during the comparative year. The amount of the gain was HK$10,105 million (HK$10,186 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels and was reported under "Finance & Investments and Others" in the segment results and was included in "Other income and gains" in the consolidated income statement. The gains attributable to ordinary shareholders amounted to HK$9,177 million (HK$9,247 million at Post-HKFRS 16 basis). Pursuant to the merger, VHA was renamed as TPG.

5 Operating segment information (continued)

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

(xix) During the comparative year ended 31 December 2020, the Group's 40.19% owned listed associated company, Husky recognised non-cash after-tax impairments and other charges of C$8.6 billion. These were primarily related to declines in forecasted long-term commodity prices, reduced capital investment and delayed future development plans, as well as market indicators including the merger with Cenovus Energy. The Group's share of these charges, after consolidation adjustments, is HK$24,909 million (HK$24,909 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and was reported under "Finance & Investments and Others" in the segment results. The Group's share of this charge (after tax) was HK$18,724 million (HK$18,724 million at Post-HKFRS 16 basis) and was included in "Share of profits less losses of associated companies" in the consolidated income statement.

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

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

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

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

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

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

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

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

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

(xxiv) See note 25.

5 Operating segment information (continued)

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

(i) Consolidated Income Statement

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

5 Operating segment information (continued)

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

(ii) Consolidated Statement of Comprehensive Income

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

5 Operating segment information (continued)

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

(iii) Consolidated Statement of Financial Position

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

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows

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

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows (continued)

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

6 Directors' emoluments

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

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

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

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

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

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

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

6 Directors' emoluments (continued)

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

	2020					
Name of directors	Director's fees HK$ million	Basic salaries, allowances and benefits-in-kind HK$ million	Discretionary bonuses HK$ million	Provident fund contributions HK$ million	Inducement or compensation fees HK$ million	Total emoluments HK$ million
Victor T K LI [1] [2]						
Paid by the Company	0.28	4.89	55.21	-	-	60.38
Paid by CKI	0.10	-	25.93	-	-	26.03
	0.38	4.89	81.14	-	-	86.41
FOK Kin Ning, Canning [3]	0.22	11.56	153.22	1.04	-	166.04
Frank John SIXT [3] [4]	0.25	8.66	99.96	0.75	-	109.62
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	7.85	-	-	9.69
Paid by CKI	0.08	1.80	10.26	-	-	12.14
	0.30	3.42	18.11	-	-	21.83
KAM Hing Lam						
Paid by the Company	0.22	2.42	7.30	-	-	9.94
Paid by CKI	0.08	4.20	9.42	-	-	13.70
	0.30	6.62	16.72	-	-	23.64
LAI Kai Ming, Dominic [3]	0.22	5.94	50.25	0.48	-	56.89
Edith SHIH [3] [4]	0.25	4.58	14.25	0.33	-	19.41
CHOW Kun Chee, Roland [5]	0.22	-	-	-	-	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles [5]	0.22	-	-	-	-	0.22
LEUNG Siu Hon [5]	0.22	-	-	-	-	0.22
George Colin MAGNUS [5]						
Paid by the Company	0.22	-	-	-	-	0.22
Paid by CKI	0.08	-	-	-	-	0.08
	0.30	-	-	-	-	0.30
KWOK Tun-li, Stanley [8] [9]	0.35	-	-	-	-	0.35
CHENG Hoi Chuen, Vincent [1] [2] [8] [9]	0.41	-	-	-	-	0.41
Michael David KADOORIE [8]	0.22	-	-	-	-	0.22
LEE Wai Mun, Rose [8]	0.22	-	-	-	-	0.22
William SHURNIAK [11]	0.21	-	-	-	-	0.21
Paul Joseph TIGHE [8] [12]	-	-	-	-	-	-
WONG Chung Hin [13]	0.15	-	-	-	-	0.15
WONG Kwai Lam [2] [8] [9] [14]	0.26	-	-	-	-	0.26
WONG Yick-ming, Rosanna [1] [2] [4] [8]	0.32	-	-	-	-	0.32
Total	5.24	45.67	433.65	2.60	-	487.16

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

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

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

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

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

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

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

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

(a) Cost of providing services of HK$26,148 million (2020: HK$24,103 million) includes telecommunication network related costs of HK$14,106 million (2020: HK$13,222 million), repair and maintenance of HK$5,977 million (2020: HK$5,828 million) and others of HK$6,065 million (2020: HK$5,053 million).

(b) Auditors' remuneration of HK$326 million (2020: HK$289 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$241 million (2020: HK$211 million) and performed by other auditors of HK$14 million (2020: HK$13 million), and for non-audit work, including tax compliance and other tax services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$33 million (2020: HK$24 million) and performed by other auditors of HK$38 million (2020: HK$41 million).

(c) The amount represents foreign exchange losses previously recognised in reserves reclassified from equity to profit or loss as a reclassification adjustment upon completion of the merger of Husky and Cenovus Energy in the current year.

(d) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.

(e) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.

(f) Comparative balance included dilution gain of HK$10,186 million arising from the merger of the Group's former joint venture VHA and TPG Corporation Limited completed in the comparative year.

(g) The amount represents gains arising from the disposal of the Group's interests in telecommunications tower assets supporting the Group's mobile telecommunications businesses. Current year amount mainly represents disposal of telecommunications tower assets in Sweden and Italy and comparative balance mainly represented disposal of telecommunications tower assets in Austria, Denmark and Ireland.

8 Interest expenses and other finance costs

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

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

9 Tax

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

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

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

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

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

10 Earnings per share for profit attributable to ordinary shareholders

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

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

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

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

(b) Dividends

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

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

12 Fixed assets

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

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

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

12 Fixed assets (continued)

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

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

13 Leases

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

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

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

13 Leases (continued)

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

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

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

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

(d) Group as lessee - other lease disclosure

Variable lease payments

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

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$28 million (2020: approximately 0.1% or HK$22 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 2021, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$12,290 million (2020: HK$17,994 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

13 Leases (continued)

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

Residual value guarantees

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

Leases not yet commenced to which the lessee is committed

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

Restriction or covenants imposed by leases

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

(e) Group as lessor

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

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

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

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

14 Telecommunications licences

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

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

15 Brand names and other rights

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

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

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

16 Goodwill

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

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

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

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

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

16 Goodwill (continued)

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

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

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

17 Associated companies

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

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

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

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

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

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

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

(i) At 31 December 2021 and 2020, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK$34 million which are repayable within one year (2020: HK$711 million which are repayable within one to four years).

(ii) At 31 December 2021, HK$2,912 million (2020: HK$3,064 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2020: 4.7% to 11.2%) per annum.

(iii) At 31 December 2021, HK$407 million (2020: HK$908 million) bear interests at floating rates ranging from approximately 1.2% to 1.6% (2020: 1.6% to 2.1%) per annum with reference to Euro Interbank Offered Rate and Hong Kong Interbank Offered Rate, where applicable.

(iv) At 31 December 2021 and 2020, the amounts due to associated companies are unsecured and have no fixed terms of repayment.

17 Associated companies (continued)

(b) Material associated companies

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

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

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

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

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

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

18 Interests in joint ventures

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

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

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

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

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

(i) At 31 December 2021 and 2020, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$49 million which are repayable within one to four years (2020: HK$69 million which are repayable within one to five years).

(ii) At 31 December 2021, HK$16,607 million (2020: HK$17,402 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2020: 4.4% to 11.0%) per annum.

(iii) At 31 December 2021, HK$18,865 million (2020: HK$19,850 million) bear interests at floating rates ranging from approximately 1.7% to 14.1% (2020: 1.7% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate and London Interbank Offered Rate, where applicable.

(iv) At 31 December 2021 and 2020, the amounts due to joint ventures are unsecured and have no fixed terms of repayment.

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

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

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

As at 31 December 2021 and 2020, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 131 to 133.

19 Deferred tax

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

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

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

Analysis of net deferred tax assets (liabilities):

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

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

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

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

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

19 Deferred tax (continued)

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

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

20 Liquid funds and other listed investments

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

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

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

20 Liquid funds and other listed investments (continued)

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

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

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

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

(e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification.

(f) Managed funds - listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2021 and 31 December 2020 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a results, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

21 Other non-current assets

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

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

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

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

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

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

22 Investment properties

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

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

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

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

23 Cash and cash equivalents

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

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

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

24 Trade receivables and other current assets

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

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

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

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

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

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

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

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

24 Trade receivables and other current assets (continued)

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

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

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

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

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

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

25 Assets and liabilities classified as held for sale

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

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

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

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

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

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

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

26 Bank and other debts

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

26 Bank and other debts (continued)

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

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

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

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

(a) By year of repayment

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

(b) By secured and unsecured borrowings

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

(c) By borrowings at fixed and floating interest rate

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

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)

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

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

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

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

(e) By currency

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

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

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

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

27 Trade payables and other current liabilities

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

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

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

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

28 Provisions

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

Provisions are analysed as:

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

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

29 Interest bearing loans from non-controlling shareholders

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

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

30 Pension plans

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

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

(a) Defined benefit plans

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

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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 2021, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$22 million (2020: HK$10 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2021 (2020: HK$1 million) to reduce future years' contributions.

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

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

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

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

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

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

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

(ii) Defined benefit obligation

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation (continued)

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

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

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

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

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

(b) Defined contribution plans

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

31 Other non-current liabilities

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

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

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

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

(a) Share capital and share premium

	Number of shares	Share capital HK$ million	Share premium HK$ million	Total HK$ million
Authorised:				
Ordinary shares of HK$1 each	**8,000,000,000**	**8,000**	**-**	**8,000**
Issued and fully paid:				
Ordinary shares				
At 1 January 2020, 31 December 2020 and 1 January 2021	**3,856,240,500**	**3,856**	**244,377**	**248,233**
Buy-back and cancellation of issued shares (i)	**(21,606,000)**	**(22)**	**(1,208)**	**(1,230)**
At 31 December 2021	**3,834,634,500**	**3,834**	**243,169**	**247,003**

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

(b) Perpetual capital securities

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

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

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

(c) Capital management

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

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

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

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

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

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

33 Reserves

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

33 Reserves (continued)

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

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2021, revaluation reserve deficit amounted to HK$1,574 million (1 January 2021: HK$1,712 million and 1 January 2020: HK$3,111 million), and other capital reserves deficit amounted to HK$341,155 million (1 January 2021: HK$341,193 million and 1 January 2020: HK$341,269 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the comparative year 2020, the Group had acquired the remaining 40% attributable interests in the telecommunications tower assets in Sweden and Denmark from the Group's telecommunications partner in these countries. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.

33 Reserves (continued)

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

	2021		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	**265**	**-**	**265**
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	**(60)**	**-**	**(60)**
Valuation gains previously in reserves recognised in income statement	**(7)**	**-**	**(7)**
Remeasurement of defined benefit obligations recognised directly in reserves	**1,034**	**80**	**1,114**
Gains on cash flow hedges recognised directly in reserves	**1,020**	**(8)**	**1,012**
Gains on net investment hedges recognised directly in reserves	**1,767**	**-**	**1,767**
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	**(10,567)**	**-**	**(10,567)**
Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	**2,913**	**-**	**2,913**
Share of other comprehensive income of associated companies	**58**	**-**	**58**
Share of other comprehensive income (losses) of joint ventures	**(500)**	**-**	**(500)**
	(4,077)	**72**	**(4,005)**

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

34 Notes to consolidated statement of cash flows

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

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

(i) Reconciliation of EBITDA:

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

34 Notes to consolidated statement of cash flows (continued)

(b) Changes in working capital

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

(c) Purchase of subsidiary companies

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

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

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

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

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

34 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

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

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

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

34 Notes to consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

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

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

35 Share-based payments

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

36 Pledge of assets

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

37 Contingent liabilities and guarantees

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

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

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

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

38 Commitments

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

Capital commitments

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

39 Related parties transactions

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

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

40 Legal proceedings

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

41 Financial risk management

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

(a) Cash management and funding

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

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

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

(b) Interest rate exposure

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

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

41 Financial risk management (continued)

(c) Foreign currency exposure

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

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

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

(d) Credit exposure

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

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

(e) Market price risk

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

(f) Market risks sensitivity analyses

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

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

(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 (2020: 100 basis points) increase in market interest rate at 31 December 2021, with all other variables held constant:

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

(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.

41 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.

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

(iii) Other price sensitivity analysis

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

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

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

- financial assets at FVOCI (see note 20)

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

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

41 **Financial risk management (continued)**

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

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

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

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million
At 31 December 2021				
Cash flow hedges				
Interest rate swaps				
Net outflow	**(97)**	**(163)**	**-**	**(260)**
Cross currency interest rate swaps				
Net outflow	**-**	**(418)**	**-**	**(418)**
Net investment hedges				
Forward foreign exchange contracts				
Inflow	**9,222**	**-**	**-**	**9,222**
Outflow	**(9,369)**	**-**	**-**	**(9,369)**
Cross currency swaps				
Inflow	**1,522**	**674**	**-**	**2,196**
Outflow	**(1,526)**	**(701)**	**-**	**(2,227)**
Other derivative financial instruments				
Net outflow	**(108)**	**(53)**	**(3)**	**(164)**

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

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

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

Derivative financial liabilities:

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

41 Financial risk management (continued)

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

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

(i) Hedge accounting

(i) Fair value hedges

	2021							
					Carrying amount of derivatives included in			
Hedging instruments	**Receive average contracted interest rate Percentage**	**Pay average contracted interest rate Percentage**	**Notional amount in local currency million**	**Notional Amount HK$ million**	**Other current assets HK$ million**	**Other non-current assets HK$ million**	**Other current liabilities HK$ million**	**Other non-current liabilities HK$ million**
Interest rate swap - receive fixed and pay floating maturing in 2022	**4.63%**	**5.28%**	**US$700**	**5,460**	**4**	**-**	**-**	**-**
				5,460	**4**	**-**	**-**	**-**

	2021		
Hedged items	**Carrying amount of the hedged item HK$ million**	**Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item HK$ million**	**Line item in the statement of financial position in which the hedged item is included**
USD Fixed rate debts	**5,444**	**4**	**Bank and other debts**

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK$ million	Carrying amount of derivatives included in: Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
	2021							
Interest rate swaps								
- receive floating and pay fixed maturing in								
2022	**0.67%**	**2.47%**	**GBP 150**	**1,558**	**-**	**-**	**(75)**	**-**
2022	**1.68%**	**1.96%**	**NZD 150**	**794**	**-**	**-**	**(2)**	**-**
2023	**0.74%**	**0.94%**	**US$ 1,000**	**7,800**	**-**	**42**	**-**	**-**
2025	**0.85%**	**3.58%**	**AUD 509**	**2,850**	**-**	**-**	**-**	**(133)**
				13,002	**-**	**42**	**(77)**	**(133)**
Cross currency interest rate swaps								
- receive floating and pay fixed maturing in								
2023	**0.62%**	**0.05%**	**US$ 1,300**	**10,140**	**-**	**-**	**-**	**(399)**
- receive fixed and pay fixed maturing in								
2022 - 2023	**2.82%**	**0.01%**	**US$ 1,750**	**13,650**	**57**	**118**	**-**	**-**
				23,790	**57**	**118**	**-**	**(399)**

Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Carrying amount of derivatives included in: Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
	2021						
Forward foreign exchange contracts maturing in							
2022	**0.95**	**US$ 13**	**101**	**2**	**-**	**-**	**-**

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
	2021		
Interest rate risk	**(267)**	**136**	**-**
Foreign exchange risk	**(2,220)**	**221**	**-**

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

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

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

Hedging instruments	2021 Average exchange rate	Notional amount in local currency million	Notional Amount HK$ million	Carrying amount of derivatives included in Other current assets HK$ million	Other non-current assets HK$ million	Other current liabilities HK$ million	Other non-current liabilities HK$ million
Forward foreign exchange contracts maturing in							
2022	**6.10**	**CAD 277**	**1,688**	**4**	**-**	**(5)**	**-**
2022	**5.60**	**AUD 159**	**892**	**20**	**-**	**-**	**-**
2022	**5.29**	**NZD 280**	**1,481**	**59**	**-**	**-**	**-**
2022	**10.68**	**GBP 2,487**	**25,845**	**425**	**-**	**(63)**	**-**
2022	**8.84**	**EUR 65**	**574**	**47**	**-**	**-**	**-**
			30,480	**555**	**-**	**(68)**	**-**
Cross currency swaps maturing in							
2022 - 2027	**9.23**	**EUR 965**	**8,531**	**199**	**266**	**-**	**-**
2022 - 2025	**6.10**	**CAD 847**	**5,169**	**14**	**22**	**(17)**	**(31)**
2027	**5.86**	**AUD 1,415**	**7,923**	**-**	**153**	**-**	**-**
			21,623	**213**	**441**	**(17)**	**(31)**

