Notes to the Financial Statements

1 General information

CK Hutchison Holdings Limited (the "Company" or "CKHH") is a company incorporated in the Cayman Islands with limited liability. 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 2023 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 21 March 2024.

The Chairman's Statement, the Operations Review, the Group Capital Resources and Liquidity, and the Risk Factors, issued outside the Annual Financial Statements as part of the announcement of the Group's results for the year ended 31 December 2023 and the Group's 2023 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 2022 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, performances 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 and existing funding available to the Group. 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, investment 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 generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2023 that had a significant effect on the Group in 2023. A summary of the amendments to HKFRS adopted by the Group in the current year and the Group's material accounting policies are included in note 47.

4 Revenue

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

	2023 HK$ million	2022 HK$ million
Sale of goods	**161,147**	154,603
Revenue from services	**105,838**	102,726
Interest	**8,448**	5,049
Dividend income	**142**	119
	275,575	262,497

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**	**2023 Total HK$ million**
Ports and Related Services	**–**	**30,794**	**30,794**	**160**	**30,954**
Retail	**133,624**	**48**	**133,672**	**–**	**133,672**
Infrastructure	**3,728**	**–**	**3,728**	**2,877**	**6,605**
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	***12,652***	***67,558***	***80,210***	***12***	***80,222***
Hutchison Telecommunications Hong Kong Holdings	***1,364***	***3,532***	***4,896***	***–***	***4,896***
Corporate and Others	***26***	***444***	***470***	***1,095***	***1,565***
	14,042	**71,534**	**85,576**	**1,107**	**86,683**
Hutchison Asia Telecommunications	**–**	**945**	**945**	**–**	**945**
Finance & Investments and Others	**12,022**	**151**	**12,173**	**4,543**	**16,716**
	163,416	**103,472**	**266,888**	**8,687**	**275,575**

	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	2022 Total HK$ million
Ports and Related Services	–	30,376	30,376	134	30,510
Retail	127,310	72	127,382	–	127,382
Infrastructure	3,964	4	3,968	2,853	6,821
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*12,402*	*65,502*	*77,904*	*10*	*77,914*
Hutchison Telecommunications Hong Kong Holdings	*1,604*	*3,278*	*4,882*	*–*	*4,882*
Corporate and Others	*10*	*107*	*117*	*253*	*370*
	14,016	68,887	82,903	263	83,166
Hutchison Asia Telecommunications	–	1,011	1,011	–	1,011
Finance & Investments and Others	11,425	177	11,602	2,005	13,607
	156,715	100,527	257,242	5,255	262,497

* See note 5 for operating segment information.

4 Revenue (continued)

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

(ii) By geographical locations *

	Revenue from contracts with customers			Revenue from other sources	2023 Total
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	HK$ million	HK$ million
Hong Kong	25,402	4,167	29,569	288	29,857
Mainland China	19,817	231	20,048	24	20,072
The People's Republic of China	45,219	4,398	49,617	312	49,929
Europe	72,857	80,145	153,002	1,707	154,709
Canada	–	–	–	229	229
Asia, Australia and Others	33,318	18,778	52,096	1,896	53,992
	106,175	98,923	205,098	3,832	208,930
	151,394	103,321	254,715	4,144	258,859
Finance & Investments and Others	12,022	151	12,173	4,543	16,716
	163,416	103,472	266,888	8,687	275,575

	Revenue from contracts with customers			Revenue from other sources	2022 Total
	recognised at a point in time HK$ million	recognised over time HK$ million	Subtotal HK$ million	HK$ million	HK$ million
Hong Kong	28,831	3,760	32,591	89	32,680
Mainland China	21,278	366	21,644	32	21,676
The People's Republic of China	50,109	4,126	54,235	121	54,356
Europe	65,951	77,921	143,872	1,866	145,738
Canada	–	–	–	253	253
Asia, Australia and Others	29,230	18,303	47,533	1,010	48,543
	95,181	96,224	191,405	3,129	194,534
	145,290	100,350	245,640	3,250	248,890
Finance & Investments and Others	11,425	177	11,602	2,005	13,607
	156,715	100,527	257,242	5,255	262,497

* 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.

	2023 HK$ million	2022 HK$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 24)	**16,297**	14,945
Trade receivables, which are included in "Assets classified as held for sale" (see note 25)	**–**	21
Contract assets (see notes 21 and 24)	**7,580**	6,314
Contract liabilities (see note 27)	**(5,948)**	(6,027)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. In 2023, HK$653 million (2022: HK$998 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2023, HK$927 million (2022: HK$921 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK$4,614 million (2022: HK$3,757 million) was recognised as revenue in 2023 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.

	2023 HK$ million	2022 HK$ million
Within one year	**15,384**	13,230
More than one year	**5,195**	8,555
	20,579	21,785

5 Operating segment information

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

For management purposes, the Group is organised into four core businesses – ports and related services, retail, infrastructure and telecommunications. The Group's most senior executive management (the Chief Operating Decision Maker as defined in HKFRS 8) monitors the operating results of the core businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment information sets out in this note is organised into these four core businesses, as follows:

Ports and Related Services:

This division is the world's leading port network, and has interests in 53 ports comprising 293 operational berths in 24 countries as at 31 December 2023. This division operates container terminals in five 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 AS Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 159 million loyalty member base. ASW operated 12 retail brands with 16,491 stores in 28 markets worldwide as at 31 December 2023.

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 and interests in six co-owned infrastructure investments with CKI, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

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.

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

The Group has adopted 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 ("Pre-HKFRS 16 basis"), 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. Pre-HKFRS 16 basis metrics financial information is regularly reviewed by the Group's most senior executive management.

5 Operating segment information (continued)

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

Segment information sets out below is presented, except where indicated otherwise, on a Pre-HKFRS 16 basis together with reconciliations to the total under the Post-HKFRS 16 basis. Section (c) of this note includes 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 2023 and 31 December 2022.

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

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

	Revenue							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Ports and Related Services	**30,954**	**9,897**	**40,851**	**9%**	30,510	13,631	44,141	10%
Retail	**133,672**	**49,672**	**183,344**	**40%**	127,382	42,263	169,645	37%
Infrastructure	**6,605**	**48,109**	**54,714**	**12%**	6,821	47,620	54,441	12%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***80,222***	***9***	***80,231***	***17%***	*77,914*	*11*	*77,925*	*17%*
Hutchison Telecommunications Hong Kong Holdings	***4,896***	***–***	***4,896***	***1%***	*4,882*	*–*	*4,882*	*1%*
Corporate and Others	***1,565***	***122***	***1,687***	***–***	*370*	*112*	*482*	*–*
	86,683	**131**	**86,814**	**18%**	83,166	123	83,289	18%
Hutchison Asia Telecommunications	**945**	**10,834**	**11,779**	**3%**	1,011	10,617	11,628	2%
Finance & Investments and Others	**16,716**	**67,340**	**84,056**	**18%**	13,607	80,478	94,085	21%
	275,575	**185,983**	**461,558**	**100%**	262,497	194,732	457,229	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**1,158**	**1,158**		–	1,269	1,269	
Divesture of infrastructure investments	**–**	**813**	**813**		–	884	884	
	275,575	**187,954**	**463,529**		262,497	196,885	459,382	
HKFRS 16 impact	**–**	**–**	**–**		–	–	–	
	275,575	**187,954**	**463,529**		262,497	196,885	459,382	

