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

4 Revenue (continued)

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

(i) By segments *

	Revenue from contracts with customers				
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	Revenue 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				
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	Revenue from other sources HK$ million	2020 Total HK$ million
Ports and Related Services	–	24,926	24,926	157	25,083
Retail	121,284	64	121,348	–	121,348
Infrastructure	3,866	–	3,866	3,480	7,346
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 recognised at a point in time HK$ million	Revenue from contracts with customers recognised over time HK$ million	Revenue from contracts with customers Subtotal HK$ million	Revenue 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 recognised at a point in time HK$ million	Revenue from contracts with customers recognised over time HK$ million	Revenue from contracts with customers Subtotal HK$ million	Revenue 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	2020
	HK$ million	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	2020
	HK$ million	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.

5 Operating segment information (continued)

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

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.

(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] 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
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

5 Operating segment information (continued)

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

(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	Telecom-munications licences	Brand names and other rights	2021 Total	Fixed assets	Telecom-munications licences	Brand names and other rights	2020 Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
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

5 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations

	Total assets								
	Segment assets (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
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).

5 Operating segment information (continued)

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

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

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

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

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

5 Operating segment information (continued)

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

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

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

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

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

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

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

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

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

(xxiv) See note 25.

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.

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

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

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

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

(d) Group as lessee – other lease disclosure

Variable lease payments

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

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

13 Leases (continued)

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

Extension and termination options

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

As at 31 December 2021, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$12,290 million (2020: HK$17,994 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

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

Leases not yet commenced to which the lessee is committed

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

Restriction or covenants imposed by leases

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

(e) Group as lessor

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

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

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

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

14 Telecommunications licences

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

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

15 Brand names and other rights

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

15 Brand names and other rights (continued)

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

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

16 Goodwill

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

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

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

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

16 Goodwill (continued)

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

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

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

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

17 Associated companies

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

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

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

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

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

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

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

17 Associated companies (continued)

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

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

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

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

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

(b) Material associated companies

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

	2021	2020	
	Power Assets HK$ million	Husky HK$ million	Power Assets HK$ million
Dividends received from associated companies	**2,164**	633	2,149
Gross amount of the following items of the associated companies [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

17 Associated companies (continued)

(b) Material associated companies (continued)

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

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

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

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

18 Interests in joint ventures

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

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

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

18 Interests in joint ventures (continued)

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

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

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

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

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

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

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

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

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

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

19 Deferred tax

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

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

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

Analysis of net deferred tax assets (liabilities):

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

19 Deferred tax (continued)

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

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

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

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

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

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

20 Liquid funds and other listed investments

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

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

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

20 Liquid funds and other listed investments (continued)

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

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

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

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

23 Cash and cash equivalents

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

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

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

24 Trade receivables and other current assets

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

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

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

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

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

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

24 Trade receivables and other current assets (continued)

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

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

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

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

24 Trade receivables and other current assets (continued)

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

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

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

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

25 Assets and liabilities classified as held for sale

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

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

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

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

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

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

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

26 Bank and other debts

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

26 Bank and other debts (continued)

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

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

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

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

(a) By year of repayment

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

(b) By secured and unsecured borrowings

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

26 Bank and other debts (continued)

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

(c) By borrowings at fixed and floating interest rate

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

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

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

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

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

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

26 Bank and other debts (continued)

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

(e) By currency

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

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

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

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

27 Trade payables and other current liabilities

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

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

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

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

(ii) Defined benefit obligation

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

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

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

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

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

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

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

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

(b) Defined contribution plans

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

31 Other non-current liabilities

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

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

(b) In October 2018, the Group completed the 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 HK$ million	Exchange reserve HK$ million	Hedging reserve HK$ million	Others [a] HK$ million	Total 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

33 Reserves (continued)

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

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

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

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

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

34 Notes to consolidated statement of cash flows

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

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

34 Notes to consolidated statement of cash flows (continued)

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

(i) Reconciliation of EBITDA:

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

(b) Changes in working capital

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

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

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

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

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

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

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

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.

(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.