Hedged items	2021 Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve / exchange reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve / exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
Foreign investments	**(1,750)**	**(4,370)**	**(716)**

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

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
	2020			Carrying amount of derivatives included in			
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)

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
	2020		
Foreign investments	2,229	(2,620)	(716)

41 Financial risk management (continued)

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

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

	Note	Classification under HKFRS 9 *	**2021** Carrying amounts HK$ million	**2021** Fair values HK$ million	2020 Carrying amounts HK$ million	2020 Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	**41**	**41**	50	50
Listed equity securities, Hong Kong	20	FVOCI	**701**	**701**	3,423	3,423
Listed equity securities, outside Hong Kong	20	FVOCI	**557**	**557**	198	198
Listed equity securities (included in Managed funds)	20	FVOCI	**260**	**260**	226	226
Listed debt securities (included in Managed funds)	20	FVOCI	**6,668**	**6,668**	6,691	6,691
Unlisted investments						
Unlisted debt securities	21	Amortised cost	**-**	**-**	179	179
Unlisted equity securities	21	FVOCI	**2,506**	**2,506**	2,347	2,347
Unlisted equity securities	21	FVPL	**2,648**	**2,648**	2,614	2,614
Unlisted debt securities	21	FVPL	**165**	**165**	358	358
Derivative financial instruments						
Fair value hedges - Interest rate swaps	21 & 24	Fair value - hedges	**4**	**4**	108	108
Cash flow hedges						
Interest rate swaps	21	Fair value - hedges	**42**	**42**	-	-
Cross currency interest rate swaps	21 & 24	Fair value - hedges	**175**	**175**	-	-
Forward foreign exchange contracts	24	Fair value - hedges	**2**	**2**	-	-
Other contracts	21 & 24	Fair value - hedges	**771**	**771**	63	63
Net investment hedges						
Forward foreign exchange contracts	21 & 24	Fair value - hedges	**555**	**555**	432	432
Cross currency swaps	21 & 24	Fair value - hedges	**654**	**654**	40	40
Other derivative financial instruments	21	FVPL	**37**	**37**	823	823
Lease receivables	21	Amortised cost	**232**	**232**	383	383
Cash and cash equivalents	23	Amortised cost	**153,133**	**153,133**	155,951	155,951
Trade receivables	24	Amortised cost	**16,697**	**16,697**	16,898	16,898
Other receivables	24	Amortised cost	**15,123**	**15,123**	13,998	13,998
Amounts due from associated companies	17	Amortised cost	**3,734**	**3,734**	4,442	4,442
Amounts due from joint ventures	18	Amortised cost	**37,616**	**37,616**	39,397	39,397
			242,321	**242,321**	248,621	248,621
Financial liabilities						
Bank and other debts (i)	26	Amortised cost	**325,799**	**336,283**	349,071	358,717
Trade payables	27	Amortised cost	**23,382**	**23,382**	25,042	25,042
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value - hedges	**210**	**210**	436	436
Cross currency interest rate swaps	27 & 31	Fair value - hedges	**399**	**399**	2,437	2,437
Forward foreign exchange contracts	27	Fair value - hedges	**-**	**-**	4	4
Net investment hedges						
Forward foreign exchange contracts	27	Fair value - hedges	**68**	**68**	1,023	1,023
Cross currency swaps	27 & 31	Fair value - hedges	**48**	**48**	780	780
Other derivative financial instruments	27 & 31	FVPL	**119**	**119**	503	503
Interest free loans from non-controlling shareholders	27	Amortised cost	**427**	**427**	380	380
Expenses and other accruals	27	Amortised cost	**40,636**	**40,636**	38,774	38,774
Other payables	27	Amortised cost	**17,775**	**17,775**	27,479	27,479
Lease liabilities	13	Amortised cost	**85,079**	**85,079**	94,265	94,265
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**759**	**759**	798	798
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**11,558**	**11,558**	9,008	9,008
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**567**	**567**	717	717
Amounts due to joint ventures	18	Amortised cost	**381**	**381**	380	380
			509,373	**519,857**	553,263	562,909

* see note 47(n).

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

41 Financial risk management (continued)

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

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

41 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).

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

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

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

41 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:

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

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

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

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

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

Fair value hierarchy

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

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

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

41 Financial risk management (continued)

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

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

(1) are offset in the Group's consolidated statement of financial position; or

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

	Gross amounts of recognised financial assets (liabilities) 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		Net amounts HK$ million
				Financial assets (liabilities) HK$ million	Cash collateral pledged (received) HK$ million	
At 31 December 2021						
Financial assets						
Trade receivables	**46**	**(30)**	**16**	**(7)**	**-**	**9**
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	**422**	**-**	**422**	**(68)**	**-**	**354**
Cross currency swaps	**27**	**-**	**27**	**(31)**	**-**	**(4)**
Other receivables and prepayments	**496**	**(24)**	**472**	**-**	**-**	**472**
	991	**(54)**	**937**	**(106)**	**-**	**831**
Financial liabilities						
Trade payables	**(502)**	**30**	**(472)**	**-**	**-**	**(472)**
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	**(68)**	**-**	**(68)**	**68**	**-**	**-**
Cross currency swaps	**(31)**	**-**	**(31)**	**31**	**-**	**-**
Other payables and accruals	**(31)**	**24**	**(7)**	**7**	**-**	**-**
	(632)	**54**	**(578)**	**106**	**-**	**(472)**
At 31 December 2020						
Financial assets						
Trade receivables	91	(51)	40	(10)	-	30
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	393	-	393	(793)	-	(400)
Cross currency swaps	40	-	40	(737)	-	(697)
Other receivables and prepayments	488	(142)	346	-	-	346
	1,012	(193)	819	(1,540)	-	(721)
Financial liabilities						
Trade payables	(4,782)	51	(4,731)	-	-	(4,731)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(793)	-	(793)	793	-	-
Cross currency swaps	(737)	-	(737)	737	-	-
Other payables and accruals	(142)	142	-	10	-	10
	(6,454)	193	(6,261)	1,540	-	(4,721)

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

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

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

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

(a) Particulars regarding the principal subsidiary companies are set forth on pages 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 2020	116,259
Profit for the year	12,913
Dividends paid relating to 2019	(8,870)
Dividends paid relating to 2020	(2,368)
At 31 December 2020	**117,934**
Profit for the year	**12,918**
Buy-back and cancellation of issued shares (see note 32(a)(i))	**(9)**
Dividends paid relating to 2020	**(6,555)**
Dividends paid relating to 2021	**(3,072)**
At 31 December 2021	**121,216**

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

(e) The net profit of the Company is HK$12,918 million (2020: HK$12,913 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2021, the Company’s share premium and retained profit amounted to HK$243,169 million (2020: HK$244,377 million) and HK$121,216 million (2020: HK$117,934 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

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

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

44 US dollar equivalents

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

45 Rounding of amounts

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

46 Significant accounting judgements, estimates and assumptions

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

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

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

(i) Basis of consolidation and classification of investee entities

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

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

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

(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.

46 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 47(c), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

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

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

(i) Impairment of goodwill and long-lived assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

(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.

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(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.

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

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

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

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

(vi) Estimation of useful life: Fixed assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

47 Significant accounting policies

In the current year, the Group has adopted two amendments to HKFRSs, namely (i) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16: Interest Rate Benchmark Reform – Phase 2, and (ii) Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021.

Interest Rate Benchmark Reform – Phase 2

The Interest Rate Benchmark Reform amendments to HKFRSs were issued by HKICPA in two phases. The Phase 1 amendments deal with pre-replacement issues (issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark). The Phase 1 amendments provide temporary exceptions to specific hedge accounting requirements, to avoid entities having to discontinue hedging relationships solely due to the uncertainty arising from the reform of interest rate benchmarks. These amendments apply to annual reporting periods beginning on or after 1 January 2020, and were addressed in Amendments to HKFRS 7, HKFRS 9 and HKAS 39: Interest Rate Benchmark Reform, which the Group had adopted in 2020.

The Phase 2 amendments address issues that might affect financial reporting during the reform of interest rate benchmarks, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The Phase 2 amendments are effective for annual periods beginning on or after 1 January 2021 and are to be applied retrospectively. Restatement of prior periods is not required.

The Interest Rate Benchmark Reform – Phase 2 amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform of interest rate benchmarks, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by reform of interest rate benchmarks to be made to hedge designation and hedge documentation without the hedging relationship being discontinued.

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an alternative nearly risk free interest rate instrument is designated as a hedge of a risk component.

The Phase 2 amendments had no material impact on the Annual Financial Statements. The Group intends to use the practical expedients in future periods if they become applicable.

COVID-19-Related Rent Concessions beyond 30 June 2021

The Group has early adopted Amendment to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021 ahead of its effective date. The amendment extends, by one year, the original amendment issued by HKICPA in June 2020. It permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors. The amount recognised in profit or loss for the reporting period arising from application of the practical expedient is set out in note 7 to the Annual Financial Statements.

The adoption of these two amendments to HKFRSs does not have a material impact on the Group’s 2021 financial statements. Other than these changes the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2020 Annual Financial Statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

These new accounting standards and interpretations are effective for annual periods beginning after 1 January 2021 and include:

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

47 Significant accounting policies (continued)

- 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.

- Amendments to HKAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
  - right-of-use assets and lease liabilities, and
  - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

- Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements require companies to disclose their material rather than their significant accounting policies. The amendments define what is “material accounting policy information” and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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

Set out below is a summary of the accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Subsidiary companies

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

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

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

47 Significant accounting policies (continued)

(b) Associated companies and joint arrangements

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The results and net assets of associated companies and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

Under the equity method, an investment in an associated company or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associated company or joint venture. When the Group's share of losses of an associated company or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company or joint venture.

An investment in an associated company or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

(c) Business combinations

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

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

47 Significant accounting policies (continued)

(c) Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

(d) Goodwill

Goodwill is initially recognised and measured as set out in note 47(c) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described in note 47(b) above.

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

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

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

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

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

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

47 Significant accounting policies (continued)

(f) Fixed assets

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

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

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

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

(g) Leases

(i) Group as a lessee

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

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

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

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

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

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

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

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

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

47 Significant accounting policies (continued)

(g) Leases (continued)

(ii) Group as a lessor

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

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

(h) Investment properties

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

(i) Leasehold land

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

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

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

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

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

(k) Customer acquisition and retention costs

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

(l) Contractual customer relationships

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

(m) Deferred tax

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

47 Significant accounting policies (continued)

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

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

(i) Measurement

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

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

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

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

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

(ii) Impairment

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

(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.

47 Significant accounting policies (continued)

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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

Hedge of net investments in foreign operations

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

(p) Cash and cash equivalents

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

(q) Inventories

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

47 Significant accounting policies (continued)

(r) Trade and other receivables, and contract assets

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

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

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

(s) Borrowings and borrowing costs

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

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

(t) Trade and other payables, and contract liabilities

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

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(u) Customer loyalty credits

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

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the ordinary shareholders.

(w) Provisions

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

(x) Asset impairment

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

47 Significant accounting policies (continued)

(y) Pension plans

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

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

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

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

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

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2021 and 31 December 2020 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

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

(aa) Foreign exchange

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

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

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.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 582 in December 2021 (2020: 386) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollars. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the income statement.

(ab) Revenue recognition

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

Ports and Related Services

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

Retail

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

Infrastructure

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

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

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

Telecommunications services

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

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

Telecommunications services (continued)

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.

CK Hutchison Holdings Limited
Principal Subsidiary and Associated Companies and Joint Ventures
at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Abu Qir Container Terminal Company S.A.E.	Egypt	USD	79,000,000	49	Container terminal operating
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
	Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	3,626,288,581	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal Sp. z o.o.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	100	Ship repairing, general engineering and tug operations
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison Ajman International Terminals Limited - F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ * #	Hutchison Port Holdings Trust	Singapore / China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands / Hong Kong	USD	74,870,807	80	Holding company
	Hutchison Port Jazan Limited	Saudi Arabia	SAR	15,000,000	60	Container terminal operating
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands / United Arab Emirates	USD	10,000	48	Container terminal operating
	Hutchison Ports Sweden AB	Sweden	SEK	100,000	80	Container terminal operating
	Hutchison Ports UAQ Limited	British Virgin Islands/ United Arab Emirates	USD	36,320	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating
	Oman International Container Terminal L.L.C.	Oman	OMR	4,000,000	52	Container terminal operating
	Panama Ports Company, S.A.	Panama	USD	10,000,000	72	Container terminal operating
	Port of Felixstowe Limited	United Kingdom	GBP	100,002	80	Container terminal operating
✡ +	PT Jakarta International Container Terminal	Indonesia	IDR	221,450,406,000	39	Container terminal operating
✡	River Trade Terminal Co. Ltd.	British Virgin Islands / Hong Kong	USD	1	40	River trade terminal operation
	Saigon International Terminals Vietnam Limited	Vietnam	USD	80,084,000	56	Container terminal operating
✡ ⌘	上海明東集裝箱碼頭有限公司	China	RMB	4,000,000,000	24	Container terminal operating
	South Asia Pakistan Terminals Limited	Pakistan	PKR	5,763,773,300	72	Container terminal operating
	Star Classic Investments Limited	British Virgin Islands / Hong Kong	USD	11,720	80	Operation, management and development of ports and container terminals, and investment holding

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services (continued)					
	Sydney International Container Terminals Pty Ltd	Australia	AUD	49,000,001	80	Container terminal operating
	Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP	143,700,000	80	Marine construction and ship repair yard
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	2,208,492,000	48	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
* # +	Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ +	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ +	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
	Retail					
	A.S. Watson Holdings Limited	Cayman Islands / Hong Kong	HKD	1,000,000	75	Holding company
	A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
	A.S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘	廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
	PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
*	PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡	Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
🕈	武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
	Watson’s Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
	Infrastructure					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
* +	CK Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,519,610,945	76	Holding company
✡ +	CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ +	CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services
+	Enviro Waste Services Limited	New Zealand	NZD	84,768,736	76	Waste management services
✡ +	Eversholt UK Rails Limited	United Kingdom	GBP	102	54	Leasing of rolling stock
✡ +	Northern Gas Networks Holdings Limited	United Kingdom	GBP	71,670,980	36	Gas distribution
✡ +	Northumbrian Water Group Limited	United Kingdom	GBP	181	43	Water supply, sewage and waste water businesses
❖ * # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment in energy and utility-related businesses
✡ +	Trionista TopCo GmbH	Germany	EUR	25,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	610,000,000	30	Electricity distribution
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands / Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
*	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services

CK Hutchison Holdings Limited

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Telecommunications (continued)					
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
	PT Hutchison 3 Indonesia	Indonesia	IDR	73,156,947,800,000	67	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands / Hong Kong	USD	2	100	Holding company
* # +	Cenovus Energy Inc.	Canada	CAD	17,015,824,919	16	Investment in oil and gas
* # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
*	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
* #	HUTCHMED (China) Limited (formerly known as Hutchison China MediTech Limited)	Cayman Islands / China	USD	86,453,085	38	Holding company of healthcare business
	Marionnaud Parfumeries S.A.S.	France	EUR	351,575,833	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
* #	TOM Group Limited	Cayman Islands / Hong Kong	HKD	395,851,056	36	Technology and media
* #	TPG Telecom Limited	Australia	AUD	18,399,043,754	22	Telecommunications services

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

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

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

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

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

\# Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

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

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

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

\+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 30% of the Group's respective items.

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 2021, approximately 31% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 69% were at fixed rates (31 December 2020 – 35% floating; 65% 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$23,142 million principal amount of floating interest rate borrowings that were used to finance long term investments have been swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 26% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 74% were at fixed rates at 31 December 2021 (31 December 2020 – 31% floating; 69% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

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

Group Capital Resources and Liquidity

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and British Pounds. EBITDA [(1)] for 2021 was HK$111,227 million, on a recurring basis (excluding the gain on disposal of tower assets completed in 2021, non-cash impairment of goodwill of the Group's Italian telecommunication business, impairment charge of Cenovus and a non-cash foreign exchange reserve loss following the Cenovus-Husky merger), 58% was derived from European operations, including 23% from the UK. At 31 December 2021, of the Group's total principal amount of bank and other debts after currency swap arrangements, 42% and 5% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 9% Euro and 4% British Pounds denominated cash and cash equivalents. As a result, 72% and 7% of the Group's consolidated net debt [(2)] of HK$168,169 million were denominated in Euro and British Pounds respectively. Net assets [(3)] was HK$659,850 million, with 16% and 22% attributable to Continental Europe and UK operations respectively.