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)). Analysis 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**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Ports and Related Services	**10,104**	**3,524**	**13,628**	**13%**	9,387	6,418	15,805	13%
Retail	**11,335**	**4,891**	**16,226**	**15%**	10,287	4,022	14,309	12%
Infrastructure	**3,364**	**25,837**	**29,201**	**28%**	3,996	24,819	28,815	24%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	*21,059*	*289*	*21,348*	*20%*	*23,864*	–	*23,864*	*20%*
Hutchison Telecommunications Hong Kong Holdings	*1,182*	*61*	*1,243*	*1%*	*998*	*60*	*1,058*	*1%*
Corporate and Others (xvii)	*(240)*	*(10)*	*(250)*	–	*7,280*	*(10)*	*7,270*	*6%*
	22,001	**340**	**22,341**	**21%**	32,142	50	32,192	27%
Hutchison Asia Telecommunications (xviii)	**70**	**3,882**	**3,952**	**4%**	5,044	4,376	9,420	8%
Finance & Investments and Others (xvi) (xix)	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,527	18,469	16%
EBITDA	**52,435**	**52,445**	**104,880**	**100%**	62,798	56,212	119,010	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**780**	**780**		–	856	856	
EBITDA ^	**52,435 ^**	**53,225 ^**	**105,660 ^**		62,798 ^	57,068 ^	119,866 ^	
Depreciation and amortisation	**(25,957)**	**(20,623)**	**(46,580)**		(25,736)	(20,682)	(46,418)	
Interest expenses and other finance costs	**(9,720)**	**(10,427)**	**(20,147)**		(6,818)	(8,042)	(14,860)	
Current tax	**(4,123)**	**(3,582)**	**(7,705)**		(5,438)	(3,983)	(9,421)	
Deferred tax credit (charge)	**1,083**	**(1,878)**	**(795)**		(2,721)	(3,949)	(6,670)	
Non-controlling interests	**(6,708)**	**(482)**	**(7,190)**		(7,020)	(608)	(7,628)	
	7,010	**16,233**	**23,243**		15,065	19,804	34,869	
HKFRS 16 impact								
EBITDA ^	**16,959 ^**	**5,470 ^**	**22,429 ^**		18,731 ^	4,391 ^	23,122 ^	
Depreciation and amortisation	**(14,126)**	**(4,101)**	**(18,227)**		(14,052)	(3,673)	(17,725)	
Interest expenses and other finance costs	**(2,507)**	**(1,546)**	**(4,053)**		(2,234)	(1,304)	(3,538)	
Current tax	**4**	**–**	**4**		3	–	3	
Deferred tax	**33**	**72**	**105**		(118)	26	(92)	
Non-controlling interests	**(1)**	**–**	**(1)**		41	–	41	
	7,372	**16,128**	**23,500**		17,436	19,244	36,680	
^ Reconciliation to Post-HKFRS 16 basis EBITDA:								
Pre-HKFRS 16 basis EBITDA per above	**52,435**	**53,225**	**105,660**		62,798	57,068	119,866	
HKFRS 16 impact per above	**16,959**	**5,470**	**22,429**		18,731	4,391	23,122	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**69,394**	**58,695**	**128,089**		81,529	61,459	142,988	

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	2023 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Ports and Related Services	7,261	2,067	9,328	16%	6,492	4,934	11,426	16%
Retail	8,785	4,103	12,888	22%	7,662	3,386	11,048	15%
Infrastructure	3,079	16,483	19,562	33%	3,692	15,141	18,833	26%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	21,059	289	21,348		23,864	–	23,864	
Depreciation	(11,489)	(260)	(11,749)		(11,289)	–	(11,289)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,199)	–	(7,199)		(7,011)	–	(7,011)	
EBIT – **3** Group Europe	2,371	29	2,400	4%	5,564	–	5,564	8%
Hutchison Telecommunications Hong Kong Holdings	100	16	116	–	(44)	14	(30)	–
Corporate and Others (xvii)	(241)	(10)	(251)	–	7,279	(10)	7,269	10%
	2,230	35	2,265	4%	12,799	4	12,803	18%
Hutchison Asia Telecommunications (xviii)	(256)	1,868	1,612	3%	4,662	2,083	6,745	9%
Finance & Investments and Others (xvi) (xix)	5,379	7,534	12,913	22%	1,755	10,254	12,009	16%
EBIT	26,478	32,090	58,568	100%	37,062	35,802	72,864	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	–	512	512		–	584	584	
EBIT ^	26,478 ^	32,602 ^	59,080 ^		37,062 ^	36,386 ^	73,448 ^	
Interest expenses and other finance costs	(9,720)	(10,427)	(20,147)		(6,818)	(8,042)	(14,860)	
Current tax	(4,123)	(3,582)	(7,705)		(5,438)	(3,983)	(9,421)	
Deferred tax credit (charge)	1,083	(1,878)	(795)		(2,721)	(3,949)	(6,670)	
Non-controlling interests	(6,708)	(482)	(7,190)		(7,020)	(608)	(7,628)	
	7,010	16,233	23,243		15,065	19,804	34,869	
HKFRS 16 impact								
EBIT ^	2,833 ^	1,369 ^	4,202 ^		4,679 ^	718 ^	5,397 ^	
Interest expenses and other finance costs	(2,507)	(1,546)	(4,053)		(2,234)	(1,304)	(3,538)	
Current tax	4	–	4		3	–	3	
Deferred tax	33	72	105		(118)	26	(92)	
Non-controlling interests	(1)	–	(1)		41	–	41	
	7,372	16,128	23,500		17,436	19,244	36,680	
^ Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	26,478	32,602	59,080		37,062	36,386	73,448	
HKFRS 16 impact per above	2,833	1,369	4,202		4,679	718	5,397	
Post-HKFRS 16 basis EBIT	29,311	33,971	63,282		41,741	37,104	78,845	

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**	**2023 Total HK$ million**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million
Ports and Related Services	**2,843**	**1,457**	**4,300**	2,895	1,484	4,379
Retail	**2,550**	**788**	**3,338**	2,625	636	3,261
Infrastructure	**285**	**9,354**	**9,639**	304	9,678	9,982
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	***18,688***	***260***	***18,948***	*18,300*	–	*18,300*
Hutchison Telecommunications Hong Kong Holdings	***1,082***	***45***	***1,127***	*1,042*	*46*	*1,088*
Corporate and Others	***1***	–	***1***	*1*	–	*1*
	19,771	**305**	**20,076**	19,343	46	19,389
Hutchison Asia Telecommunications	**326**	**2,014**	**2,340**	382	2,293	2,675
Finance & Investments and Others	**182**	**6,437**	**6,619**	187	6,273	6,460
	25,957	**20,355**	**46,312**	25,736	20,410	46,146
Portion attributable to:						
Non-controlling interests of HPH Trust	–	**268**	**268**	–	272	272
	25,957	**20,623**	**46,580**	25,736	20,682	46,418
Divesture of infrastructure investments	–	**176**	**176**	–	143	143
	25,957	**20,799**	**46,756**	25,736	20,825	46,561
HKFRS 16 impact	**14,126**	**4,101**	**18,227**	14,052	3,673	17,725
	40,083	**24,900**	**64,983**	39,788	24,498	64,286

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	2023 Total HK$ million	Fixed assets HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2022 Total HK$ million
Ports and Related Services	5,511	–	10	5,521	3,801	–	–	3,801
Retail	2,814	–	–	2,814	2,387	–	–	2,387
Infrastructure	320	–	2	322	473	–	4	477
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	*12,450*	*1,937*	*1,663*	*16,050*	*16,653*	–	*1,779*	*18,432*
Hutchison Telecommunications Hong Kong Holdings	*481*	–	–	*481*	*496*	*138*	–	*634*
Corporate and Others	*2*	–	–	*2*	–	–	*3*	*3*
	12,933	1,937	1,663	16,533	17,149	138	1,782	19,069
Hutchison Asia Telecommunications	109	19	–	128	313	22	14	349
Finance & Investments and Others	192	–	–	192	129	–	7	136
	21,879	1,956	1,675	25,510	24,252	160	1,807	26,219
HKFRS 16 impact	(209)	–	–	(209)	(367)	–	–	(367)
	21,670	1,956	1,675	25,301	23,885	160	1,807	25,852