41 Financial risk management (continued)

(b) Interest rate exposure

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

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

(c) Foreign currency exposure

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

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

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

41 Financial risk management (continued)

(d) Credit exposure

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

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

(e) Market price risk

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

(f) Market risks sensitivity analyses

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis

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

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

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

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

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

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

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis

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

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

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

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

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

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

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

(iii) Other price sensitivity analysis

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

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

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

- financial assets at FVOCI (see note 20)

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

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

	Contractual maturities					
	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.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

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

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

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

41 Financial risk management (continued)

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

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

(i) Hedge accounting

(i) Fair value hedges

	2021							
					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

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

	2021						
				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							
2022	0.95	US$ 13	101	2	–	–	–

	2021		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in hedging reserve for continuing hedges HK$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK$ million
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

	2021						
				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							
2022	6.10	CAD 277	1,688	4	–	(5)	–
2022	5.60	AUD 159	892	20	–	–	–
2022	5.29	NZD 280	1,481	59	–	–	–
2022	10.68	GBP 2,487	25,845	425	–	(63)	–
2022	8.84	EUR 65	574	47	–	–	–
			30,480	555	–	(68)	–
Cross currency swaps maturing in							
2022 - 2027	9.23	EUR 965	8,531	199	266	–	–
2022 - 2025	6.10	CAD 847	5,169	14	22	(17)	(31)
2027	5.86	AUD 1,415	7,923	–	153	–	–
			21,623	213	441	(17)	(31)

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

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

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

41 Financial risk management (continued)

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

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

	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

41 Financial risk management (continued)

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

	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 liabilities						
Bank and other debts [(i)]	26	Amortised cost	**325,799**	**336,283**	349,071	358,717
Trade payables	27	Amortised cost	**23,382**	**23,382**	25,042	25,042
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value – hedges	**210**	**210**	436	436
Cross currency interest rate swaps	27 & 31	Fair value – hedges	**399**	**399**	2,437	2,437
Forward foreign exchange contracts	27	Fair value – hedges	**–**	**–**	4	4
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**68**	**68**	1,023	1,023
Cross currency swaps	27 & 31	Fair value – hedges	**48**	**48**	780	780
Other derivative financial instruments	27 & 31	FVPL	**119**	**119**	503	503
Interest free loans from non-controlling shareholders	27	Amortised cost	**427**	**427**	380	380
Expenses and other accruals	27	Amortised cost	**40,636**	**40,636**	38,774	38,774
Other payables	27	Amortised cost	**17,775**	**17,775**	27,479	27,479
Lease liabilities	13	Amortised cost	**85,079**	**85,079**	94,265	94,265
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**759**	**759**	798	798
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**11,558**	**11,558**	9,008	9,008
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**567**	**567**	717	717
Amounts due to joint ventures	18	Amortised cost	**381**	**381**	380	380
			509,373	**519,857**	553,263	562,909

* see note 47(n).

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

41 Financial risk management (continued)

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

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

(k) Fair value measurements

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

Fair value hierarchy

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

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

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

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

Level 3 fair values

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

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

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

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

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

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

Fair value hierarchy

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

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

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

41 Financial risk management (continued)

(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)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	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 259 to 262.

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

(c) Reserves – Retained profit

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

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

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

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

43 Subsequent events

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

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

44 US dollar equivalents

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

45 Rounding of amounts

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

46 Significant accounting judgements, estimates and assumptions

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

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

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

(i) Basis of consolidation and classification of investee entities

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

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

(iii) Determination of lease term

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

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

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

(iv) Business combinations

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

(b) Key sources of estimation uncertainty

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

(vi) Estimation of useful life: Fixed assets

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

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

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

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

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.

47 Significant accounting policies (continued)

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.

- 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.

47 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

- 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 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.

47 Significant accounting policies (continued)

(c) Business combinations (continued)

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.

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.

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

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.

(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.

47 Significant accounting policies (continued)

(g) Leases (continued)

(i) Group as a lessee (continued)

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).

(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.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 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.

47 Significant accounting policies (continued)

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

Cash flow hedges

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

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

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

Hedge of net investments in foreign operations

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

(p) 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.

(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.

47 Significant accounting policies (continued)

(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.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

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

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

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 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.

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

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.

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.