At 31 December 2021, the Group's total principal amount of bank and other debts were denominated as follows: 34% in Euro, 49% 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$23,790 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: 42% in Euro, 41% 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 2021, a 10% depreciation of British Pounds would result in a HK$2.5 billion decrease in EBITDA, a HK$0.8 billion decrease in NPAT, HK$1.2 billion decrease in net debt and 0.2%-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$1.0 billion decrease in NPAT, HK$12.1 billion decrease in net debt and 0.9%-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 and S&P at Baa1 (stable outlook) and A- (stable outlook) respectively. In December 2021, Fitch Ratings upgraded CK Hutchison Group Telecom's rating from BBB+ (stable outlook) to A- (stable outlook). CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

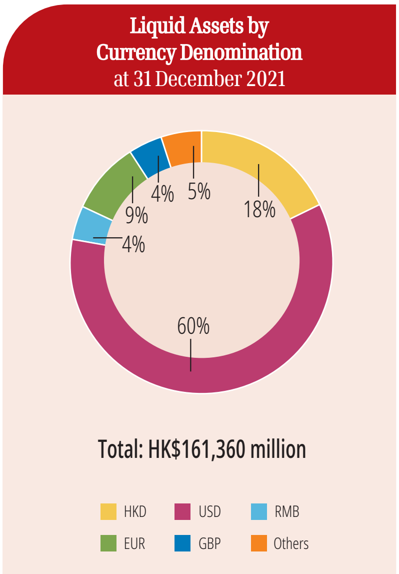
Market Price Risk

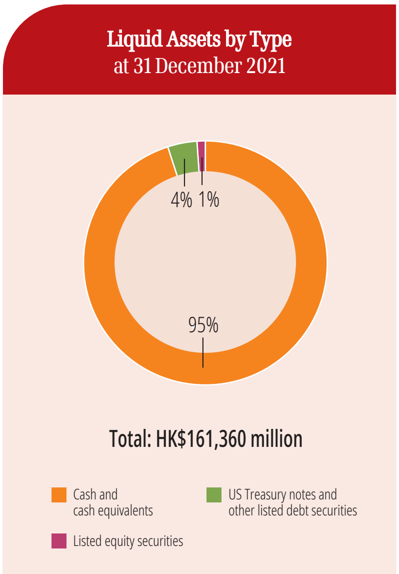
The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 5% (31 December 2020 – approximately 6%) 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.

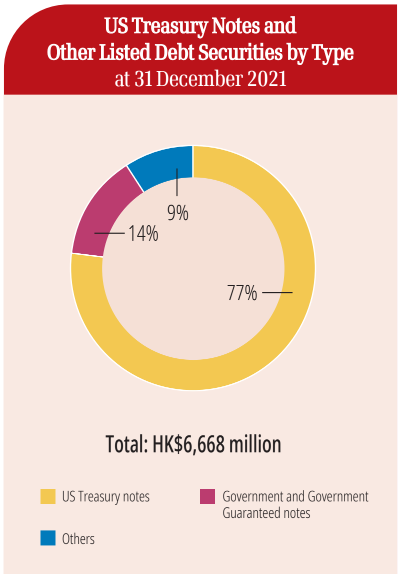
Note 1: Under Post-IFRS 16 basis, EBITDA for 2021 was HK$135,653 million (31 December 2020 – HK$122,348 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 31 December 2021 was HK$166,893 million (31 December 2020 – HK$185,103 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 31 December 2021 was HK$644,255 million (31 December 2020 – HK$630,063 million).







Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK$161,360 million at 31 December 2021, a decrease of 3% from the balance of HK$166,539 million at 31 December 2020, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, net redemption of perpetual capital securities, buy-back of issued shares, adverse working capital movements and capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 18% in HK dollars, 60% in US dollars, 4% in Renminbi, 9% in Euro, 4% in British Pounds and 5% in other currencies.

Cash and cash equivalents represented 95% (31 December 2020 – 94%) of the liquid assets, US Treasury notes and other listed debt securities 4% (31 December 2020 – 4%) and listed equity securities 1% (31 December 2020 – 2%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 77%, government and government guaranteed notes of 14% and others of 9%. Of these US Treasury notes and other listed debt securities, 99% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.7 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 2021 was HK$111,227 million, an increase of 15% compared to HK$96,944 million last year. Consolidated funds from operations [4] ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK$54,508 million for 2021, a decrease of 2% against last year of HK$55,543 million.

The Group's capital expenditures (including licences, brand name and other rights) for 2021 amounted to HK$41,076 million (31 December 2020 – HK$29,588 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK$3,630 million (31 December 2020 – HK$1,712 million); for the retail division HK$2,525 million (31 December 2020 – HK$1,947 million); for the infrastructure division HK$367 million (31 December 2020 – HK$205 million); for CK Hutchison Group Telecom HK$30,289 million (31 December 2020 – HK$21,542 million); for HAT HK$4,110 million (31 December 2020 – HK$4,003 million); and for the finance and investments and others segment HK$155 million (31 December 2020 – HK$179 million).

Note 4: Under Post-IFRS 16 basis, FFO for 2021 was HK$71,264 million (31 December 2020 – HK$72,655 million).

Group Capital Resources and Liquidity

The Group's dividends received from associated companies and joint ventures for 2021 amounted to HK$11,102 million (31 December 2020 – HK$10,241 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK$2,599 million (31 December 2020 – HK$1,543 million); for the retail division HK$1,977 million (31 December 2020 – HK$1,301 million); for the infrastructure division HK$5,937 million (31 December 2020 – HK$6,676 million); and for the finance and investments and others segment HK$589 million (31 December 2020 – HK$721 million).

The Group's purchases of and advances to associated companies and joint ventures for 2021 amounted to HK$1,753 million (31 December 2020 – HK$833 million). Purchases of and advances to associated companies and joint ventures for the ports and related services division amounted to HK$39 million (31 December 2020 – nil); for the retail division HK$22 million (31 December 2020 – HK$308 million); for the infrastructure division HK$1,569 million (31 December 2020 – HK$251 million); for CK Hutchison Group Telecom HK$54 million (31 December 2020 – HK$76 million); and for the finance and investments and others segment HK$69 million (31 December 2020 – HK$198 million).

Net cash inflow before financing activities [5] was HK$33,102 million, a decrease of 32% compared to HK$48,733 million last year, reflecting adverse working capital movements and higher capital expenditure, partly offset by higher proceeds received from tower sales.

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

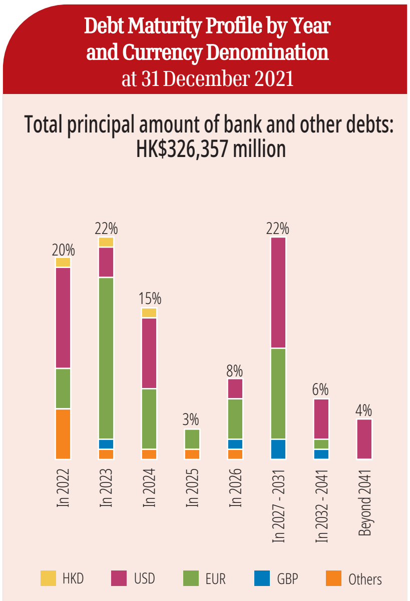
The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2021 amounted to HK$329,529 million (31 December 2020 – HK$351,837 million) which comprises principal amount of bank and other debts of HK$326,357 million (31 December 2020 – HK$347,953 million) and unamortised fair value adjustments arising from acquisitions of HK$3,172 million (31 December 2020 – HK$3,884 million). The Group's total principal amount of bank and other debts at 31 December 2021 consist of 69% notes and bonds (31 December 2020 – 65%) and 31% bank and other loans (31 December 2020 – 35%). The Group's weighted average cost of debt for the year ended 31 December 2021 is 1.6% (31 December 2020 – 1.7%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$759 million as at 31 December 2021 (31 December 2020 – HK$798 million).

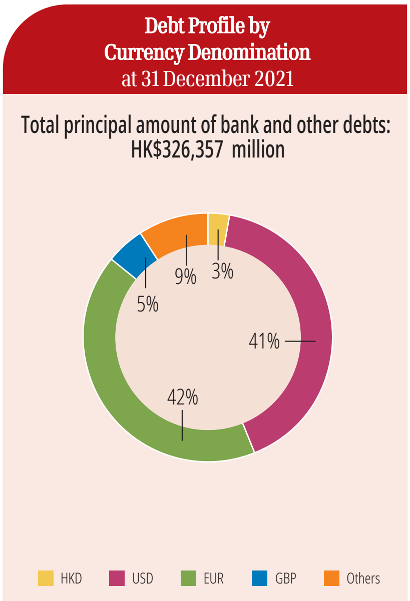
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2021 is set out below:

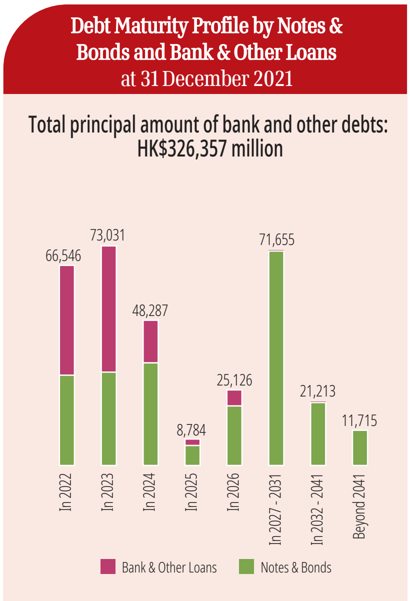
	HK$	US$	Euro	GBP	Others	**Total**
In 2022	1%	10%	4%	–	5%	**20%**
In 2023	1%	3%	16%	1%	1%	**22%**
In 2024	1%	7%	6%	–	1%	**15%**
In 2025	–	–	2%	–	1%	**3%**
In 2026	–	2%	4%	1%	1%	**8%**
In 2027 – 2031	–	11%	9%	2%	–	**22%**
In 2032 – 2041	–	4%	1%	1%	–	**6%**
Beyond 2041	–	4%	–	–	–	**4%**
Total	3%	41%	42%	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 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for 2021 was HK$51,634 million (31 December 2020 – HK$66,707 million).







Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2021 were as follows:

- In January, prepaid EUR1,650 million (approximately HK$15,527 million) of a floating rate term loan facility of EUR2,100 million maturing in October 2022;
- In March, 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;
- In March, obtained two three year floating rate loan facilities of US$50 million (approximately HK$390 million) and US$100 million (approximately HK$780 million) and repaid a floating rate loan facility of US$150 million (approximately HK$1,170 million) on maturity;
- In March, repaid a floating rate loan facility of HK$1,000 million on maturity;
- In March, obtained a three year floating rate loan facility of US$130 million (approximately HK$1,010 million);
- In March, obtained a five year floating rate loan facility of HK$1,000 million and repaid a floating rate term loan of the same amount on maturity;
- In March, obtained a five year floating rate loan facility of EUR260 million (approximately HK$2,410 million);
- In April, prepaid EUR280 million (approximately HK$2,597 million) of a floating rate loan facility maturing in August 2021;
- In April, issued US$500 million (approximately HK$3,900 million) guaranteed notes due 2026 and US$850 million (approximately HK$6,630 million) guaranteed notes due 2031, as well as US$650 million (approximately HK$5,070 million) guaranteed notes due 2041;
- In April, prepaid US$500 million (approximately HK$3,900 million) of a floating rate syndicated loan facility maturing in June 2021;
- In May, obtained a three year floating rate loan facility of AUD100 million (approximately HK$602 million) and a five year floating rate loan facility of AUD100 million (approximately HK$602 million) and repaid two floating rate loan facilities in aggregate amount of AUD200 million (approximately HK$1,204 million) on maturity;
- In May, obtained two three year floating rate term loan facilities of EUR200 million each (approximately HK$3,800 million);
- In May, repaid a floating rate term loan facility of EUR500 million (approximately HK$4,750 million) on maturity;
- In June, prepaid two floating rate loan facilities of US$300 million (approximately HK$2,340 million) and US$250 million (approximately HK$1,950 million) maturing in September 2021 and obtained two three year floating rate term loan facilities of US$250 million (approximately HK$1,950 million) and US$200 million (approximately HK$1,560 million);
- In June, repaid two floating rate term loan facilities in aggregate amount of US$220 million (approximately HK$1,716 million) on maturity;
- In June, US$300 million (approximately HK$2,340 million) guaranteed perpetual capital securities guaranteed by CKI were issued by Cheung Kong Infrastructure Finance (BVI) Limited;
- In July, prepaid EUR450 million (approximately HK$4,172 million) of a floating rate loan facility of EUR2,100 million maturing in October 2022;

Group Capital Resources and Liquidity

- In July, prepaid EUR1,050 million (approximately HK$9,734 million) of a floating rate loan facility of EUR2,100 million maturing in October 2024;
- In July, prepaid EUR100 million (approximately HK$927 million) of a floating rate loan facility maturing in May 2023;
- In July, US$300 million (approximately HK$2,340 million) guaranteed perpetual capital securities guaranteed by CKI were issued by Cheung Kong Infrastructure Finance (BVI) Limited;
- In July, obtained a one year floating rate term loan facility of US$1,800 million (approximately HK$14,040 million);
- In September, repaid HK$2,000 million of a floating rate term loan facility maturing in October 2021;
- In October, repaid US$750 million (approximately HK$5,850 million) principal amount of fixed rate notes on maturity;
- In October, repaid HK$400 million of a fixed rate term loan on maturity;
- In November, repaid EUR1,500 million (approximately HK$13,245 million) principal amount of fixed rate notes on maturity;
- In November, issued EUR500 million (approximately HK$4,415 million) guaranteed notes due 2029 and EUR500 million (approximately HK$4,415 million) guaranteed notes due 2033;
- In November, repaid a club loan facility of US$110 million (approximately HK$858 million) on maturity;
- In November, repaid HK$300 million of a fixed rate term loan on maturity;
- In November, obtained a five year floating rate loan facility of AUD250 million (approximately HK$1,394 million) and repaid a floating rate loan facility of the same amount on maturity; and
- In November, obtained a five year floating rate term loan facility of AUD550 million (approximately HK$3,080 million).

Furthermore, the significant debt financing activity undertaken by the Group subsequent to the year ended 31 December 2021 was as follows:

- In January 2022, repaid US$1,500 million (approximately HK$11,700 million) principal amount of fixed rate notes on maturity.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities [6] increased to HK$537,212 million as at 31 December 2021, compared to HK$518,975 million as at 31 December 2020, reflecting the profit for 2021 and other items recognised directly in reserves, partly offset by the Group's 2020 final and 2021 interim dividends and distributions paid.

As at 31 December 2021, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK$168,169 million (31 December 2020 – HK$185,298 million), a 9% decrease compared to the net debt at the beginning of the year primarily due to proceeds received from tower sales, partly offset by dividend payments, buy-back of issued shares, capital expenditure and investment spending. The Group's consolidated net debt to net total capital ratio [7] was 20.3% as at 31 December 2021 (31 December 2020 – 22.2%). The Group's consolidated cash and liquid investments as at 31 December 2021 were sufficient to repay all of the Group's outstanding debt maturing before 31 December 2023 and cover 45% of outstanding debt due in 2024.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK$3,668 million (31 December 2020 – HK$5,398 million) in 2021 was HK$3,376 million (31 December 2020 – HK$1,707 million). EBITDA of HK$111,227 million (31 December 2020 – HK$96,944 million) and FFO excluding net interest [8] of HK$57,884 million (31 December 2020 – HK$57,250 million) for the year covered consolidated net interest expenses and other finance costs 31.9 times (31 December 2020 – 53.6 times) and 17.2 times (31 December 2020 – 33.5 times) respectively.

Secured Financing

At 31 December 2021, assets of the Group totalling HK$1,440 million (31 December 2020 – HK$1,411 million) were pledged as security for bank loans.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn at 31 December 2021 amounted to the equivalent of HK$10,794 million (31 December 2020 – HK$20,766 million).

Note 6: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 31 December 2021 was HK$525,566 million (31 December 2020 – HK$506,711 million).

Note 7: Under Post-IFRS 16 basis, net debt to net total capital ratio for 2021 was 20.5% (31 December 2020 – 22.7%).

Note 8: Under Post-IFRS 16 basis, FFO excluding net interest for 2021 was HK$78,173 million (31 December 2020 – HK$78,046 million).

Contingent Liabilities

At 31 December 2021, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK$5,058 million (31 December 2020 – HK$7,022 million), of which HK$4,602 million (31 December 2020 – HK$6,246 million) has been drawn down as at 31 December 2021 and also provided performance and other guarantees of HK$8,353 million (31 December 2020 – HK$7,868 million).