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets (xxi)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2023 Total assets	Segment assets (xxi)	Deferred tax assets	Assets classified as held for sale (xxiv)	Investments in associated companies and interests in joint ventures	2022 Total assets
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Ports and Related Services	**75,587**	**609**	**21,519**	**97,715**	72,263	352	–	23,200	95,815
Retail	**201,155**	**1,802**	**17,233**	**220,190**	198,358	1,471	–	15,630	215,459
Infrastructure	**59,577**	**2**	**171,277**	**230,856**	65,516	3	–	165,138	230,657
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	***275,196***	***16,858***	***2,628***	***294,682***	*263,859*	*15,067*	*5,178*	*10*	*284,114*
Hutchison Telecommunications Hong Kong Holdings	***15,776***	***2***	***109***	***15,887***	*16,148*	*4*	*–*	*157*	*16,309*
Corporate and Others	***26,995***	***–***	***1***	***26,996***	*35,040*	*–*	*–*	*2*	*35,042*
	317,967	**16,860**	**2,738**	**337,565**	315,047	15,071	5,178	169	335,465
Hutchison Asia Telecommunications	**2,374**	**–**	**14,720**	**17,094**	2,668	–	–	15,395	18,063
Finance & Investments and Others	**129,494**	**64**	**74,404**	**203,962**	130,789	57	–	71,635	202,481
	786,154	**19,337**	**301,891**	**1,107,382**	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	**51,700**	**1,737**	**(1,916)**	**51,521**	49,919	1,555	918	(1,895)	50,497
	837,854	**21,074**	**299,975**	**1,158,903**	834,560	18,509	6,096	289,272	1,148,437

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) HK$ million	Current & non-current borrowings (xxii) and other non-current liabilities HK$ million	Current & deferred tax liabilities HK$ million	2023 Total liabilities HK$ million	Segment liabilities (xxi) HK$ million	Current & non-current borrowings (xxii) and other non-current liabilities HK$ million	Liabilities directly associated with assets classified as held for sale (xxiv) HK$ million	Current & deferred tax liabilities HK$ million	2022 Total liabilities HK$ million
Ports and Related Services	**11,591**	**14,867**	**4,535**	**30,993**	10,948	14,604	–	4,696	30,248
Retail	**27,748**	**7,056**	**10,900**	**45,704**	24,598	10,531	–	10,619	45,748
Infrastructure	**7,236**	**24,551**	**615**	**32,402**	7,338	28,416	–	556	36,310
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	*32,856*	*16,319*	*3,935*	*53,110*	*37,008*	*14,989*	*207*	*3,393*	*55,597*
Hutchison Telecommunications Hong Kong Holdings	*1,835*	*2,249*	*123*	*4,207*	*1,808*	*2,371*	–	*50*	*4,229*
Corporate and Others	*1,105*	*44,428*	*26*	*45,559*	*777*	*50,923*	–	*11*	*51,711*
	35,796	**62,996**	**4,084**	**102,876**	39,593	68,283	207	3,454	111,537
Hutchison Asia Telecommunications	**767**	**3,492**	**1**	**4,260**	939	533	–	1	1,473
Finance & Investments and Others	**7,875**	**195,001**	**4,461**	**207,337**	9,721	197,490	–	4,859	212,070
	91,013	**307,963**	**24,596**	**423,572**	93,137	319,857	207	24,185	437,386
HKFRS 16 impact	**66,865**	**(1,225)**	**(858)**	**64,782**	64,781	(1,065)	920	(894)	63,742
	157,878	**306,738**	**23,738**	**488,354**	157,918	318,792	1,127	23,291	501,128

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue (xx)							
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2023 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Hong Kong	29,857	4,554	34,411	8%	32,680	4,646	37,326	8%
Mainland China	20,072	7,264	27,336	6%	21,676	11,013	32,689	7%
The People's Republic of China	49,929	11,818	61,747	14%	54,356	15,659	70,015	15%
Europe	154,709	76,970	231,679	50%	145,738	69,150	214,888	47%
Canada	229	3,633	3,862	1%	253	3,554	3,807	1%
Asia, Australia and Others	53,992	26,222	80,214	17%	48,543	25,891	74,434	16%
	208,930	106,825	315,755	68%	194,534	98,595	293,129	64%
	258,859	118,643	377,502	82%	248,890	114,254	363,144	79%
Finance & Investments and Others	16,716	67,340	84,056	18%	13,607	80,478	94,085	21%
	275,575	185,983	461,558 **	100%	262,497	194,732	457,229 **	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	2023 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Hong Kong	1,146	1,686	2,832	3%	1,414	1,943	3,357	3%
Mainland China	1,484	2,222	3,706	4%	1,143	4,777	5,920	5%
The People's Republic of China	2,630	3,908	6,538	7%	2,557	6,720	9,277	8%
Europe	31,511	20,612	52,123	49%	42,378	18,427	60,805	51%
Canada	230	1,978	2,208	2%	246	1,795	2,041	1%
Asia, Australia and Others	12,503	11,976	24,479	23%	15,675	12,743	28,418	24%
	44,244	34,566	78,810	74%	58,299	32,965	91,264	76%
	46,874	38,474	85,348	81%	60,856	39,685	100,541	84%
Finance & Investments and Others (xvi) (xix)	5,561	13,971	19,532	19%	1,942	16,527	18,469	16%
	52,435	52,445	104,880 ##	100%	62,798	56,212	119,010 ##	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	2023 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
Hong Kong	(378)	741	363	1%	(50)	982	932	1%
Mainland China	632	1,460	2,092	3%	137	3,997	4,134	6%
The People's Republic of China	254	2,201	2,455	4%	87	4,979	5,066	7%
Europe	10,865	14,376	25,241	43%	22,127	12,139	34,266	47%
Canada	229	1,308	1,537	3%	246	1,129	1,375	2%
Asia, Australia and Others	9,751	6,671	16,422	28%	12,847	7,301	20,148	28%
	20,845	22,355	43,200	74%	35,220	20,569	55,789	77%
	21,099	24,556	45,655	78%	35,307	25,548	60,855	84%
Finance & Investments and Others (xvi) (xix)	5,379	7,534	12,913	22%	1,755	10,254	12,009	16%
	26,478	32,090	58,568 @@	100%	37,062	35,802	72,864 @@	100%

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

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure (xxiii)							
	Fixed assets HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2023 Total HK$ million	Fixed assets HK$ million	Telecom-munications licences HK$ million	Brand names and other rights HK$ million	2022 Total HK$ million
Hong Kong	1,389	–	–	1,389	1,332	138	–	1,470
Mainland China	658	–	–	658	410	–	–	410
The People's Republic of China	2,047	–	–	2,047	1,742	138	–	1,880
Europe	14,799	1,088	1,663	17,550	18,358	–	1,782	20,140
Asia, Australia and Others	4,841	868	12	5,721	4,023	22	18	4,063
	19,640	1,956	1,675	23,271	22,381	22	1,800	24,203
	21,687	1,956	1,675	25,318	24,123	160	1,800	26,083
Finance & Investments and Others	192	–	–	192	129	–	7	136
	21,879	1,956	1,675	25,510	24,252	160	1,807	26,219
HKFRS 16 impact	(209)	–	–	(209)	(367)	–	–	(367)
	21,670	1,956	1,675	25,301	23,885	160	1,807	25,852

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	2023 Total assets	Segment assets (xxi)	Deferred tax assets	Assets classified as held for sale (xxiv)	Investments in associated companies and interests in joint ventures	2022 Total assets
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	48,060	161	10,656	58,877	52,253	79	–	10,708	63,040
Mainland China	33,223	688	15,184	49,095	37,850	765	–	17,209	55,824
The People's Republic of China	81,283	849	25,840	107,972	90,103	844	–	27,917	118,864
Europe	444,041	17,614	117,538	579,193	420,785	15,512	5,178	106,525	548,000
Canada	4,333	2	12,329	16,664	4,169	3	–	12,238	16,410
Asia, Australia and Others	127,003	808	71,780	199,591	138,795	538	–	72,852	212,185
	575,377	18,424	201,647	795,448	563,749	16,053	5,178	191,615	776,595
	656,660	19,273	227,487	903,420	653,852	16,897	5,178	219,532	895,459
Finance & Investments and Others	129,494	64	74,404	203,962	130,789	57	–	71,635	202,481
	786,154	19,337	301,891	1,107,382	784,641	16,954	5,178	291,167	1,097,940
HKFRS 16 impact	51,700	1,737	(1,916)	51,521	49,919	1,555	918	(1,895)	50,497
	837,854	21,074	299,975	1,158,903	834,560	18,509	6,096	289,272	1,148,437