Share Option Scheme

Neither the Company nor its subsidiaries had any share option scheme during the year ended 31 December 2021.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2021, the Company repurchased a total of 21,706,000 ordinary shares of par value HK$1.00 each in the share capital of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "SEHK"), with the aggregate consideration paid (before expenses) amounting to HK$1,234,608,275.00. All the Shares repurchased were subsequently cancelled. As at 31 December 2021, the total number of Shares in issue was 3,834,634,500 [(9)].

Particulars of the share repurchases are as follows:

Date	Number of Shares repurchased	Purchase price per Share		Aggregate consideration (before expenses)
		Highest (HK$)	Lowest (HK$)	(HK$)
March 2021	200,000	61.00	60.45	12,163,000.00
June 2021	7,630,500	60.20	58.65	452,326,550.00
July 2021	117,000	59.75	59.50	6,972,650.00
August 2021	7,871,000	58.35	56.30	452,177,275.00
September 2021	3,894,000	57.30	50.60	210,326,075.00
October 2021	267,500	52.35	52.10	13,980,775.00
November 2021	543,500	52.30	49.10	27,744,100.00
December 2021	1,182,500	50.00	49.25	58,917,850.00

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (the "Group") 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 2021 with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (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/markets, Mr Li and Mr Fok in their position as Group Co-Managing Directors share responsibilities in the overall strategic direction and day-to-day management of the Group, with no single individual having unfettered management decision power. Further, the Board of Directors (the "Board") which comprises experienced and seasoned professionals continues to scrutinise material business matters and monitor performance of the Group to ensure that management function is effectively and properly exercised with balance of power and authority. The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an

Note 9: This does not reflect the 100,000 Shares repurchased on 22 December 2021 which were cancelled on 18 January 2022. As at the date of this announcement, the total number of Shares in issue is 3,834,534,500.

Independent Non-executive Director, also provide strong independent oversight of the management in their respective areas of responsibilities and expertise. Hence, the current arrangements provide checks and balances without jeopardising the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

Compliance with the Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made, all Directors confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the year ended 31 December 2021.

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2021 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 13 to 17 of this Announcement. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2021 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, 16 May 2022 to Thursday, 19 May 2022, both days inclusive, during which period no transfer of shares will be effected, to determine shareholders' entitlement to attend and vote at the 2022 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, 13 May 2022.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Wednesday, 25 May 2022. In order to qualify for the proposed final dividend payable on Thursday, 9 June 2022, 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 Wednesday, 25 May 2022.

Annual General Meeting

The Annual General Meeting of the Company will be held on Thursday, 19 May 2022. Notice of the 2022 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 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. The Group is increasingly focusing on sustainability and delivering business solutions that support transition to the net-zero economy including the development and adoption of clean tech; circular economy & sustainable sourcing; good health and well-being; and inclusion and diversity. 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 2021 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 2021 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 2021 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 George Colin MAGNUS

Independent Non-executive Directors:
Mr CHENG Hoi Chuen, Vincent
The Hon Sir Michael David KADOORIE
Ms LEE Wai Mun, Rose
Mrs LEUNG LAU Yau Fun, Sophie
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.

In general, volatility in the US and worldwide credit and financial markets, the COVID-19 pandemic, fluctuations in commodity prices and rising energy costs, mounting inflationary pressures, potential interest rate hikes, increase geopolitical risks and political turbulence, global trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects.

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. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which the Group conducts business could have a material adverse effect on the Group's financial condition and 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 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 declines in retail consumer sentiment, decline in the value of securities investments, and volatility in currencies and interest rates, as well as increase in inflationary pressures, including energy costs. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by 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 virus 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 has had and may continue 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. Although certain countries have relaxed some restrictions and allowed some businesses to resume operations, there can be no assurance that there will not be new cases of infections and/or that another virus or variant would not appear and there can be no assurance that similar restrictions and lockdowns will not recur.

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, the possibility of resurgence and variants of COVID-19, 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 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 have threatened and can continue to 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 have and could continue to 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 around 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.

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 ports 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, as well as shifting consumer behaviours to online, 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;

- new services, 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 access technologies and potential competition in the future from substitute telecommunications 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 disposal of the Group's interests in tower assets supporting the Group's mobile businesses in Austria, Denmark, Ireland, Italy and Sweden, respectively, to Cellnex, the Group's ability to provide telecommunications services in such jurisdictions depends, in part, on Cellnex, which through its operating subsidiaries has entered into master services agreements with subsidiaries of the Group operating the Group's telecommunications business in the relevant jurisdictions. Similar arrangements will be in place in the UK following completion of the agreement entered into by the Group with Cellnex for the disposal of the Group's interests in tower assets supporting the Group's telecommunications business in the UK. While each master services agreement provides (and, in the UK, upon completion of the disposal of the relevant tower assets by the Group to Cellnex, 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 and upgrading 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 2021, the Group had a total deferred tax asset balance [1] of HK$19,520 million, of which HK$17,928 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;
- state aid and/or state subsidy control rules which could require the repayment of grants or other financial support if aid or subsidies have been provided by national governments and/or public authorities to the Group's businesses;
- 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 and ports sectors; and
- environmental, safety, employee and consumer protection laws, rules and regulations.

Note 1: Under Post-IFRS 16 basis, the Group had a total deferred tax asset balance of HK$21,188 million, of which HK$18,078 million were attributable to the CK Hutchison Group Telecom mobile operations.

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.

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 ports operations including the Group's ports 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.

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 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 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 authorisations may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its business (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the 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.

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, rise in sea levels, 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 effects of climate change. Extreme weather events may also pose increased risks 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 legislations 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, Terrorist Attacks and Military Tensions

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 or military tensions, and if any of these countries suffers from political unrest or terrorist attacks or military tensions, it may have an adverse impact on 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.

The Port of Felixstowe, together with Harwich, is granted the Freeport status by the UK government that would further strengthen its position as the country's major trade hub.

Ports and Related Services

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1. In Mainland China, Hutchison Ports Yantian achieves 200 million TEU milestone.

2. Hutchison Ports HIT launches remote reefer container monitoring system.

3. The new terminal of ICAVE breaks a monthly productivity record in June by handling a total of 50 container ships with a combined throughput of over 100,000 TEU.

4. The Ministry of Transport of Egypt and Hutchison Ports sign a Memorandum of Understanding to examine the feasibility of investment in, and operation of, El-Dekheila Port and Sokhna Port.

Operations Review – Ports and Related Services

This division is the world's leading port network, and has interests in 52 ports comprising 291 operational berths in 26 countries.

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 88.0 million twenty-foot equivalent units ("TEU") in 2021.

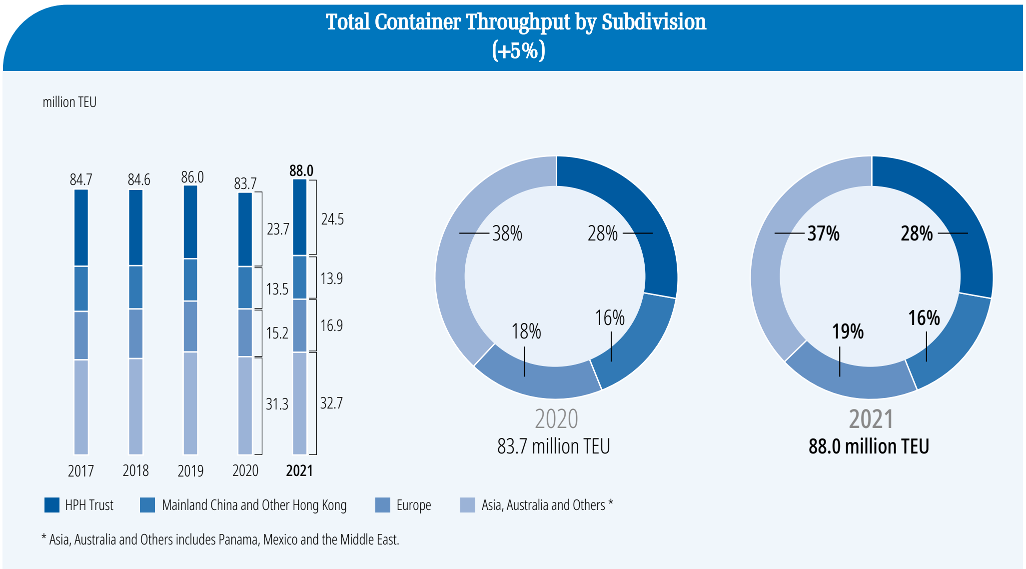
	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue (1)	**42,285**	32,865	+29%	+26%
EBITDA (1) (2)	**15,157**	10,914	+39%	+35%
EBIT (1) (2)	**10,737**	6,717	+60%	+55%
Throughput (million TEU)	**88.0**	83.7	+5%	
Number of berths	**291**	283	+8 berths	

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

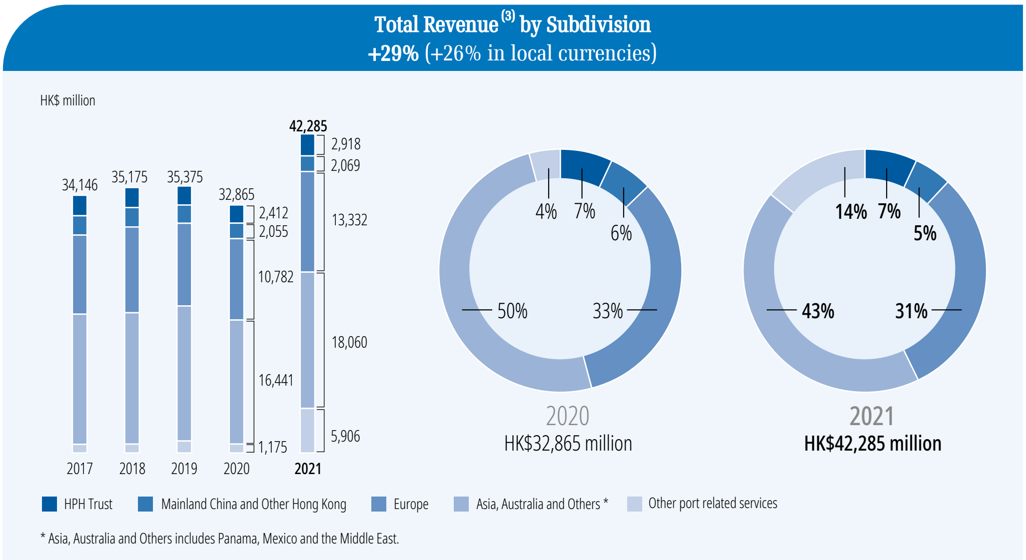
Note 2: Under Post-IFRS 16 basis, EBITDA was HK$18,008 million (2020: HK$13,748 million); EBIT was HK$11,946 million (2020: HK$8,055 million).

Overall throughput increased 5% to 88.0 million TEU in 2021, primarily due to strong global consumer demand recoveries across all regions of this division, with growth in HPH Trust, major ports in Europe (mainly in the UK, Barcelona in Spain and Rotterdam in the Netherlands), and Asia, Australia and Others (mainly Laem Chabang in Thailand, Jakarta in Indonesia, Mexico, Freeport in Bahamas and Panama), partly offset by the loss of throughput contribution from Dammam in Saudi Arabia as the concession expired at the end of September 2020.

The division's throughput in 2021 increased 2% against pre-pandemic levels in 2019. Throughput volumes have exceeded or on par with pre-pandemic levels across majority of the ports operations due to strong recoveries in global trade volumes.

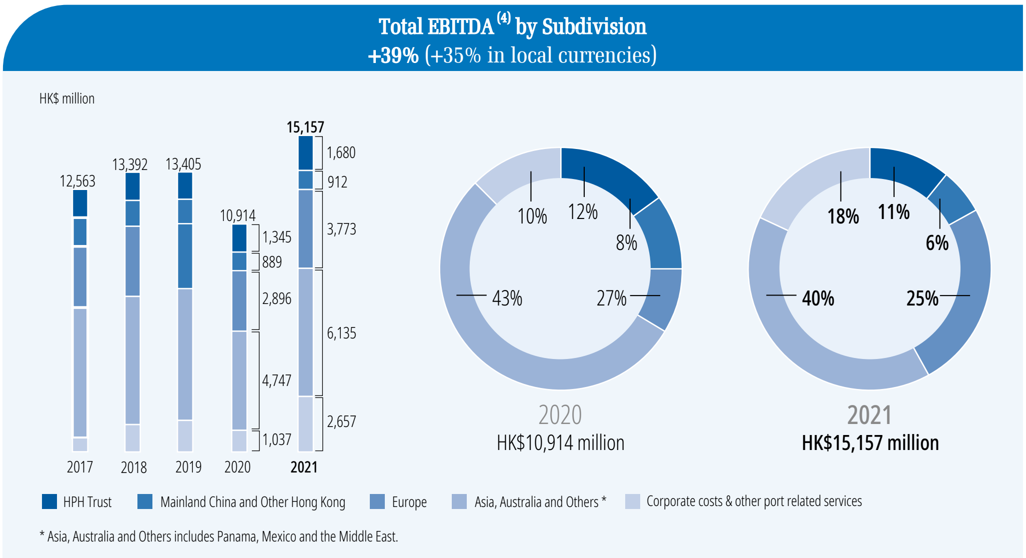


Total reported revenue increased 29% to HK$42,285 million in 2021 mainly due to throughput growth, higher storage income in the UK, Rotterdam in the Netherlands and Mexico, strong performance of an associated company in the container shipping business, as well as contribution from the newly acquired Delta II terminal in the Netherlands. The favourable revenue growth was partly offset by lower contribution from Shanghai following the division's partial disposal of 20% interest in Shanghai Mingdong Container Terminals in 2020 and loss of contribution from Dammam in Saudi Arabia as mentioned above.



Note 3: Total revenue has been adjusted to exclude non-controlling interests' share of revenue of HPH Trust.

In reported currency, EBITDA increased 39% to HK$15,157 million and EBIT increased 60% to HK$10,737 million against 2020, mainly due to higher revenue as mentioned above, improved margins and continued efforts on overall cost containment across all the regions.



Note 4: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2021, the division had 291 operating berths [5], eight berths more than 2020, with new berths in Rotterdam (+5 berths at Delta II terminal) and Pakistan (+3 berths).

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

	2021 **HK$ million**	2020 HK$ million	Change
Total Revenue [6]	**2,918**	2,412	+21%
EBITDA [6]	**1,680**	1,345	+25%
EBIT [6]	**975**	638	+53%
Throughput (million TEU)	**24.5**	23.7	+3%
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 3%, HPH Trust's total revenue, EBITDA and EBIT increased by 21%, 25% and 53% respectively. Favourable performance was attributable to higher storage income in Hong Kong and Yantian, overall throughput growth of 3% as a result of increase in US, European and empty cargoes in Yantian, as well as higher average revenue per TEU for Yantian and Hong Kong. Despite throughput growth was 13% in first half of 2021, this growth momentum eased in the second half of 2021 as a result of high yard density and pandemic preventive measures in place in Hong Kong and the Mainland.

During the year, a joint venture agreement was signed with Shenzhen Yantian Port Group Company Limited to develop Yantian East Port Phase I with an approximate size of 120 hectares.

Mainland China and Other Hong Kong

	2021 **HK$ million**	2020 HK$ million	Change	Local currencies change
Total Revenue	**2,069**	2,055	+1%	-5%
EBITDA	**912**	889	+3%	-3%
EBIT	**672**	646	+4%	-2%
Throughput (million TEU)	**13.9**	13.5	+3%	
Number of berths	**42**	42	–	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT growth was mainly attributable to favourable currency translation. In local currencies, total revenue, EBITDA and EBIT declined by 5%, 3% and 2% respectively mainly attributable to the lower contribution from Shanghai due to the division's partial disposal of 20% interest in Shanghai Mingdong Container Terminals in 2020, partly offset by throughput growth and favourable margin mix. Excluding the impact of shareholding change, the growth in total revenue, EBITDA and EBIT corresponds with throughput growth.

Europe

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**13,332**	10,782	+24%	+18%
EBITDA	**3,773**	2,896	+30%	+24%
EBIT	**2,623**	1,874	+40%	+33%
Throughput (million TEU)	**16.9**	15.2	+11%	
Number of berths	**67**	62	+5 berths	

Favourable performance in the Europe segment during the year was mainly attributable to higher throughput from strong trade growth primarily in the UK, Barcelona in Spain, Rotterdam and Amsterdam in the Netherlands and Gdynia in Poland, higher storage income, as well as favourable contribution from the newly acquired Delta II terminal in the Netherlands in June 2021.

Asia, Australia and Others

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**18,060**	16,441	+10%	+9%
EBITDA	**6,135**	4,747	+29%	+25%
EBIT	**4,135**	2,690	+54%	+47%
Throughput (million TEU)	**32.7**	31.3	+4%	
Number of berths	**130**	127	+3 berths	

Asia, Australia and Others' total revenue, EBITDA and EBIT grew by 10%, 29% and 54% respectively mainly driven by higher throughput in Laem Chabang in Thailand, Jakarta in Indonesia, Mexico, Freeport in Bahamas and Panama, as well as favourable variance attributable to impairment provision on certain non-performing ports recognised last year. The favourable performance is partly offset by loss of contribution as a result of concession expiry at Dammam in Saudi Arabia last year.

This division has signed an agreement to invest and operate multipurpose terminals within the Jazan City for Primary and Downstream Industries in Saudi Arabia in February 2021. In September 2021, the division has signed an agreement to manage and operate the dry port and bonded logistics zone in the King Salman Energy Park in Saudi Arabia.

Watsons expands its presence in the Gulf Cooperation Council region, operating five stores in United Arab Emirates and Saudi Arabia.

Retail

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1. Kruidvat operates over 1,200 stores in the Netherlands and Belgium, offering a wide range of value-for-money products via its seamless O+O platforms.

2. The Perfume Shop opens a sustainable store with sensor-controlled lighting and a recycled-bottle-made tree in Edinburgh, Scotland.

3. Watsons Malaysia celebrates a significant milestone of its 600th store in Kuala Lumpur.

4. Rossmann, with over 4,300 health and beauty stores, further expands its network by entering into the Spanish market.

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 142 million loyalty member base.

Group Performance

ASW operated 12 retail brands with 16,398 stores in 28 markets worldwide as of 31 December 2021, 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. Since the start of the pandemic, ASW has transformed part of its water factory to produce face masks in Hong Kong.

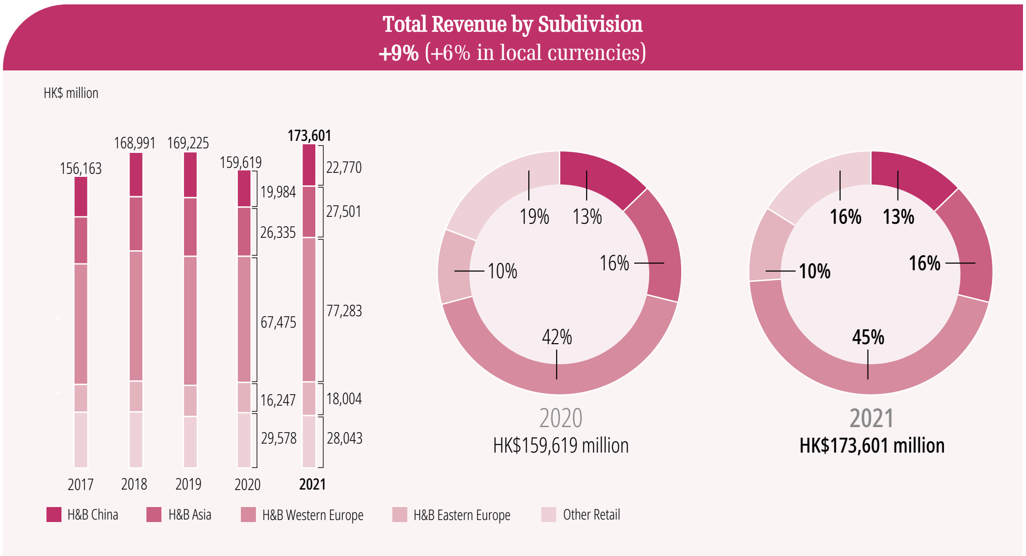
	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**173,601**	159,619	+9%	+6%
EBITDA (1)	**16,034**	14,397	+11%	+9%
EBIT (1)	**12,460**	10,933	+14%	+12%
Store Numbers	**16,398**	16,167	+1%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$26,119 million (2020: HK$24,557 million); EBIT was HK$13,370 million (2020: HK$11,889 million).

Following the gradual easing of restrictive lockdowns and the significant reduction in temporary store closures in 2021, as well as favourable foreign exchange translation effect, total reported revenue increased by 9% against last year, mainly attributable to the H&B segment, partly offset by the reduced contribution from the supermarket operation in Hong Kong as the pandemic concerns eased during 2021. In local currencies, total revenue increased by 6% against last year.

H&B loyalty members' participation & exclusives sales contribution	**2021**	2020
Total loyalty members in H&B segment (million)	**141**	138
Loyalty members' sales participation in H&B segment (%)	**64%**	63%
Exclusives sales contribution to total H&B sales (%)	**36%**	35%

The H&B segment, which represented 84% of the Retail division's revenue in 2021, has 141 million loyalty members. Customer insights from these loyalty members have enabled the businesses to drive assortment, store and marketing strategies. Together with the "O + O" end-to-end media touchpoints, this will generate higher returns on investments and increase brand equity.



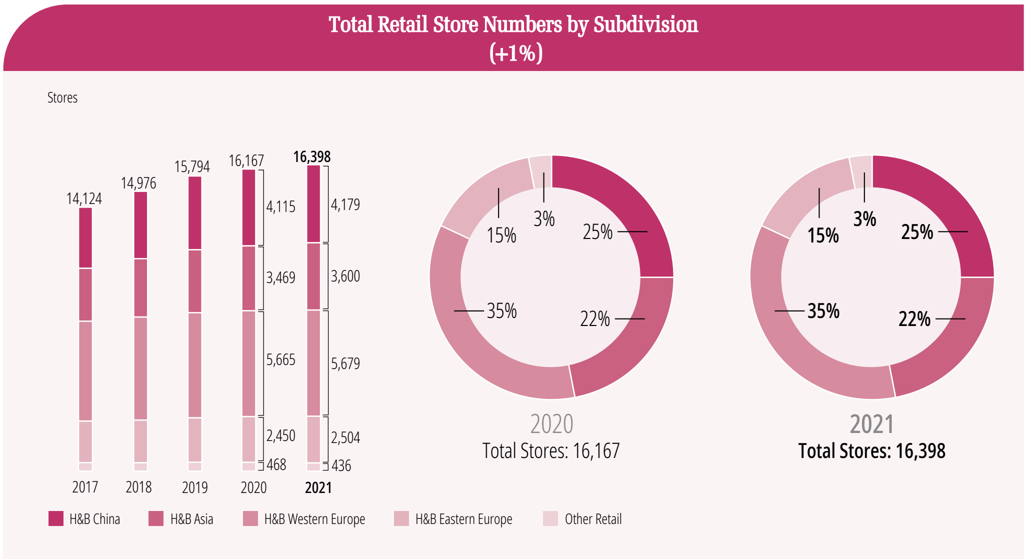
Total Revenue	2021 HK$ million	2020 HK$ million	Change	Local currencies change
H&B China	**22,770**	19,984	+14%	+7%
H&B Asia	**27,501**	26,335	+4%	+5%
H&B China & Asia Subtotal	**50,271**	46,319	+9%	+5%
H&B Western Europe	**77,283**	67,475	+15%	+10%
H&B Eastern Europe	**18,004**	16,247	+11%	+10%
H&B Europe Subtotal	**95,287**	83,722	+14%	+10%
H&B Subtotal	**145,558**	130,041	+12%	+8%
Other Retail (2)	**28,043**	29,578	-5%	-6%
Total Retail	**173,601**	159,619	+9%	+6%

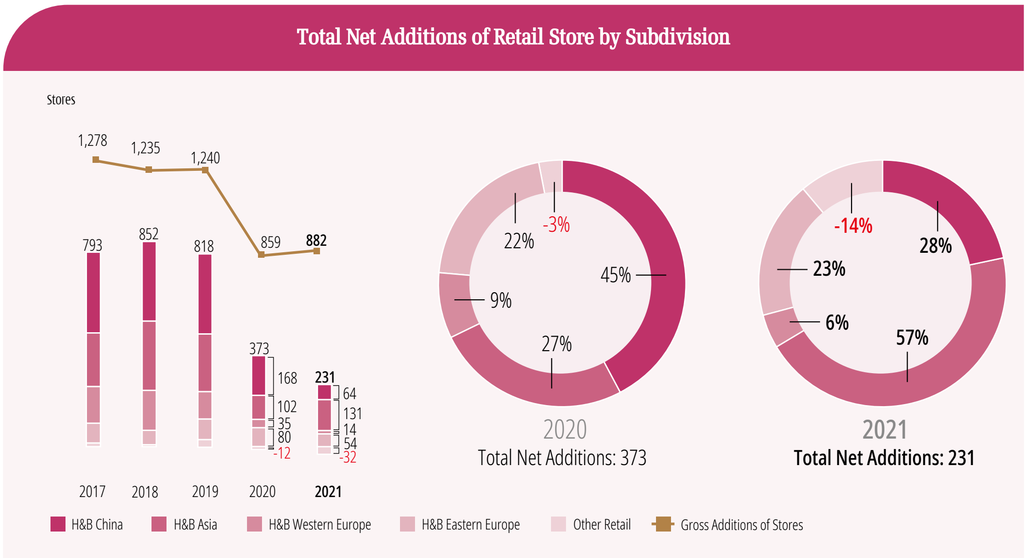
Comparable Stores Sales Growth (%) (3)	2021	2020
H&B China	**+1.9%**	-21.8%
H&B China (adjusted to include loyalty members' sales recovered in proximate new stores)	**+4.7%**	-20.0%
H&B Asia	**-0.8%**	-17.0%
H&B China & Asia Subtotal	**+0.2%**	-19.2%
H&B Western Europe	**+7.9%**	-3.8%
H&B Eastern Europe	**+4.6%**	-4.1%
H&B Europe Subtotal	**+7.3%**	-3.8%
H&B Subtotal	**+4.8%**	-9.7%
Other Retail (2)	**-8.3%**	+12.2%
Total Retail	**+2.6%**	-6.8%

Note 2: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

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)

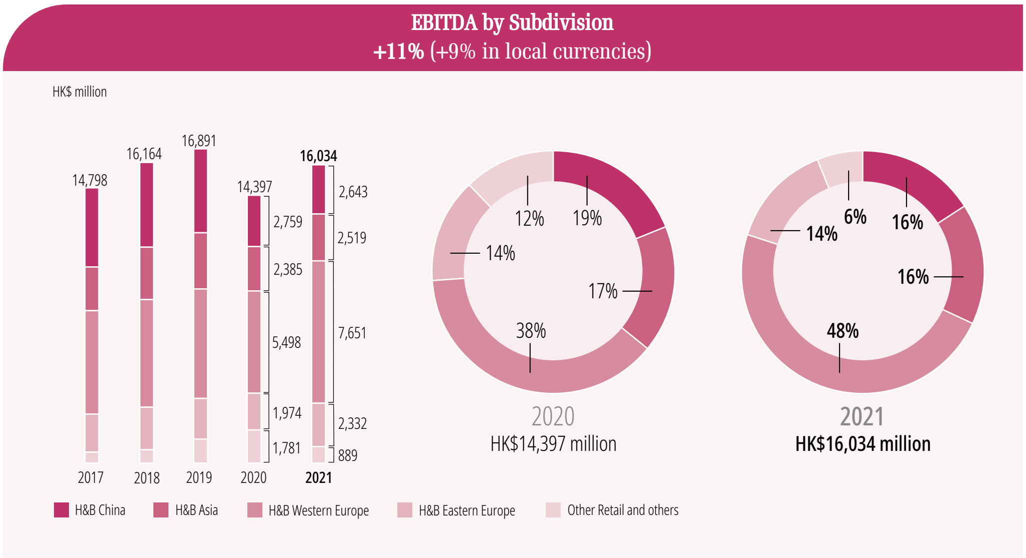




Store Numbers	2021	2020	Change
H&B China	**4,179**	4,115	+2%
H&B Asia	**3,600**	3,469	+4%
H&B China & Asia Subtotal	**7,779**	7,584	+3%
H&B Western Europe	**5,679**	5,665	–
H&B Eastern Europe	**2,504**	2,450	+2%
H&B Europe Subtotal	**8,183**	8,115	+1%
H&B Subtotal	**15,962**	15,699	+2%
Other Retail [4]	**436**	468	-7%
Total Retail	**16,398**	16,167	+1%

Note 4: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

The Retail division's EBITDA and EBIT increased by 11% and 14% respectively in reported currency against 2020. In local currencies, EBITDA and EBIT increased by 9% and 12% respectively, primarily driven by the growth in revenue as a result of the strong recoveries from the pandemic. The H&B segment reported EBITDA and EBIT improvement of 17% and 23% respectively in local currencies, which was attributable to the exceeding pre-pandemic performances in Europe as well as the solid performance in Asia despite severe pandemic-related disruptions. These favourable results were partly offset by lower government subsidies received across various markets in 2021, poorer performance in the Mainland in the second half of 2021 due to community lockdowns, as well as the Other Retail segment which reported a normalised performance in the supermarket operation in Hong Kong in 2021 as the performance in 2020 was favourably affected from panic buying by customers. In 2021, the division sees the opportunities in expanding its beverage business in the Mainland and has invested more than HK$100 million during 2021 in marketing and additional sales force capabilities with the aim to accelerate business growth.



EBITDA	2021 HK$ million	2020 HK$ million	Change	Local currencies change
H&B China	**2,643**	2,759	-4%	-11%
H&B Asia	**2,519**	2,385	+6%	+6%
H&B China & Asia Subtotal	**5,162**	5,144	–	-3%
H&B Western Europe	**7,651**	5,498	+39%	+36%
H&B Eastern Europe	**2,332**	1,974	+18%	+19%
H&B Europe Subtotal	**9,983**	7,472	+34%	+32%
H&B Subtotal	**15,145**	12,616	+20%	+17%
Other Retail (5)	**889**	1,781	-50%	-50%
Total Retail	**16,034**	14,397	+11%	+9%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

During 2021, the Retail division opened its first store in Saudi Arabia, which is the 28th operating market of the division, as part of the franchise business with Al-Futtaim.

Segment Performance

Health and Beauty China

	2021 HK$ million	2020 HK$ million	Change	Local currency change
Total Revenue	**22,770**	19,984	+14%	+7%
EBITDA	**2,643**	2,759	-4%	-11%
EBITDA Margin %	***12%***	*14%*		
EBIT	**1,808**	1,952	-7%	-14%
EBIT Margin %	***8%***	*10%*		
Store Numbers	**4,179**	4,115	+2%	
Comparable Stores Sales Growth (%)	**+1.9%**	-21.8%		
Adjusted Comparable Stores Sales Growth (%) [(6)]	**+4.7%**	-20.0%		

Note 6: Adjusted to include loyalty members' sales recovered in proximate new stores.

H&B China delivered an encouraging performance in the first half of 2021 with year-on-year growth in EBITDA of 53% in local currency when the pandemic conditions were relatively stable. In the second half of 2021, the business was significantly affected by regional outbreaks and tighter public health measures nationwide which negatively affected footfall, and as a result EBITDA and EBIT for the full year of 2021 decreased by 11% and 14% in local currency respectively compared to 2020. Despite the challenging trading environment, the business took positive actions to cope with the change in customer shopping behaviour by recovering sales through the division's digital channels under the "O + O" platform strategy to partly recover the shortfall in stores. The "O + O" platform strategy drives customer lifetime value through building "O + O" sales participation with ASW's largest network of physical stores and fulfillment hubs. H&B China will be able to engage with its 62 million loyalty members and over 80 million social media followers digitally through the 18,000 beauty advisors from its physical store network and 28 online stores. Online sales growth remained strong at 94% in 2021 (2020: 123%).

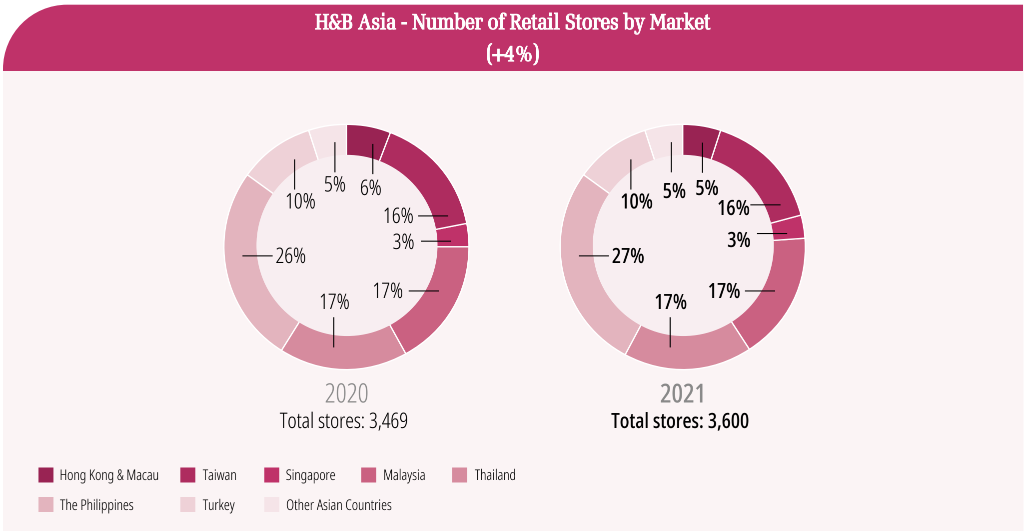
H&B China added net 64 stores during the year and had more than 4,100 stores in over 500 cities in the Mainland as of 31 December 2021.