5 Operating segment information (continued)

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

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

The Group's EBITDA and EBIT for the comparative year ended 31 December 2022 included the gains attributable to shareholders from the disposal of interests in the Group's telecommunications tower assets in the United Kingdom (the "UK") that completed in November 2022 of HK$18,957 million (see note 5(b)(xvii)) and the Group's telecommunications business in Indonesia in January 2022 of HK$6,100 million (see note 5(b)(xviii)). These gains were partly offset by impairment of Wind Tre S.p.A.'s ("Wind Tre") goodwill of HK$11,039 million (see note 5(b)(xvii)), the impairment charge against the assets of the Group's telecommunications business in Sri Lanka of HK$962 million (see note 5(b)(xviii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK$253 million (see note 5(b)(xix)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
EBITDA before the following one-off items								
Ports and Related Services	**10,104**	**3,524**	**13,628**	**13%**	9,387	6,418	15,805	15%
Retail	**11,335**	**4,891**	**16,226**	**15%**	10,287	4,022	14,309	13%
Infrastructure	**3,364**	**25,837**	**29,201**	**28%**	3,996	24,819	28,815	27%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***21,059***	***289***	***21,348***	***20%***	*23,864*	*–*	*23,864*	*23%*
Hutchison Telecommunications Hong Kong Holdings	***1,182***	***61***	***1,243***	***1%***	*998*	*60*	*1,058*	*1%*
Corporate and Others	***(240)***	***(10)***	***(250)***	***–***	*(638)*	*(10)*	*(648)*	*-1%*
	22,001	**340**	**22,341**	**21%**	24,224	50	24,274	23%
Hutchison Asia Telecommunications	**70**	**3,882**	**3,952**	**4%**	(94)	4,376	4,282	4%
Finance & Investments and Others (xvi)	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,780	18,722	18%
	52,435	**52,445**	**104,880**	**100%**	49,742	56,465	106,207	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xvii)	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia (xviii)	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka (xviii)	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill (xvii)	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges (xix)	**–**	**–**	**–**		–	(253)	(253)	
	52,435	**52,445**	**104,880 ##**		62,798	56,212	119,010 ##	

\## 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**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
EBITDA before the following one-off items								
Hong Kong	**1,146**	**1,686**	**2,832**	**3%**	1,414	1,943	3,357	3%
Mainland China	**1,484**	**2,222**	**3,706**	**4%**	1,143	4,777	5,920	6%
The People's Republic of China	**2,630**	**3,908**	**6,538**	**7%**	2,557	6,720	9,277	9%
Europe	**31,511**	**20,612**	**52,123**	**49%**	34,460	18,427	52,887	49%
Canada	**230**	**1,978**	**2,208**	**2%**	246	1,795	2,041	2%
Asia, Australia and Others	**12,503**	**11,976**	**24,479**	**23%**	10,537	12,743	23,280	22%
	44,244	**34,566**	**78,810**	**74%**	45,243	32,965	78,208	73%
	46,874	**38,474**	**85,348**	**81%**	47,800	39,685	87,485	82%
Finance & Investments and Others (xvi)	**5,561**	**13,971**	**19,532**	**19%**	1,942	16,780	18,722	18%
	52,435	**52,445**	**104,880**	**100%**	49,742	56,465	106,207	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xvii)	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia (xviii)	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka (xviii)	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill (xvii)	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges (xix)	**–**	**–**	**–**		–	(253)	(253)	
	52,435	**52,445**	**104,880 ##**		62,798	56,212	119,010 ##	

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**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
EBIT before the following one-off items								
Ports and Related Services	**7,261**	**2,067**	**9,328**	**16%**	6,492	4,934	11,426	19%
Retail	**8,785**	**4,103**	**12,888**	**22%**	7,662	3,386	11,048	18%
Infrastructure	**3,079**	**16,483**	**19,562**	**33%**	3,692	15,141	18,833	32%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	*2,371*	*29*	*2,400*	*4%*	*5,564*	–	*5,564*	*9%*
Hutchison Telecommunications Hong Kong Holdings	*100*	*16*	*116*	–	*(44)*	*14*	*(30)*	–
Corporate and Others	*(241)*	*(10)*	*(251)*	–	*(639)*	*(10)*	*(649)*	*-1%*
	2,230	**35**	**2,265**	**4%**	4,881	4	4,885	8%
Hutchison Asia Telecommunications	**(256)**	**1,868**	**1,612**	**3%**	(476)	2,083	1,607	3%
Finance & Investments and Others (xvi)	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,507	12,262	20%
	26,478	**32,090**	**58,568**	**100%**	24,006	36,055	60,061	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xvii)	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia (xviii)	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka (xviii)	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill (xvii)	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges (xix)	**–**	**–**	**–**		–	(253)	(253)	
	26,478	**32,090**	**58,568 @@**		37,062	35,802	72,864 @@	

@@ 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**	**2023 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2022 Total HK$ million	%
EBIT before the following one-off items								
Hong Kong	**(378)**	**741**	**363**	**1%**	(50)	982	932	2%
Mainland China	**632**	**1,460**	**2,092**	**3%**	137	3,997	4,134	7%
The People's Republic of China	**254**	**2,201**	**2,455**	**4%**	87	4,979	5,066	9%
Europe	**10,865**	**14,376**	**25,241**	**43%**	14,209	12,139	26,348	44%
Canada	**229**	**1,308**	**1,537**	**3%**	246	1,129	1,375	2%
Asia, Australia and Others	**9,751**	**6,671**	**16,422**	**28%**	7,709	7,301	15,010	25%
	20,845	**22,355**	**43,200**	**74%**	22,164	20,569	42,733	71%
	21,099	**24,556**	**45,655**	**78%**	22,251	25,548	47,799	80%
Finance & Investments and Others (xvi)	**5,379**	**7,534**	**12,913**	**22%**	1,755	10,507	12,262	20%
	26,478	**32,090**	**58,568**	**100%**	24,006	36,055	60,061	100%
One-off items								
Gains from disposal of European telecommunications tower assets (xvii)	**–**	**–**	**–**		18,957	–	18,957	
Gains from disposal of telecommunications business in Indonesia (xviii)	**–**	**–**	**–**		6,100	–	6,100	
Impairment of telecommunications business in Sri Lanka (xviii)	**–**	**–**	**–**		(962)	–	(962)	
Impairment of Wind Tre's goodwill (xvii)	**–**	**–**	**–**		(11,039)	–	(11,039)	
Share of Cenovus Energy's impairment charges (xix)	**–**	**–**	**–**		–	(253)	(253)	
	26,478	**32,090**	**58,568 @@**		37,062	35,802	72,864 @@	

@@ 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 is 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 economic benefits 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 is 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 economic benefits in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.

(xvi) On 14 June 2023, the Group entered into a warrant repurchase agreement with Cenovus Energy, under which the Group sold 26.3 million Cenovus Energy share warrants to Cenovus Energy for a total consideration of approximately C$410 million. Before their disposal, these share warrants, as hedging instrument in a cash flow hedge, were measured at fair value through other comprehensive income and reported under "Finance & Investments and Others" in the segment information note and under other non-current assets in the consolidated statement of financial position. The disposal has resulted in a gain (after reclassification adjustments of hedging gains to profit or loss) of approximately HK$1,829 million (HK$1,829 million at Post-HKFRS 16 basis), see note 7(f). This gain is reported under "Finance & Investments and Others" in the segment results and under "Other income and gains" in the consolidated income statement.

(xvii) Included in the comparative year balance are a gain of HK$18,957 million (HK$19,060 million at Post-HKFRS 16 basis, see note 7(g)) arising from the disposal of interests in telecommunications tower assets in the UK completed in November 2022 and an impairment charge of HK$11,039 million (HK$11,039 million at Post-HKFRS 16 basis, see note 7(c)) 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, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK$19,060 million is reported in "Other income and gains" and the impairment charge of HK$11,039 million is reported in "Other expenses and losses".

(xviii) Included in the comparative year balance are a disposal gain of HK$6,100 million (HK$7,245 million at Post-HKFRS 16 basis, see note 7(g)) arising from the completion of the merger of the Group's telecommunications business in Indonesia with PT Indosat Tbk and an impairment charge of HK$962 million (HK$1,000 million at Post-HKFRS 16 basis, see note 7(c)) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK$7,245 million is reported in "Other income and gains" and the impairment charge of HK$1,000 million is reported in "Other expenses and losses".

5 Operating segment information (continued)

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

(xix) Included in the comparative year balance is the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK$253 million (HK$253 million at Post-HKFRS 16 basis) on certain refinery assets. The Group's share of this charge is HK$253 million (HK$253 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statements, the Group's share of this charge (after tax) is HK$193 million (HK$193 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".

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

(xxi) Segment assets and segment liabilities

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 and post-employment benefit assets. 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).

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

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

	2023 **HK$ million**	2022 HK$ million
Hong Kong	**72,857**	76,195
Mainland China	**57,362**	63,398
The People's Republic of China	**130,219**	139,593
Europe	**523,476**	487,612
Canada	**62,643**	59,262
Asia, Australia and Others	**197,955**	193,888
	784,074	740,762
	914,293	880,355

(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

	2023			2022		
	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Revenue	275,575	–	275,575	262,497	–	262,497
Cost of inventories sold	(105,771)	32	(105,739)	(101,766)	42	(101,724)
Staff costs	(39,226)	–	(39,226)	(37,170)	–	(37,170)
Expensed customer acquisition and retention costs	(15,577)	389	(15,188)	(14,927)	400	(14,527)
Depreciation and amortisation	(25,957)	(14,126)	(40,083)	(25,736)	(14,052)	(39,788)
Other expenses and losses	(64,633)	16,538	(48,095)	(72,767)	17,040	(55,727)
Other income and gains	2,067	–	2,067	26,931	1,249	28,180
Share of profits less losses of:						
Associated companies	8,215	(77)	8,138	12,282	(460)	11,822
Joint ventures	8,018	(28)	7,990	7,522	(100)	7,422
	42,711	2,728	45,439	56,866	4,119	60,985
Interest expenses and other finance costs	(9,720)	(2,507)	(12,227)	(6,818)	(2,234)	(9,052)
Profit before tax	32,991	221	33,212	50,048	1,885	51,933
Current tax	(4,123)	4	(4,119)	(5,438)	3	(5,435)
Deferred tax credit (charge)	1,083	33	1,116	(2,721)	(118)	(2,839)
Profit after tax	29,951	258	30,209	41,889	1,770	43,659
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,708)	(1)	(6,709)	(7,020)	41	(6,979)
Profit attributable to ordinary shareholders	23,243	257	23,500	34,869	1,811	36,680
Earnings per share for profit attributable to ordinary shareholders	HK$ 6.07	HK$ 0.07	HK$ 6.14	HK$ 9.09	HK$ 0.48	HK$ 9.57

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

	2023			2022		
	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Profit after tax	29,951	258	30,209	41,889	1,770	43,659
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Changes in fair value of equity instruments at fair value through other comprehensive income	718	–	718	(1,493)	–	(1,493)
Remeasurement of defined benefit obligations	(1,470)	–	(1,470)	701	–	701
Share of other comprehensive income (losses) of associated companies	(560)	–	(560)	(83)	–	(83)
Share of other comprehensive income (losses) of joint ventures	269	–	269	(520)	–	(520)
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	376	–	376	(255)	–	(255)
	(667)	–	(667)	(1,650)	–	(1,650)
Items that may be reclassified to profit or loss						
Changes in fair value of debt instruments at fair value through other comprehensive income	120	–	120	(367)	–	(367)
Exchange gains (losses) on translation of foreign operations	8,100	(329)	7,771	(16,578)	500	(16,078)
Exchange losses reclassified to profit or loss	344	(2)	342	2,213	7	2,220
Gains (losses) on cash flow hedges	(1,059)	–	(1,059)	2,201	–	2,201
Gains (losses) on net investment hedges	(1,641)	–	(1,641)	4,433	–	4,433
Reclassification adjustments for hedging gains included in profit or loss	(1,735)	–	(1,735)	–	–	–
Share of other comprehensive income (losses) of associated companies	1,812	77	1,889	(2,526)	31	(2,495)
Share of other comprehensive income (losses) of joint ventures	3,748	(20)	3,728	(4,103)	42	(4,061)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	4	–	4	(12)	–	(12)
	9,693	(274)	9,419	(14,739)	580	(14,159)
Other comprehensive income (losses), net of tax	9,026	(274)	8,752	(16,389)	580	(15,809)
Total comprehensive income	38,977	(16)	38,961	25,500	2,350	27,850
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(7,560)	84	(7,476)	(5,614)	(160)	(5,774)
Total comprehensive income attributable to ordinary shareholders	31,417	68	31,485	19,886	2,190	22,076

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

	2023			2022		
	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Non-current assets						
Fixed assets	121,957	(2,131)	119,826	114,564	(1,914)	112,650
Right-of-use assets	–	61,198	61,198	–	59,337	59,337
Leasehold land	5,958	(5,958)	–	6,129	(6,129)	–
Telecommunications licences	64,264	–	64,264	60,689	–	60,689
Brand names and other rights	83,396	–	83,396	83,694	–	83,694
Goodwill	271,136	–	271,136	268,008	–	268,008
Associated companies	144,375	(737)	143,638	141,475	(764)	140,711
Interests in joint ventures	157,516	(1,179)	156,337	149,692	(1,131)	148,561
Deferred tax assets	19,337	1,737	21,074	16,954	1,555	18,509
Liquid funds and other listed investments	15,786	–	15,786	16,103	–	16,103
Other non-current assets	19,356	506	19,862	15,358	542	15,900
	903,081	53,436	956,517	872,666	51,496	924,162
Current assets						
Cash and cash equivalents	127,323	–	127,323	138,085	–	138,085
Inventories	24,473	–	24,473	23,283	–	23,283
Trade receivables and other current assets	52,505	(1,915)	50,590	58,728	(1,917)	56,811
	204,301	(1,915)	202,386	220,096	(1,917)	218,179
Assets classified as held for sale	–	–	–	5,178	918	6,096
	204,301	(1,915)	202,386	225,274	(999)	224,275
Current liabilities						
Bank and other debts	58,785	(461)	58,324	70,430	(300)	70,130
Current tax liabilities	4,215	(49)	4,166	4,040	(39)	4,001
Lease liabilities	–	13,616	13,616	–	12,128	12,128
Trade payables and other current liabilities	87,477	(1,058)	86,419	90,407	(1,278)	89,129
	150,477	12,048	162,525	164,877	10,511	175,388
Liabilities directly associated with assets classified as held for sale	–	–	–	207	920	1,127
	150,477	12,048	162,525	165,084	11,431	176,515
Net current assets	53,824	(13,963)	39,861	60,190	(12,430)	47,760
Total assets less current liabilities	956,905	39,473	996,378	932,856	39,066	971,922
Non-current liabilities						
Bank and other debts	214,362	(764)	213,598	214,963	(767)	214,196
Interest bearing loans from non-controlling shareholders	3,245	–	3,245	2,567	–	2,567
Lease liabilities	–	54,307	54,307	–	53,931	53,931
Deferred tax liabilities	20,381	(809)	19,572	20,145	(855)	19,290
Pension obligations	3,536	–	3,536	2,730	–	2,730
Other non-current liabilities	31,571	–	31,571	31,897	2	31,899
	273,095	52,734	325,829	272,302	52,311	324,613
Net assets	683,810	(13,261)	670,549	660,554	(13,245)	647,309
Capital and reserves						
Share capital	3,830	–	3,830	3,830	–	3,830
Share premium	242,972	–	242,972	242,972	–	242,972
Reserves	306,629	(9,396)	297,233	286,167	(9,456)	276,711
Total ordinary shareholders' funds	553,431	(9,396)	544,035	532,969	(9,456)	523,513
Perpetual capital securities	4,566	–	4,566	4,561	–	4,561
Non-controlling interests	125,813	(3,865)	121,948	123,024	(3,789)	119,235
Total equity	683,810	(13,261)	670,549	660,554	(13,245)	647,309