Health and Beauty Asia

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**27,501**	26,335	+4%	+5%
EBITDA	**2,519**	2,385	+6%	+6%
EBITDA Margin %	***9%***	*9%*		
EBIT	**1,942**	1,824	+6%	+7%
EBIT Margin %	***7%***	*7%*		
Store Numbers	**3,600**	3,469	+4%	
Comparable Stores Sales Growth (%)	**-0.8%**	-17.0%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. Despite a 0.8% comparable stores sales decline as a result of various restrictive measures following the rising number of infected cases in the region, H&B Asia delivered steady growth in EBITDA and EBIT, primarily in Malaysia and the Philippines, of 6% and 7% in local currencies respectively from continued store portfolio expansion and enhanced operational efficiencies. In addition, the H&B operation in Hong Kong reduced its losses significantly in 2021 despite the continued border entry restrictions imposed which limited inbound tourists.

H&B Asia added net 131 stores during the year and had 3,600 stores in 12 markets as of 31 December 2021.

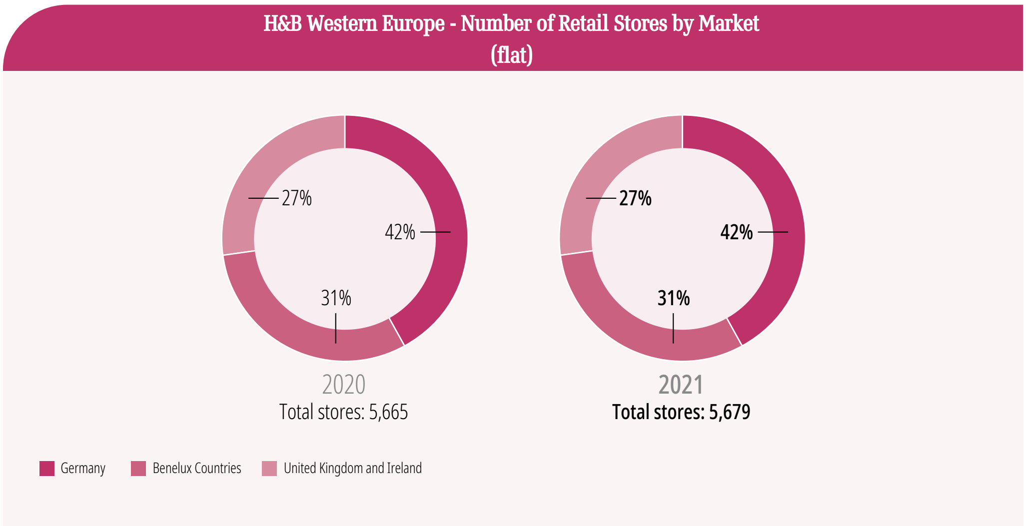


Health and Beauty Western Europe

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**77,283**	67,475	+15%	+10%
EBITDA	**7,651**	5,498	+39%	+36%
EBITDA Margin %	***10%***	*8%*		
EBIT	**6,253**	4,194	+49%	+47%
EBIT Margin %	***8%***	*6%*		
Store Numbers	**5,679**	5,665	–	
Comparable Stores Sales Growth (%)	**+7.9%**	-3.8%		

H&B Western Europe reported a strong EBITDA and EBIT growth of 36% and 47% in local currencies respectively during the year, arising from a robust comparable stores sales growth rate of 7.9%, primarily from the Benelux countries and Germany, where stores remained open during the lockdown periods. Sales were particularly strong for stores located in or near residential areas which were able to cater for the heightened demand from local consumers during lockdowns.

H&B Western Europe added net 14 stores during the year and had more than 5,600 stores as of 31 December 2021.



Segment Performance (continued)

Health and Beauty Eastern Europe

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**18,004**	16,247	+11%	+10%
EBITDA	**2,332**	1,974	+18%	+19%
EBITDA Margin %	***13%***	*12%*		
EBIT	**1,975**	1,626	+21%	+22%
EBIT Margin %	***11%***	*10%*		
Store Numbers	**2,504**	2,450	+2%	
Comparable Stores Sales Growth (%)	**+4.6%**	-4.1%		

H&B Eastern Europe continued to contribute to the recovery of the division with growth in EBITDA and EBIT of 19% and 22% in local currencies respectively, mainly attributable to the Rossmann joint venture in Poland as a result of the strong momentum in store openings during the year, together with strong recovery in comparable stores sales growth of 4.6%, partly offset by the introduction of retail sales tax in Poland from the start of 2021.

H&B Eastern Europe added net 54 stores during the year and had more than 2,500 stores as of 31 December 2021.

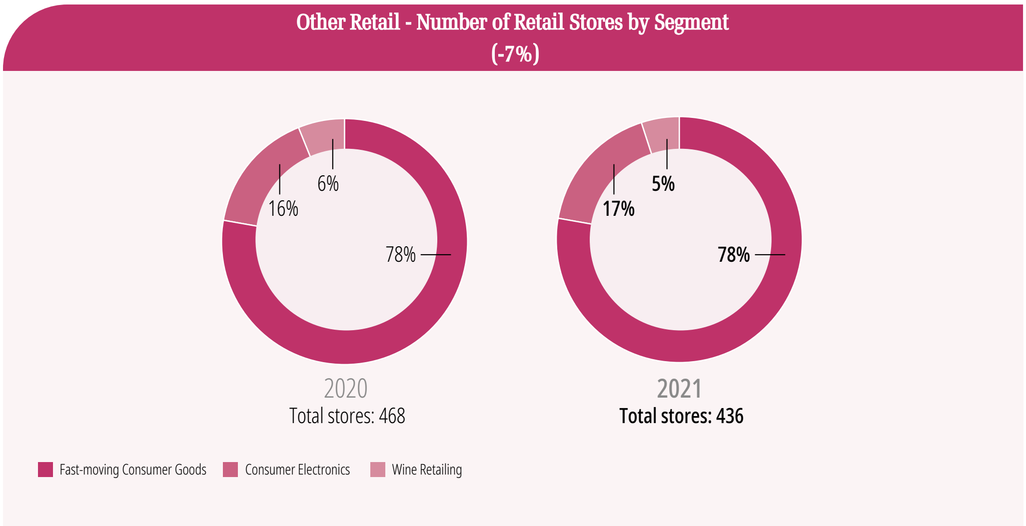
H&B Eastern Europe - Number of Retail Stores by Market (+2%)

Other Retail

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**28,043**	29,578	-5%	-6%
EBITDA	**889**	1,781	-50%	-50%
EBITDA Margin %	***3%***	*6%*		
EBIT	**482**	1,337	-64%	-63%
EBIT Margin %	***2%***	*5%*		
Store Numbers	**436**	468	-7%	
Comparable Stores Sales Growth (%)	**-8.3%**	+12.2%		

The Other Retail segment reported a reduction in total revenue of 6% in local currencies in 2021, mainly arising from the normalised performance in the supermarket operation in Hong Kong in 2021 as the performance in 2020 was favourably affected from panic buying by customers, as well as the increase in investments to accelerate business growth in the beverage business in the Mainland.

Other Retail had 436 retail stores in 3 markets as of 31 December 2021, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and the Mainland.



UK Power Networks launches the Constellation project, which includes the installation of powerful computers in a series of substations.

Infrastructure

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1. Australian Gas Networks opens its first hydrogen production facility, Hydrogen Park South Australia.

2. Reliance Home Comfort completes two acquisitions, adding about 25,000 new rental assets primarily in Ontario, Canada.

3. HK Electric takes a major step forward in its transition from coal-to-gas generation with the successful synchronisation of a new gas-fired unit.

4. New Zealand's EnviroWaste unveils its plan to build a construction and demolition waste sorting facility in South Auckland.

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, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**56,100**	52,792	+6%	-
EBITDA [2]	**29,636**	29,066	+2%	-5%
EBIT [2]	**19,095**	18,488	+3%	-4%
CKI Reported Net Profit (under Post-IFRS 16 basis)	**7,515**	7,320	+3%	

Note 1: On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities and the Group's interest in CKI reduced from 75.67% to 71.93%. As these new shares were disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI remained at 75.67%. After the redemption of the above-mentioned perpetual capital securities by CKI in March 2021 and the cancellation of the related shares in December 2021, the Group's interest in CKI returns to 75.67%.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$29,938 million (2020: HK$29,367 million); EBIT was HK$19,139 million (2020: HK$18,537 million).

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, Canada and the United States.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK$7,515 million, 3% higher against last year. Both 2021 and 2020 included deferred tax charges from the revision of the UK corporate tax rates. Excluding the non-cash deferred tax impact for both years, as well as the disposal gain from the sale of Portugal Renewable Energy in 2020, the adjusted net profit increased 22% in 2021 compared to 2020, reflecting good operational performance across its global portfolio of infrastructure businesses.

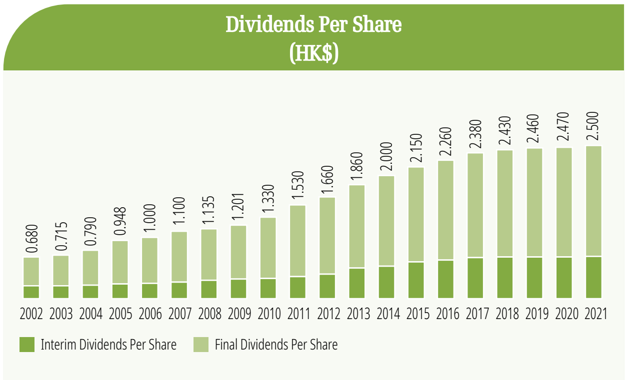
The division's EBITDA and EBIT of HK$29,636 million and HK$19,095 million were 2% and 3% higher than last year respectively in reported currency, reflecting favourable foreign currency translation impacts and good operational performance as mentioned, partly offset by gain on disposal of Portugal Renewable Energy recognised in 2020.

Profit contribution from Power Assets, a company listed on the SEHK and in which CKI holds a 35.96% interest as of 31 December 2021, was HK$2,210 million, flat as compared to HK$2,208 million in 2020. Excluding the share of non-cash deferred tax impact and disposal gain on Portugal Renewable Energy, the adjusted profit contribution from Power Assets increased by 10% as compared to last year.

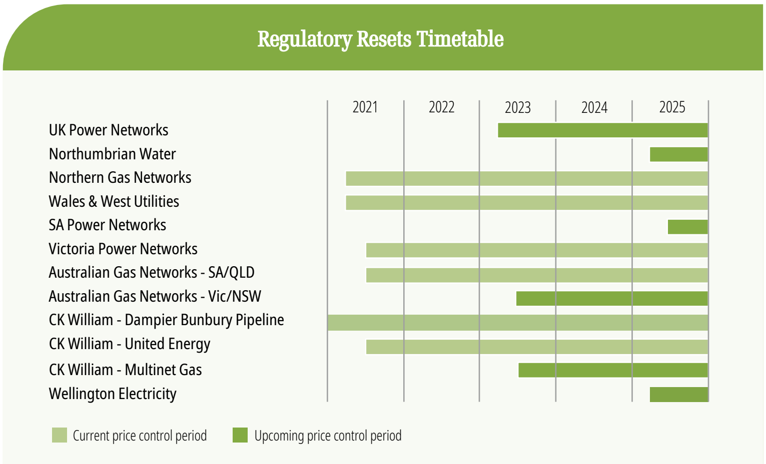
In 2021, a number of CKI's regulated businesses in the UK and Australia have entered new regulatory regimes and these resulted in lower revenues and allowable returns. Appeals were made to the Competition and Markets Authority in respect of the regulatory resets by Northern Gas Networks and Wales & West Gas Networks. Upon completion of the appeal processes, improvements were achieved in a number of areas. This will benefit the revenue and asset bases of these businesses in the remaining years of the current regulatory periods. The secure business models of CKI will continue to contribute solid revenue streams and returns.

During 2021, CKI's businesses have carried out a number of acquisition activities, including ista completing four bolt-on acquisitions which expanded its market penetration in Germany, France and Czech Republic; Reliance Home Comfort completing two acquisitions during the year, adding about 25,000 new rental assets primarily in Ontario and further strengthening its market position in the region; as well as Canadian Power acquiring two wind farms in the Okanagan region of British Columbia. In addition, Dutch Enviro Energy was successfully named preferential bidder for AEB, a waste-to-energy business in the Netherlands.

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$8.1 billion cash on hand and a net debt to net total capital ratio of 14.7% as at 31 December 2021. Credit rating from Standard & Poor's maintained at "A/Stable". CKI has redeemed US$1.2 billion perpetual capital securities in March 2021 with subsequent issuance of US$300 million securities in each of June and July 2021, which is expected to generate meaningful savings in distributions to securities holders going forward.



Note 3: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.



Wind Tre's super-fast Internet services bring unlimited Internet access at 1 GB speeds to 8.7 million homes and businesses across 225 cities in Italy.

Telecommunications

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1. **3** Austria has been named the country's fastest 5G mobile network at global speed test agency Ookla's annual ranking of mobile phone companies.

2. **3** Ireland has been crowned as the fastest provider for both mobile and 5G networks in the country.

3. **3** UK covers 99% of the UK outdoor population with its combined 3G and 4G network and carries 28% of mobile data traffic in the country. It is also recognised as UK's Fastest 5G Network.

4. Indosat Ooredoo Hutchison, the new company from the merger transaction between Hutchison 3 Indonesia and PT Indosat Tbk, creates Indonesia's second largest mobile telecommunications company.

5. **3** Denmark welcomes its customers as all its stores reopen in spring 2021.

Operations Review – Telecommunications

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

CKHGT completed the disposal of tower assets in Sweden and Italy in 2021 and recognised a disposal gain of HK$25,259 million, as compared to HK$16,583 million recognised in 2020 on the sale of tower assets in Denmark, Austria and Ireland where the transactions were completed in December 2020. On 3 March 2022, the Group obtained conditional regulatory approval of the tower asset transaction in the UK. Subject to the satisfactory conclusions to the conditions, the transaction is expected to complete in the second half of 2022. Apart from the disposal gain, CKHGT recognised a non-cash impairment of goodwill on the Group's Italian telecommunication business of HK$15,472 million in 2021.

In million	**2021 HK$**	2020 HK$	Change	Local currencies change	**2021 EURO**	2020 EURO
Total Revenue	**92,575**	90,663	+2%	-3%	**10,083**	10,231
Total Margin	**63,789**	63,563	–	-4%	**6,946**	7,182
Total CACs	**(16,725)**	(16,681)	–		**(1,823)**	(1,875)
Less: Handset revenue	**12,944**	13,028	-1%		**1,411**	1,462
Total CACs (net of handset revenue)	**(3,781)**	(3,653)	-4%		**(412)**	(413)
Operating Expenses	**(26,743)**	(27,953)	+4%		**(2,904)**	(3,162)
Gain from disposal of tower assets	**25,259**	16,583	+52%		**2,620**	1,702
Impairment of goodwill	**(15,472)**	–	-100%		**(1,669)**	–
EBITDA (1)	**43,052**	48,540	-11%	-14%	**4,581**	5,309
Depreciation & Amortisation	**(19,590)**	(15,959)	-23%		**(2,135)**	(1,797)
EBIT (1)	**23,462**	32,581	-28%	-30%	**2,446**	3,512

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$50,892 million (2020: HK$56,706 million); EBIT was HK$24,530 million (2020: HK$33,484 million).

3 Group Europe [2]

In million	2021 HK$	2020 [3] HK$	Change	Local currencies change
Total Revenue	**86,972**	85,786	+1%	-4%
Total Margin	**60,777**	60,358	+1%	-4%
Total CACs	**(16,163)**	(16,155)	–	
Less: Handset revenue	**12,549**	12,683	-1%	
Total CACs (net of handset revenue)	**(3,614)**	(3,472)	-4%	
Operating Expenses	**(27,271)**	(26,952)	-1%	
Opex as a % of total margin	***45%***	*45%*		
EBITDA	**29,892**	29,934	–	-5%
EBITDA Margin % [4]	***40%***	*41%*		
Depreciation & Amortisation	**(18,633)**	(14,934)	-25%	
EBIT	**11,259**	15,000	-25%	-28%

EBITDA per above	**29,892**	29,934	–	-5%
Proforma contribution from tower assets	**–**	1,444		
Reported EBITDA [5]	**29,892**	31,378	-5%	-9%
EBIT per above	**11,259**	15,000	-25%	-28%
Proforma contribution from tower assets	**–**	1,270		
Reported EBIT [5]	**11,259**	16,270	-31%	-34%

Note 2: **3** Group Europe result above is before one-off items in 2021 and 2020, which represented gain on disposal of tower assets of HK$25.3 billion (2020: HK$16.6 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK$15.5 billion (2020: nil).

Note 3: Due to the completion of disposals of tower assets in 2020 and 2021 as mentioned, the 2020 results were normalised, which exclude the proforma contribution from the tower assets in Sweden, Denmark, Austria and Ireland for full year 2020 and in Italy for July to December 2020 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2020 numbers.

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK$37,267 million (2020: HK$38,929 million) ; EBIT was HK$12,256 million (2020: HK$16,982 million).

3 Group Europe 's total revenue and margin of HK$86,972 million and HK$60,777 million were both 4% lower against last year in local currencies, primarily due to Italy which remains an intensely competitive market. All the other **3** Group Europe operations reported better or stable total margin. Active customer base as at 31 December 2021 of 38.5 million is flat against 2020 mainly due to lower customer bases in both Italy and the UK where gross additions were impacted, to a certain extent, by the pandemic-related lockdowns, fully offset by net additions in other operations. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved from 1.3% for 2020 to 1.2% for the year.

3 Group Europe's net ARPU and net AMPU improved by 1% and 2% to €13.15 and €11.53 respectively compared to 2020, primarily due to better tariff mix and higher value propositions.

Total data usage increased 28% compared to last year to approximately 7,014 petabytes in 2021. Data usage per active customer was approximately 192.7 gigabytes per user in 2021 compared to 147.7 gigabytes per user in 2020.

3 Group Europe's 2021 results were impacted by the incremental tower service fees. On a normalised basis, EBITDA and EBIT were 5% and 28% lower year-on-year respectively in local currencies, primarily driven by lower total margin as mentioned, partly offset by disciplined spending on operating expenses. **3** Group Europe reported a stable EBITDA margin of 40%, 1%-point lower compared to 2020. Higher depreciation and amortisation against last year was due to continued investments in IT and 5G rollouts, particularly in the UK, as well as spectrum licence spending in the UK and Scandinavia operations, resulted in lower EBIT performance as compared to 2020.

CKHGT - Results by operations

In million	UK GBP 2021	UK GBP 2020	Italy (6) (7) EURO 2021	Italy (6) (7) EURO 2020	Sweden (7) SEK 2021	Sweden (7) SEK 2020	Denmark (7) DKK 2021	Denmark (7) DKK 2020	Austria (7) EURO 2021	Austria (7) EURO 2020
Total Revenue	**2,444**	2,355	**4,193**	4,654	**6,902**	6,734	**2,272**	2,254	**866**	850
% change	***+4%***		***-10%***		***+2%***		***+1%***		***+2%***	
Total margin	**1,445**	1,436	**3,187**	3,522	**4,351**	4,076	**1,764**	1,737	**638**	618
% change	***+1%***		***-10%***		***+7%***		***+2%***		***+3%***	
Total CACs	**(968)**	(891)	**(290)**	(348)	**(1,233)**	(2,422)	**(227)**	(245)	**(115)**	(116)
Less: Handset Revenue	**772**	682	**203**	268	**769**	1,954	**93**	106	**101**	104
Total CACs (net of handset revenue)	**(196)**	(209)	**(87)**	(80)	**(464)**	(468)	**(134)**	(139)	**(14)**	(12)
Operating Expenses	**(640)**	(674)	**(1,390)**	(1,501)	**(1,724)**	(1,647)	**(920)**	(893)	**(286)**	(267)
Opex as a % of total margin	***44%***	*47%*	***44%***	*43%*	***40%***	*40%*	***52%***	*51%*	***45%***	*43%*
Gain on disposal of tower assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
EBITDA	**609**	553	**1,710**	1,941	**2,163**	1,961	**710**	705	**338**	339
% change	***+10%***		***-12%***		***+10%***		***+1%***		**–**	
EBITDA margin % (9)	***36%***	*33%*	***43%***	*44%*	***35%***	*41%*	***33%***	*33%*	***44%***	*45%*
Depreciation & Amortisation	**(448)**	(358)	**(1,049)**	(856)	**(1,272)**	(1,084)	**(464)**	(394)	**(145)**	(145)
EBIT	**161**	195	**661**	1,085	**891**	877	**246**	311	**193**	194
% change	***-17%***		***-39%***		***+2%***		***-21%***		***-1%***	
EBITDA per above	**609**	553	**1,710**	1,941	**2,163**	1,961	**710**	705	**338**	339
Proforma contribution from tower assets	**–**	–	**–**	59	**–**	288	**–**	116	**–**	39
Reported EBITDA	**609**	553	**1,710**	2,000	**2,163**	2,249	**710**	821	**338**	378
% change	***+10%***		***-15%***		***-4%***		***-14%***		***-11%***	
EBIT per above	**161**	195	**661**	1,085	**891**	877	**246**	311	**193**	194
Proforma contribution from tower assets	**–**	–	**–**	53	**–**	249	**–**	104	**–**	32
Reported EBIT	**161**	195	**661**	1,138	**891**	1,126	**246**	415	**193**	226
% change	***-17%***		***-42%***		***-21%***		***-41%***		***-15%***	
Capex (excluding licence)	**(784)**	(764)	**(1,111)**	(990)	**(1,394)**	(1,112)	**(705)**	(209)	**(153)**	(128)
Reported EBITDA less Capex	**(175)**	(211)	**599**	1,010	**769**	1,137	**5**	612	**185**	250
Licence (10)	**(280)**	–	**–**	–	**(492)**	–	**(544)**	–	**–**	(49)
HK dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
EBITDA-pre IFRS 16 basis (HK$)	***6,504***	*5,497*	***15,729***	*17,742*	***1,957***	*1,901*	***877***	*977*	***3,106***	*3,343*
EBITDA-post IFRS 16 basis (HK$)	***7,615***	*6,573*	***21,117***	*22,893*	***2,214***	*2,201*	***986***	*1,156*	***3,323***	*3,779*
EBIT-pre IFRS 16 basis (HK$)	***1,712***	*1,934*	***6,087***	*10,067*	***809***	*950*	***307***	*494*	***1,767***	*1,999*
EBIT-post IFRS 16 basis (HK$)	***1,899***	*2,139*	***6,763***	*10,341*	***831***	*978*	***314***	*510*	***1,813***	*2,084*

In million	Ireland (7) EURO 2021	Ireland (7) EURO 2020	3 Group Europe before one-off (7) (8) HK$ 2021	3 Group Europe before one-off (7) (8) HK$ 2020 Normalised	3 Group Europe before one-off (7) (8) HK$ 2020 Tower Assets	3 Group Europe before one-off (7) (8) HK$ 2020 Reported	HTHKH HK$ 2021	HTHKH HK$ 2020	Corporate and Others and one-off (8) HK$ 2021	Corporate and Others and one-off (8) HK$ 2020	CKHGT HK$ 2021	CKHGT HK$ 2020	CKHGT EURO 2021	CKHGT EURO 2020
Total Revenue	**579**	593	**86,972**	85,786	13	85,799	**5,385**	4,545	**218**	319	**92,575**	90,663	**10,083**	10,231
% change	***-2%***		***+1%***				***+18%***		***-32%***		***+2%***		***-1%***	
Local currencies change %			***-4%***								***-3%***			
Total margin	**445**	448	**60,777**	60,358	13	60,371	**2,974**	3,151	**38**	41	**63,789**	63,563	**6,946**	7,182
% change	***-1%***		***+1%***				***-6%***		***-7%***		**–**		***-3%***	
Local currencies change %			***-4%***								***-4%***			
Total CACs	**(77)**	(89)	**(16,163)**	(16,155)	–	(16,155)	**(562)**	(526)	**–**	–	**(16,725)**	(16,681)	**(1,823)**	(1,875)
Less: Handset Revenue	**76**	87	**12,549**	12,683	–	12,683	**395**	345	**–**	–	**12,944**	13,028	**1,411**	1,462
Total CACs (net of handset revenue)	**(1)**	(2)	**(3,614)**	(3,472)	–	(3,472)	**(167)**	(181)	**–**	–	**(3,781)**	(3,653)	**(412)**	(413)
Operating Expenses	**(256)**	(250)	**(27,271)**	(26,952)	1,431	(25,521)	**(1,714)**	(1,629)	**2,242**	(803)	**(26,743)**	(27,953)	**(2,904)**	(3,162)
Opex as a % of total margin	***58%***	*56%*	***45%***	*45%*		*42%*	***58%***	*52%*	***N/A***	*N/A*	***42%***	*44%*	***42%***	*44%*
Gain on disposal of tower assets	**–**	–	**–**	–	–	–	**–**	–	**25,259**	16,583	**25,259**	16,583	**2,620**	1,702
Impairment of goodwill	**–**	–	**–**	–	–	–	**–**	–	**(15,472)**	–	**(15,472)**	–	**(1,669)**	–
EBITDA	**188**	196	**29,892**	29,934	1,444	31,378	**1,093**	1,341	**12,067**	15,821	**43,052**	48,540	**4,581**	5,309
% change	***-4%***		**–**				***-18%***		***-24%***		***-11%***		***-14%***	
Local currencies change %			***-5%***								***-14%***			
EBITDA margin % (9)	***37%***	*39%*	***40%***	*41%*		*43%*	***22%***	*32%*			***54%***	*63%*	***53%***	*61%*
Depreciation & Amortisation	**(125)**	(122)	**(18,633)**	(14,934)	(174)	(15,108)	**(951)**	(845)	**(6)**	(6)	**(19,590)**	(15,959)	**(2,135)**	(1,797)
EBIT	**63**	74	**11,259**	15,000	1,270	16,270	**142**	496	**12,061**	15,815	**23,462**	32,581	**2,446**	3,512
% change	***-15%***		***-25%***				***-71%***		***-24%***		***-28%***		***-30%***	
Local currencies change %			***-28%***								***-30%***			
EBITDA per above	**188**	196	**29,892**	29,934										
Proforma contribution from tower assets	**–**	21	**–**	1,444										
Reported EBITDA	**188**	217	**29,892**	31,378										
% change	***-13%***		***-5%***											
Local currencies change %			***-9%***											
EBIT per above	**63**	74	**11,259**	15,000										
Proforma contribution from tower assets	**–**	19	**–**	1,270										
Reported EBIT	**63**	93	**11,259**	16,270										
% change	***-32%***		***-31%***											
Local currencies change %			***-34%***											
Capex (excluding licence)	**(114)**	(132)	**(23,118)**	(20,255)			**(874)**	(593)	**(20)**	(15)	**(24,012)**	(20,863)	**(2,623)**	(2,296)
Reported EBITDA less Capex	**74**	85	**6,774**	11,123			**219**	748	**12,047**	15,806	**19,040**	27,677	**1,958**	3,013
Licence (10)	**–**	(1)	**(4,237)**	(477)			**(2,040)**	(202)	**–**	–	**(6,277)**	(679)	**(669)**	(74)
EBITDA-pre IFRS 16 basis (HK$)	***1,719***	*1,918*	***29,892***	*31,378*			***1,093***	*1,341*	***12,067***	*15,821*	***43,052***	*48,540*	***€4,581***	*€5,309*
EBITDA-post IFRS 16 basis (HK$)	***2,012***	*2,327*	***37,267***	*38,929*			***1,501***	*1,776*	***12,124***	*16,001*	***50,892***	*56,706*	***€5,432***	*€6,229*
EBIT-pre IFRS 16 basis (HK$)	***577***	*826*	***11,259***	*16,270*			***142***	*496*	***12,061***	*15,815*	***23,462***	*32,581*	***€2,446***	*€3,512*
EBIT-post IFRS 16 basis (HK$)	***636***	*930*	***12,256***	*16,982*			***156***	*507*	***12,118***	*15,995*	***24,530***	*33,484*	***€2,562***	*€3,612*

	UK 2021	UK 2020	Italy 2021	Italy 2020	Sweden 2021	Sweden 2020	Denmark 2021	Denmark 2020	Austria 2021	Austria 2020	Ireland 2021	Ireland 2020	3 Group Europe 2021	3 Group Europe 2020	HTHKH 2021	HTHKH 2020
Total registered customer base (million)	**13.1**	13.1	**20.7**	21.5	**2.4**	2.2	**1.5**	1.5	**3.3**	3.6	**3.1**	2.6	**44.1**	44.5	**4.0**	3.8
Total active customer base (million)	**9.7**	9.7	**19.0**	19.6	**2.3**	2.2	**1.5**	1.4	**2.9**	3.0	**3.1**	2.6	**38.5**	38.5	**3.2**	3.3
Contract customers as a % of the total registered customer base	**62%**	58%	**48%**	48%	**69%**	69%	**57%**	58%	**75%**	74%	**73%**	68%	**57%**	56%	**36%**	37%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.4%	**1.4%**	1.4%	**1.2%**	1.4%	**1.6%**	1.7%	**0.2%**	0.2%	**0.7%**	1.0%	**1.2%**	1.3%	**1.2%**	1.1%
Active contract customers as a % of the total contract registered customer base	**99%**	99%	**95%**	94%	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%	**98%**	97%	**100%**	100%
Active customers as a % of the total registered customer base	**74%**	74%	**92%**	91%	**98%**	97%	**100%**	100%	**87%**	83%	**100%**	100%	**87%**	87%	**80%**	86%
LTE coverage by population (%)	**94%**	94%	**100%**	100%	**95%**	92%	**100%**	100%	**97%**	96%	**99%**	99%	**–**	–	**90%**	90%
Full year data usage per active customer (Gigabyte)													**192.7**	147.7	**85.7**	74.0

Note 6: Wind Tre's results include fixed line business revenue of €973 million (2020: €1,004 million) and EBITDA of €211 million (2020: €236 million).

Note 7: As the disposals of tower assets in Denmark, Austria and Ireland were completed in December 2020 and in Sweden was completed in January 2021, the 2020 results were normalised, which exclude the proforma contribution from the tower assets for full year 2020 for comparability purpose. Similarly, as the tower assets disposal in Italy was completed in June 2021, the 2020 Italy results exclude the proforma contribution from the tower assets for July to December 2020. The % changes in EBITDA and EBIT are compared against the normalised 2020 numbers.

Note 8: 3 Group Europe results do not include one-off items in 2021 and 2020, which represented gain on disposal of tower assets of HK$25.3 billion (2020: HK$16.6 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK$15.5 billion (2020: nil).

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 10: 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 100 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 26 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021 and investment for 30 MHz of 1800 MHz spectrum renewed for 15 years from September 2021. 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 April 2020.

Key Business Indicators

Registered Customer Base

	Registered Customers at 31 December 2021 ('000)			Registered Customer Growth (%) from 30 June 2021 to 31 December 2021			Registered Customer Growth (%) from 31 December 2020 to 31 December 2021		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	4,955	8,192	**13,147**	-2%	+5%	**+2%**	-10%	+8%	**–**
Italy [12]	10,808	9,866	**20,674**	-1%	-2%	**-2%**	-3%	-4%	**-4%**
Sweden	729	1,608	**2,337**	+3%	+3%	**+3%**	+7%	+5%	**+6%**
Denmark	646	850	**1,496**	+1%	+1%	**+1%**	+5%	–	**+2%**
Austria	813	2,498	**3,311**	-7%	–	**-2%**	-13%	-4%	**-7%**
Ireland	835	2,312	**3,147**	+3%	+18%	**+13%**	+1%	+29%	**+20%**
3 Group Europe Total	18,786	25,326	**44,112**	-1%	+2%	**+1%**	-5%	+2%	**-1%**
HTHKH	2,539	1,442	**3,981**	+4%	+1%	**+3%**	+6%	+1%	**+4%**

Active [11] Customer Base

	Active Customers at 31 December 2021 ('000)			Active Customer Growth (%) from 30 June 2021 to 31 December 2021			Active Customer Growth (%) from 31 December 2020 to 31 December 2021		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	1,614	8,076	**9,690**	-6%	+4%	**+3%**	-26%	+7%	**–**
Italy [12]	9,678	9,359	**19,037**	-1%	-1%	**-1%**	-3%	-3%	**-3%**
Sweden	680	1,608	**2,288**	+4%	+3%	**+3%**	+9%	+5%	**+6%**
Denmark	641	850	**1,491**	+1%	+1%	**+1%**	+5%	–	**+2%**
Austria	373	2,493	**2,866**	+5%	–	**+1%**	+9%	-4%	**-3%**
Ireland	835	2,312	**3,147**	+3%	+18%	**+13%**	+1%	+29%	**+20%**
3 Group Europe Total	13,821	24,698	**38,519**	-1%	+3%	**+1%**	-5%	+3%	**–**
HTHKH	1,760	1,442	**3,202**	-3%	+1%	**-1%**	-5%	+1%	**-2%**

Note 11: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 12: In addition to the above, Wind Tre has 2.9 million fixed line customers.