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows

	2023			2022		
	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	58,574	16,842	75,416	57,409	16,488	73,897
Interest expenses and other finance costs paid (net of capitalisation)	(9,576)	(2,507)	(12,083)	(6,817)	(2,234)	(9,051)
Tax paid	(3,931)	–	(3,931)	(3,552)	–	(3,552)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	45,067	14,335	59,402	47,040	14,254	61,294
Changes in working capital	(7,909)	(56)	(7,965)	(4,454)	(126)	(4,580)
Net cash from operating activities	37,158	14,279	51,437	42,586	14,128	56,714
Investing activities						
Purchase of fixed assets	(21,879)	209	(21,670)	(24,252)	367	(23,885)
Additions to telecommunications licences	(1,956)	–	(1,956)	(160)	–	(160)
Additions to brand names and other rights	(1,675)	–	(1,675)	(1,807)	–	(1,807)
Purchase of subsidiary companies, net of cash acquired	(55)	–	(55)	–	–	–
Additions to unlisted investments	(74)	–	(74)	(564)	–	(564)
Repayments of loans from associated companies and joint ventures	2,829	–	2,829	374	–	374
Purchase of and advances to associated companies and joint ventures	(819)	–	(819)	(3,464)	–	(3,464)
Proceeds from disposal of fixed assets	168	–	168	335	–	335
Proceeds from disposal of subsidiary companies, net of cash disposed	2,563	–	2,563	17,096	–	17,096
Proceeds from disposal of financial instruments	2,451	–	2,451	–	–	–
Proceeds from partial disposal / disposal of associated companies and joint ventures	734	–	734	5,226	–	5,226
Proceeds from disposal of other unlisted investments	74	–	74	2,336	–	2,336
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(17,639)	209	(17,430)	(4,880)	367	(4,513)
Disposal of liquid funds and other listed investments	2,088	–	2,088	157	–	157
Additions to liquid funds and other listed investments	(73)	–	(73)	–	–	–
Cash flows used in investing activities	(15,624)	209	(15,415)	(4,723)	367	(4,356)
Net cash inflow before financing activities	21,534	14,488	36,022	37,863	14,495	52,358
Financing activities						
New borrowings	58,420	(209)	58,211	37,514	(367)	37,147
Repayment of borrowings	(75,558)	197	(75,361)	(68,242)	179	(68,063)
Principal elements of lease payments	–	(14,476)	(14,476)	–	(14,307)	(14,307)
Net loans from non-controlling shareholders	527	–	527	2,118	–	2,118
Issue of equity securities by subsidiary companies to non-controlling shareholders	–	–	–	85	–	85
Payment to acquire additional interests in subsidiary companies	–	–	–	(904)	–	(904)
Proceeds from partial disposal of subsidiary companies	61	–	61	–	–	–
Redemption of perpetual capital securities by a subsidiary	–	–	–	(7,800)	–	(7,800)
Payments for buy-back and cancellation of issued shares	–	–	–	(197)	–	(197)
Dividends paid to ordinary shareholders	(10,885)	–	(10,885)	(10,353)	–	(10,353)
Dividends paid to non-controlling interests	(4,694)	–	(4,694)	(4,816)	–	(4,816)
Distribution paid on perpetual capital securities	(167)	–	(167)	(316)	–	(316)
Cash flows used in financing activities	(32,296)	(14,488)	(46,784)	(52,911)	(14,495)	(67,406)
Decrease in cash and cash equivalents	(10,762)	–	(10,762)	(15,048)	–	(15,048)
Cash and cash equivalents at 1 January	138,085	–	138,085	153,133	–	153,133
Cash and cash equivalents at 31 December	127,323	–	127,323	138,085	–	138,085

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)

	2023			2022		
	Pre-HKFRS 16 basis HK$ million	**Effect on adoption of HKFRS 16 HK$ million**	**Post-HKFRS 16 basis HK$ million**	Pre-HKFRS 16 basis HK$ million	Effect on adoption of HKFRS 16 HK$ million	Post-HKFRS 16 basis HK$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	**127,323**	**–**	**127,323**	138,085	–	138,085
Liquid funds and other listed investments	**15,786**	**–**	**15,786**	16,103	–	16,103
Total cash, liquid funds and other listed investments	**143,109**	**–**	**143,109**	154,188	–	154,188
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	**274,919**	**(1,225)**	**273,694**	287,297	(1,067)	286,230
Interest bearing loans from non-controlling shareholders	**3,245**	**–**	**3,245**	2,567	–	2,567
Net debt	**135,055**	**(1,225)**	**133,830**	135,676	(1,067)	134,609
Interest bearing loans from non-controlling shareholders	**(3,245)**	**–**	**(3,245)**	(2,567)	–	(2,567)
Net debt (excluding interest bearing loans from non-controlling shareholders)	**131,810**	**(1,225)**	**130,585**	133,109	(1,067)	132,042

6 Directors' emoluments

	2023 HK$ million	2022 HK$ million
Directors' emoluments	419	537

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 consolidated income statement.

As at 31 December 2023 and 31 December 2022, 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 (2022: nil).

In 2023, the five individuals whose emoluments were the highest for the year were four (2022: four) directors of the Company and one (2022: 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$4.94 million (2022: HK$4.66 million); provident fund contribution of HK$0.39 million (2022: HK$0.37 million) and discretionary bonus of HK$23.85 million (2022: HK$23.85 million).

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

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

	2023					
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	5.14	44.70	–	–	50.15
Paid by CKI	0.13	–	30.02	–	–	30.15
	0.44	5.14	74.72	–	–	80.30
FOK Kin Ning, Canning [3]	0.22	12.28	116.14	1.10	–	129.74
Frank John SIXT [3] [4]	0.28	9.48	59.36	0.53	–	69.65
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.72	8.94	–	–	10.88
Paid by CKI	0.10	1.80	11.79	–	–	13.69
	0.32	3.52	20.73	–	–	24.57
KAM Hing Lam						
Paid by the Company	0.22	2.52	8.31	–	–	11.05
Paid by CKI	0.08	4.20	10.82	–	–	15.10
	0.30	6.72	19.13	–	–	26.15
LAI Kai Ming, Dominic [3]	0.22	6.23	57.22	0.51	–	64.18
Edith SHIH [3] [4]	0.28	4.84	16.22	0.36	–	21.70
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
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
LEE Wai Mun, Rose [6]	0.33	–	–	–	–	0.33
CHOW Ching Yee, Cynthia [7] [8] [9]	0.02	–	–	–	–	0.02
Philip Lawrence KADOORIE [8]	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie [1] [8]	0.25	–	–	–	–	0.25
Paul Joseph TIGHE [8] [9]						
Paid by the Company	0.35	–	–	–	–	0.35
Paid by CKI	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam [2] [8] [9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [8]	0.37	–	–	–	–	0.37
Total	5.17	48.21	363.52	2.50	–	419.40

6 Directors' emoluments (continued)

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

	2022					
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	5.01	69.84	–	–	75.16
Paid by CKI	0.13	–	30.65	–	–	30.78
	0.44	5.01	100.49	–	–	105.94
FOK Kin Ning, Canning [3]	0.22	11.88	191.03	1.07	–	204.20
Frank John SIXT [3] [4]	0.28	9.03	65.96	0.77	–	76.04
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.67	9.93	–	–	11.82
Paid by CKI	0.10	1.80	12.45	–	–	14.35
	0.32	3.47	22.38	–	–	26.17
KAM Hing Lam						
Paid by the Company	0.22	2.47	9.24	–	–	11.93
Paid by CKI	0.08	4.20	11.42	–	–	15.70
	0.30	6.67	20.66	–	–	27.63
LAI Kai Ming, Dominic [3]	0.22	6.09	63.58	0.49	–	70.38
Edith SHIH [3] [4]	0.28	4.71	18.03	0.34	–	23.36
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
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHENG Hoi Chuen, Vincent [10]	0.29	–	–	–	–	0.29
Michael David KADOORIE [11]	0.21	–	–	–	–	0.21
Philip Lawrence KADOORIE [8] [12]	0.01	–	–	–	–	0.01
LEE Wai Mun, Rose [8] [9]	0.26	–	–	–	–	0.26
LEUNG LAU Yau Fun, Sophie [1] [8]	0.23	–	–	–	–	0.23
Paul Joseph TIGHE [8] [9]						
Paid by the Company	0.35	–	–	–	–	0.35
Paid by CKI	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam [2] [8] [9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1] [2] [4] [8]	0.37	–	–	–	–	0.37
Total	5.35	46.86	482.13	2.67	–	537.01

(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 Independent Non-executive Director and member of Audit Committee. Resigned on 14 December 2023.
(7) Appointed on 14 December 2023.
(8) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.15 million (2022: HK$2.33 million).
(9) Member of the Audit Committee.
(10) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Passed away on 28 August 2022.
(11) Former Independent Non-executive Director. Resigned on 16 December 2022.
(12) Appointed on 16 December 2022.

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

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

	2023 HK$ million	2022 HK$ million
Cost of goods sold:		
included in "Cost of inventories sold"	**105,739**	101,724
included in "Expensed customer acquisition and retention costs"	**9,456**	8,879
	115,195	110,603

	2023 HK$ million	2022 HK$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	**17,550**	17,515
Right-of-use assets (see note 13(b))	**14,651**	14,582
Telecommunications licences (see note 14)	**953**	919
Brand names and other rights (see note 15)	**3,262**	3,308
Customer acquisition and retention costs (see note 21(a))	**3,667**	3,464
	40,083	39,788

	2023 HK$ million	2022 HK$ million
Other expenses and losses:		
Cost of providing services [(a)]	**(29,435)**	(29,678)
Office and general administrative expenses and others	**(7,740)**	(3,762)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	**(3,319)**	(3,802)
Advertising and promotion expenses	**(4,783)**	(4,677)
Legal and professional fees	**(2,101)**	(1,404)
Auditors' remuneration [(b)]	**(397)**	(328)
Impairment loss [(c)]		
Against goodwill on telecommunications business in Italy	**–**	(11,039)
Against goodwill and other assets on telecommunications business in Sri Lanka	**–**	(1,000)
Losses on disposal of subsidiaries [#]		
Italian network business	**(250)**	–
Other businesses	**–**	(37)
Loss on disposal of interests in associated companies	**(70)**	–
	(48,095)	(55,727)

See note 34(d).

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

	2023 HK$ million	2022 HK$ million
Other income and gains:		
Rent concessions [d]	–	188
Employment and other subsidies [e]	10	225
Gains on disposals of unlisted investments	–	515
A gain on disposal of financial instruments [f]	1,829	–
Gains on disposal of subsidiaries [g] #		
European telecommunications tower assets	–	19,060
Indonesia telecommunications businesses	–	7,245
Gains on disposals of interests in associated companies and joint ventures	228	947
	2,067	28,180

\# See note 34(d).

(a) Cost of providing services of HK$29,435 million (2022: HK$29,678 million) includes telecommunication network related costs of HK$19,093 million (2022: HK$17,395 million), repair and maintenance of HK$4,160 million (2022: HK$5,861 million) and others of HK$6,182 million (2022: HK$6,422 million).

(b) Auditors' remuneration of HK$397 million (2022: HK$328 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK$262 million (2022: HK$224 million) and performed by other auditors of HK$14 million (2022: HK$12 million), and for non-audit work, including tax compliance and other tax related services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK$71 million (2022: HK$56 million) and performed by other auditors of HK$50 million (2022: HK$36 million).

(c) Impairment loss

(i) For the comparative year, an impairment loss of HK$11,039 million arose in the telecommunications business in Italy, which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

In late Q3 to Q4 2022, Italy has seen a series of downgrades in medium-term growth prospects for its economy from rating agency, the Bank of Italy, Italy's National Institute of Statistics, the Organisation for Economic Cooperation and Development, and the European Commission. Management has taken into consideration the decelerating outlooks of the Italian economy when it conducted the 2022 annual impairment testing. For the 2022 annual impairment testing for Wind Tre, the recoverable amount was determined based on the value-in-use ("VIU") calculations, as it was higher than the fair value less costs of disposal ("FVLCD") calculations. The VIU is measured using a discounted cash flow projection for the period covered by the forecast and a calculated terminal value at the end of the forecast period. The calculations used cash flow projections based on the latest financial budget covering a five-year 2023 – 2027 period and business plan approved by Wind Tre's management in Q4 2022, reflecting a lowered expectation on growth and reported service revenues, and heightened competition in the Italian market. As a result, the forecasted revenue and margin, including the future 5G revenue contribution, was lower as compared to the last financial budget covering the five-year 2022 – 2026 period. The key assumptions and estimates used in preparing the discounted cash flow projection for the 2022 annual impairment testing have also been updated with caution to take into account the deteriorating growth prospects in the Italian economy, including a pre-tax discount rate of 8.3%. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1.3% to estimate the terminal value at the end of the five-year period. The results of the impairment testing showed that the carrying amount exceeded the estimated recoverable amount by HK$11,039 million. As a result, the Group recognised an impairment loss of HK$11,039 million against goodwill. No class of asset other than goodwill was impaired.

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

(c) Impairment loss (continued)

(ii) For the comparative year, an impairment loss of HK$1,000 million arose in the telecommunications business in Sri Lanka, which is included as part of the Telecommunications segment under Hutchison Asia Telecommunications in note 5.

During 2022, Sri Lanka was in the midst of a deep and unprecedented economic crisis and facing rampant fuel and food shortages. These external events led the Group to carry out an impairment test on this business at 30 June 2022 and as a result the Group recognised an impairment loss of HK$1,000 million in the first half of 2022, of which HK$174 million against goodwill and HK$826 million against telecommunications licences, tangible and other assets. The impairment loss was primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. An annual impairment testing on the telecommunications business in Sri Lanka was conducted at 31 December 2022. The results of the 2022 annual impairment test indicated that, saved for the impairment loss of HK$1,000 million already recorded in the first half of 2022, there were no impairment at 31 December 2022. The recoverable amount of this business was determined based on the VIU calculations, as it was not practical to arrive at the FVLCD calculations under the current circumstances. The VIU used discounted cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management. Key assumptions and estimates used to prepare the discounted cash flow model include a pre-tax discount rate of 20.6% for 2023 and 2024 to reflect the prevailing high interest rate in Sri Lanka and 12.2% in the outer years to reflect the expected economic recovery, and a long term growth rate of 1% to estimate the terminal value at the end of the five-year period.

(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) Current year balance represents a gain arising from disposal of Cenovus Energy share warrants of HK$1,829 millions (see note 5(b)(xvi)).

(g) Prior year balance includes a gain arising from the disposal of telecommunications tower assets in the UK of HK$19,060 million and a gain arising from the merger of the Group's telecommunication business in Indonesia, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk of HK$7,245 million.

8 Interest expenses and other finance costs

	2023 HK$ million	2022 HK$ million
Bank loans and overdrafts	**4,384**	1,834
Other loans	**4**	4
Notes and bonds	**5,057**	4,809
Interest bearing loans from non-controlling shareholders	**124**	37
Other finance costs	**234**	149
Amortisation of loan facilities fees and premiums or discounts relating to debts	**237**	243
Other non-cash interest adjustments [(a)]	**(93)**	(242)
	9,947	6,834
Less: interest capitalised	**(266)**	(52)
Interest on lease liabilities (see note 13(b))	**2,546**	2,270
	12,227	9,052

(a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK$341 million (2022: HK$420 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

9 Tax

	2023 HK$ million	2022 HK$ million
Current tax charge		
Hong Kong	**216**	243
Outside Hong Kong	**3,903**	5,192
	4,119	5,435
Deferred tax charge (credit)		
Hong Kong	**(37)**	75
Outside Hong Kong	**(1,079)**	2,764
	(1,116)	2,839
	3,003	8,274

The Group's profits are taxed at different rates depending on the country or territory in which the profits arise.