12-month Trailing Average Revenue per Active User [13] ("ARPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£6.02	£21.54	**£18.69**	+4%
Italy	€10.36	€12.54	**€11.44**	-3%
Sweden	SEK117.92	SEK302.71	**SEK248.24**	-6%
Denmark	DKK89.28	DKK146.84	**DKK122.26**	–
Austria	€11.38	€22.74	**€21.32**	+4%
Ireland	€14.60	€14.77	**€14.72**	-15%
3 Group Europe Average	€10.35	€19.18	**€15.95**	+1%
HTHKH	HK$9.49	HK$192.27	**HK$91.08**	+3%

12-month Trailing Net Average Revenue per Active User [14] ("Net ARPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£6.02	£14.58	**£13.00**	+2%
Italy	€10.36	€11.26	**€10.81**	-2%
Sweden	SEK117.92	SEK207.78	**SEK181.29**	-2%
Denmark	DKK89.28	DKK136.19	**DKK116.16**	-1%
Austria	€11.38	€19.15	**€18.18**	+6%
Ireland	€14.60	€11.43	**€12.35**	-16%
3 Group Europe Average	€10.35	€14.77	**€13.15**	+1%
HTHKH	HK$9.49	HK$170.60	**HK$81.41**	+4%

12-month Trailing Net Average Margin per Active User [15] ("Net AMPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£5.44	£12.90	**£11.53**	+4%
Italy	€9.01	€9.72	**€9.36**	–
Sweden	SEK101.78	SEK181.61	**SEK158.08**	-1%
Denmark	DKK74.68	DKK112.32	**DKK96.25**	–
Austria	€9.84	€17.00	**€16.11**	+6%
Ireland	€13.52	€10.48	**€11.36**	-15%
3 Group Europe Average	€9.06	€12.96	**€11.53**	+2%
HTHKH	HK$8.13	HK$148.34	**HK$70.72**	+4%

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

United Kingdom

3 UK's EBITDA increased by 10% in local currency compared to last year mainly driven by improvements in other margins from MVNOs and stable net customer service margin, together with lower costs associated to acquisition and retention activities due to various lockdowns in the first half of 2021 and other cost efficiency savings, partly offset by increased marketing spend in second half following increased social mobility as restrictions lifted in the UK. EBIT decreased by 17% in local currency compared to last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout.

Italy

On a normalised basis and in local currency, Italy's EBITDA decreased by 12%, mainly due to intense competition resulting in revenue decline by 10%. Wind Tre has implemented various cost savings initiatives, including reduction in customer servicing and sales and distribution expenses, to partially mitigate margin shortfall. Furthermore, during the second half of 2021, net customer service margin has progressively improved compared to the first half. EBIT decreased by 39% due to higher depreciation and amortisation from an enlarged asset base as 5G rollout continues.

Sweden

Sweden, where the Group has 60% interest, on a normalised basis and in local currency, reported full year EBITDA growth of 10% compared to last year, primarily driven by the 7% total margin growth from 6% increase in active customer base, partly offset by higher operating costs incurred from enlarged network base. Full year EBIT was 2% higher than last year as the EBITDA improvement was partly offset by higher depreciation from the ongoing network rollout, as well as higher amortisation from the new spectrum licence acquired in early 2021.

Denmark

Despite the lockdown impact during first half of 2021, the Denmark operation, where the Group has a 60% interest, reported local currency total margin growth of 2% when compared to last year. On a normalised basis, full year EBITDA was 1% higher than last year, primarily driven by total margin growth, partly offset by higher operating costs from the enlarged network base. During the second half of 2021, the operation recognised accelerated depreciation charges from the ongoing network assets swap, resulting in 21% decrease in full year EBIT when compared to last year.

Austria

On a normalised basis and in local currency, Austria's EBITDA is flat and EBIT decreased by 1% compared to 2020, mainly due to higher operating costs from increased data traffic and enlarged network base, as well as certain non-recurring provision release last year, partly offset by 3% total margin growth from 6% increase in net AMPU, higher roaming contribution due to ease of travel restrictions, as well as favourable contribution from MVNO.

Ireland

On a normalised basis and in local currency, EBITDA and EBIT decreased by 4% and 15% respectively compared to 2020 driven by 1% lower total margin mainly due to lower net AMPU from reduced out of bundle spend and the dilutive impact of higher mix of low value Internet of Things (IoT) customers, which more than offsets the base growth, coupled with higher operating costs from the network expansion. EBIT also reflected the higher depreciation and amortisation from an enlarged asset base.

Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2021 Post-IFRS 16 profit attributable to shareholders of HK$4 million. On Pre-IFRS 16 basis, EBITDA and EBIT of HK$1,093 million and HK$142 million were 18% and 71% lower respectively when compared with last year. The decrease was mainly due to lower net customer service margin from decline in roaming revenue which reflected full year impact of prolonged travel restrictions, increased network costs associated with investment in advanced 5G technology and its network coverage expansion, and lower interest income from lower deposit rates and cash balances following the distribution of a special interim dividend in September 2021. EBIT also reflected the higher depreciation and amortisation from an enlarged asset base as the operation continues its 5G rollout.

Hutchison Asia Telecommunications

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**8,786**	9,147	-4%	-5%
- Indonesia	**7,610**	7,964	-4%	-6%
- Vietnam	**753**	761	-1%	-2%
- Sri Lanka	**423**	422	–	+7%
EBITDA (16)	**2,036**	2,034	–	-1%
- Indonesia	**2,094**	2,051	+2%	+1%
- Vietnam	**19**	29	-34%	-34%
- Sri Lanka	**75**	48	+56%	+67%
- Corporate costs	**(152)**	(94)	-62%	-62%
EBIT (16)	**209**	544	-62%	-63%
- Indonesia	**739**	1,015	-27%	-28%
- Vietnam	**(301)**	(259)	-16%	-15%
- Sri Lanka	**(77)**	(118)	+35%	+31%
- Corporate costs	**(152)**	(94)	-62%	-62%
Total active customer base ('000)	**56,187**	57,018	-1%	
- Indonesia	**39,056**	39,832	-2%	
- Vietnam	**13,240**	12,990	+2%	
- Sri Lanka	**3,891**	4,196	-7%	

Note 16: Under Post-IFRS 16 basis, EBITDA was HK$4,232 million (2020: HK$4,362 million); EBIT was HK$979 million (2020: HK$1,480 million).

As of 31 December 2021, HAT had approximately 56.2 million active customer accounts, 1% lower than 2020.

Indonesia operation's 4G network of approximately 32,000 base transceiver stations ("BTS") covered over 37,000 villages as at 31 December 2021. During 2021, market conditions in Indonesia were severely impacted due to the pandemic. Revenue was 6% below 2020 in local currency, primarily driven by declines in both ARPU and active customer accounts. Despite lower revenue, EBITDA was 1% higher than 2020 in local currency, primarily due to certain one-time foreign currency exchange gains recognised in the year, as well as disciplined cost controls and savings initiatives adopted during the pandemic period more than offset the revenue shortfall. EBIT was 28% lower than 2020 in local currency, primarily due to higher depreciation from continued network investments.

In Vietnam, the operation was also under challenge due to severe pandemic situation, particularly in the second half of 2021 with full lockdown imposed. Reported revenue was 2% lower than 2020 in local currency, reflecting the declining ARPU, partly offset by 2% customer base growth. EBITDA and EBIT for 2021 were 34% and 15% below 2020 respectively in local currency, primarily driven by certain foreign exchange gains included in 2020 results, as well as higher depreciation from network expansion projects completed in 2020 and 2021.

For 2021, the Sri Lanka operation reported 7%, 67% and 31% growth in revenue, EBITDA and EBIT respectively in local currency when compared to 2020, reflecting the margin improvement and cost controls.

In January 2022, the Group announced the completion of merger between Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat"). The merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesian Stock Exchange and becomes the second largest telecommunication operator in Indonesia with estimated proforma combined annual revenue of approximately US$3 billion for 2021. The merger is expected to realise annual run rate pre-tax synergies of approximately US$300 - 400 million over the next 3 to 5 years. With the synergies realisation, enhanced scale, financial strength and capabilities needed to accelerate Indonesia's economic growth and transformation into a digital society, the merger will deliver cost efficiencies and facilitate innovation and network enhancement, and to create additional value to all shareholders, customers and for Indonesia. Following the completion of merger on 4 January 2022, H3I was de-consolidated and the Group holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in IOH.

Husky Energy and Cenovus Energy combine their businesses on 1 January 2021.

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"). Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group's 15.8% interest in Cenovus Energy is included under Finance Investments and Others segment. The share of Husky's results for 2020 were also reclassified to this segment to conform with the 2021 presentation.

	2021 (1) HK$ million	2020 (1) HK$ million	Change	Local currencies change
Total Revenue	**72,036**	58,760	+23%	+20%
EBITDA (2)	**5,312**	(8,007)	+166%	+165%
– Underlying	**10,320**	6,797	+52%	+52%
– One-off items	**(5,008)**	(14,804)	+66%	+66%
EBIT (2)	**(1,219)**	(15,409)	+92%	+92%
– Underlying	**3,789**	(605)	+726%	+732%
– One-off items	**(5,008)**	(14,804)	+66%	+66%

Note 1: The share of Husky's results for 2020 were reclassified from Energy division to Finance & Investments and Others segment to conform with 2021 presentation, which included the Group's share of Cenovus Energy Post-IFRS 16 results.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$6,464 million (2020: HK$(6,392) million); EBIT was HK$(1,146) million (2020: HK$(15,141) million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$161,360 million at 31 December 2021. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2021 annual results announcement.

In 2021, EBITDA and EBIT in this segment included a one-off net loss of HK$5.0 billion, which comprised a non-cash foreign exchange reserve loss following the energy business merger of HK$3.5 billion and the Group's share of non-cash pre-tax impairment on the energy business' US refinery assets of HK$1.5 billion. This is compared to the one-off net loss of HK$14.8 billion in last year, which comprised the share of impairment and write-downs of the energy business, partly offset by a net dilution gain of HK$10.1 billion arising from the merger of the Australian Telecommunication businesses.

Excluding the one-off items, underlying EBITDA and EBIT grew 52% and 726% respectively from 2020 primarily due to the turnaround contribution from the energy business' underlying operations.

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 38.46% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialisation of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. HUTCHMED raised additional equity through a private placement in April 2021 and HK IPO listing in June 2021. Correspondingly, CKHH's shareholding was further diluted to 38.46%.

Cenovus Energy

Cenovus Energy is a Canadian-based integrated energy company with shares listed on the Toronto and New York stock exchanges. It operates in Canada, the United States and Asia Pacific region, and is the third largest Canadian oil and natural gas producer, as well as the second largest Canadian-based refiner and upgrader. Following the completion of the merger of Cenovus Energy and Husky Energy in January 2021, Cenovus Energy becomes an associated company of the Group. As at 31 December 2021, the Group held 15.8% interest in Cenovus Energy, together with warrants representing a further 1.1% to 16.9% [1].

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, 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 over 780 stores in 9 European markets as of 31 December 2021, 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 ("ASX"), 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$14,659 million, decreased by 3% when compared to last year. The Group's weighted average cost of debt for 2021 was 1.6% (2020: 1.7%).

The Group recorded current and deferred tax charges of HK$9,578 million in 2021, an increase from HK$1,470 million in 2020, primarily reflecting the adverse variance arising from the significant deferred tax credit arising from impairment and other charges of Husky recognised in 2020, as well as higher profit before tax for 2021, partly offset by the favourable net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates in 2021.

Note 1: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Summary

New headwinds to the global economic recovery are emerging with the renewed threat of new variants and movement restrictions, global supply shortages and inflationary pressures. All of which poses operational challenges for the Group's businesses globally. Despite these uncertainties, the Group has proven its strength in adapting to various changes in market conditions during the pandemic, as well as ensuring agility in facing new operational challenges ahead. The Group has continued to successfully execute various transactions aimed at creating value for shareholders, as well as providing strong liquidity and strengthening the Group's overall financial profile. The Group as a matter of policy will maintain its strong financial profile and ensure that all investment activities are consistent with maintaining our current investment grade ratings. I remain confident that our management team will achieve these objectives in the year ahead.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 17 March 2022

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	2021 Throughput (100% basis)
			(million TEU)
HPH Trust			
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	10.0
Yantian International Container Terminals – Phase I and II/ Phase III/ West Port	Mainland China	 16.96% / 15.53% / 15.53%	14.2
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]	2021 Throughput (100% basis)
			(million TEU)
Mainland China and Other Hong Kong			
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	30% / 30%	9.3
Ningbo Beilun International Container Terminals	Mainland China	49%	2.1
River Trade Terminal	Hong Kong	50%	0.9
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%	1.6

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]	2021 Throughput (100% basis) (million TEU)
Europe			
Europe Container Terminals (ECT)/ Delta Terminal/Delta II Terminal [3], ECT/ Euromax Terminal, ECT/ Amsterdam Container Terminals/TMA logistics	Belgium, Germany and The Netherlands	93.5% / 89.37% / 100% / 60.78% / 100% / 50%	10.2
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	3.8
Barcelona Europe South Terminal	Spain	100%	2.5
Gdynia Container Terminal	Poland	100%	0.4
Hutchison Ports Stockholm	Sweden	100%	–
Asia, Australia and Others			
Westports Malaysia	Malaysia	23.55%	10.4
Jakarta International Container Terminal/Koja Terminal	Indonesia	49% / 45.09%	3.0
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2.8
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	3.5
Karachi International Container Terminal/South Asia Pakistan Terminals	Pakistan	100% / 90%	1.6
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%	0.5
Tanzania International Container Terminal Services	Tanzania	60%	0.6
Alexandria International Container Terminals	Egypt	73.33%	0.8
Oman International Container Terminal	Oman	65%	0.7
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%	2.8
Buenos Aires Container Terminal Services	Argentina	100%	0.1
Freeport Container Port	The Bahamas	51%	1.7
Panama Ports Company	Panama	90%	3.5

Note 3: Delta II Terminal in the Netherlands was newly acquired in 2021.

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
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
Saudi Arabia	Watsons (1)
Singapore	Watsons
Spain	Rossmann
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 the United Arab Emirates in 2020 and subsequently in Saudi Arabia in 2021 as part of the franchise business 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%
	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%
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: 1.79%
	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.

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	700 MHz [(1)]	5 MHz	2	Paired	20 MHz
	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
	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	700 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1500 MHz	10 MHz	3	Unpaired	30 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	4	Paired	40 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
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	10 MHz	1	Paired	20 MHz
	900 MHz	10 MHz	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 [(3)]	15 MHz	1	Paired	30 MHz
	2100 MHz [(3)]	5 MHz	1	Unpaired	5 MHz
	2100 MHz [(4)]	5 MHz	2	Paired	20 MHz
	2100 MHz [(4)]	10 MHz	1	Paired	20 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
	3500 MHz [(4)]	80 MHz	1	Unpaired	80 MHz
	3500 MHz [(4)]	10 MHz	4	Unpaired	40 MHz
	26 GHz [(4)]	200 MHz	3	Unpaired	600 MHz
	26 GHz [(4)]	400 MHz	1	Unpaired	400 MHz

Telecommunications (continued)

Summary of licence investments (continued)

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
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
Hong Kong	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz (5)	5 MHz	1	Paired	10 MHz
	2600 MHz (5)	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	900 MHz (6)	12.5 MHz	1	Paired	25 MHz
	1800 MHz (6)	20 MHz	1	Paired	40 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz (6)(7)	5 MHz	3	Paired	30 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 (8)	15 MHz	1	Paired	30 MHz

Note 1: Acquired in May 2021.

Note 2: Acquired in January 2021.

Note 3: Expired in October 2021.

Note 4: Acquired in April 2021.

Note 5: Spectrum held by 50/50 joint venture with PCCW.

Note 6: Spectrum acquired through merger of Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") in January 2022.

Note 7: The new company from the merger, Indosat Ooredoo Hutchison, needs to return one pair of 2100MHz spectrum to Indonesian government within one year after the merger.

Note 8: Spectrum shared with Viettel Mobile.