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

9 Tax (continued)

The tax charged to the consolidated income statement of HK$3,003 million (2022: HK$8,274 million) differs from the tax charge of HK$2,982 million (2022: HK$4,883 million) that would apply if the Groups pre-tax profits (before share of results of the associated companies and joint ventures) had been taxed at the statutory rates of the countries in which the profits arose. The differences are set out as follows:

	2023 **HK$ million**	2022 HK$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**2,982**	4,883
Tax effect of:		
Tax losses not recognised	**1,824**	1,976
Income or gains not subject to tax	**(1,112)**	(1,080)
Expenses not deductible for tax purposes	**1,847**	1,322
Recognition of previously unrecognised tax losses	**(32)**	(208)
Utilisation of previously unrecognised tax losses	**(200)**	(48)
Under (over) provision in prior years	**(855)**	223
Other temporary differences	**(1,451)**	1,037
Effect of change in tax rate	**–**	169
Total tax for the year	**3,003**	8,274

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or "GloBE rules") for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least EUR750 million. The Group will be in scope of this new Pillar Two tax reform.

While Hong Kong has yet to introduce its draft legislation for implementation of the global minimum tax and the domestic minimum top-up tax in Hong Kong, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. For certain other jurisdictions where the Group has operations, Pillar Two legislation has been enacted or substantively enacted and will be effective for the Group's financial year beginning on 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

In July 2023, the HKICPA made narrow-scope amendments to HKAS 12 which provided temporary relief from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. In adopting these amendments, the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under OECD's Pillar Two model rules, a top-up tax liability arises when the effective tax rate of the Group's operations in a jurisdiction, calculated using principles set out in the Pillar Two legislation, is below 15%. Based on the information currently available, the impact of these rules on the Group's income tax position is not expected to be material.

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$23,500 million (2022: HK$36,680 million) and 3,830,044,500 shares in issue during the year of 2023 (2022: weighted average number of 3,834,106,390 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2023 and 31 December 2022. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2023 and 31 December 2022. The employee share options of these associated companies outstanding as at 31 December 2023 and 31 December 2022 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2023 **HK$ million**	2022 HK$ million
Distribution paid on perpetual capital securities	**167**	316

(b) Dividends

	2023 **HK$ million**	2022 HK$ million
Interim dividend, paid of HK$0.756 per share (2022: HK$0.84 per share)	**2,896**	3,221
Final dividend, proposed of HK$1.775 per share (2022: HK$2.086 per share)	**6,798**	7,989
	9,694	11,210

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2023. The amount of the 2023 proposed final dividend is expected to be paid on 13 June 2024 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 2022	29,665	82,425	90,022	202,112
Additions	702	1,479	21,704	23,885
Disposals	(49)	(1,423)	(3,266)	(4,738)
Relating to subsidiaries disposed (see note 34(d))	–	(14,083)	(2,265)	(16,348)
Transfer between categories	80	11,250	(11,330)	–
Exchange translation differences	(1,417)	(5,357)	(5,830)	(12,604)
Transfer to assets classified as held for sale (see note 25)	–	(3,786)	(200)	(3,986)
At 31 December 2022 and 1 January 2023	**28,981**	**70,505**	**88,835**	**188,321**
Additions	**1,291**	**2,243**	**18,136**	**21,670**
Relating to subsidiaries acquired (see note 34(c))	**–**	**–**	**6**	**6**
Disposals	**(273)**	**(908)**	**(2,637)**	**(3,818)**
Transfer between categories	**255**	**7,818**	**(8,073)**	**–**
Exchange translation differences	**685**	**2,580**	**2,512**	**5,777**
At 31 December 2023	**30,939**	**82,238**	**98,779**	**211,956**
Accumulated depreciation and impairment				
At 1 January 2022	6,343	29,700	34,970	71,013
Charge for the year	1,108	8,785	7,622	17,515
Impairment recognised	1	318	158	477
Disposals	(38)	(1,251)	(2,917)	(4,206)
Relating to subsidiaries disposed (see note 34(d))	–	(3,777)	(319)	(4,096)
Transfer between categories	6	–	(6)	–
Exchange translation differences	(210)	(1,991)	(1,990)	(4,191)
Transfer to assets classified as held for sale (see note 25)	–	(841)	–	(841)
At 31 December 2022 and 1 January 2023	**7,210**	**30,943**	**37,518**	**75,671**
Charge for the year	**1,093**	**8,256**	**8,201**	**17,550**
Disposals	**(270)**	**(783)**	**(2,424)**	**(3,477)**
Transfer between categories	**–**	**(42)**	**42**	**–**
Exchange translation differences	**333**	**1,327**	**726**	**2,386**
At 31 December 2023	**8,366**	**39,701**	**44,063**	**92,130**
Net book value				
At 31 December 2023	**22,573**	**42,537**	**54,716**	**119,826**
At 31 December 2022	21,771	39,562	51,317	112,650
At 1 January 2022	23,322	52,725	55,052	131,099

(a) Net book value of other assets of HK$54,716 million (2022: HK$51,317 million) primarily relate to fixed assets used in business of Ports and related services of HK$21,837 million (2022: HK$18,984 million), Telecommunications of HK$23,411 million (2022: HK$23,327 million), and Infrastructure of HK$1,476 million (2022: HK$1,376 million).

As at 31 December 2023, other assets with a net book value of HK$22,227 million (2022: HK$18,753 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:

	2023 HK$ million	2022 HK$ million
Within 1 year	**80**	95
Between 1 and 2 years	**13**	31
Between 2 and 3 years	**2**	11
Between 3 and 4 years	**2**	11
Between 4 and 5 years	**6**	3
After 5 years	**1**	6
	104	157

13 Leases

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

	2023 HK$ million	2022 HK$ million
Right-of-use assets		
Container terminals	**15,312**	15,225
Retail stores	**20,653**	20,715
Telecommunications network infrastructure sites	**14,688**	13,085
Leasehold land	**5,958**	6,129
Other assets	**4,587**	4,183
	61,198	59,337
Lease liabilities		
Current	**13,616**	12,128
Non-current	**54,307**	53,931
	67,923	66,059

On leases that commenced during the year, the Group has recognised HK$8,871 million (2022: HK$6,539 million) of right-of-use assets, and HK$8,871 million (2022: HK$6,528 million) of lease liabilities.

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

	2023 HK$ million	2022 HK$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	**498**	714
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	**568**	649
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	**2,253**	2,439
	3,319	3,802
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	**1,080**	1,179
Retail stores	**6,721**	6,919
Telecommunications network infrastructure sites	**5,203**	4,885
Leasehold land	**348**	351
Other assets	**1,299**	1,248
	14,651	14,582
Interest on lease liabilities (included in "Interest expenses and other finance costs")	**2,546**	2,270
Total charges recognised in profit or loss for leases	**20,516**	20,654

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

	2023 HK$ million	2022 HK$ million
Within operating cash flows	**5,549**	5,716
Within financing cash flows (see note 34(e))	**14,476**	14,307
Total cash outflows for leases	**20,025**	20,023

(d) Group as lessee – other lease disclosure

Variable lease payments

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

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK$20 million (2022: 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 2023, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK$8,635 million (2022: HK$8,385 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 2023, residual value guarantee of HK$15 million (2022: HK$11 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 2023, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK$19 million (2022: HK$87 million). This amount has not been included in calculating the lease liabilities as at 31 December 2023.

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

	2023 **HK$ million**	2022 HK$ million
Income from subleasing right-of-use assets (included in “Other expenses and losses”)	**182**	159

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:

	2023 **HK$ million**	2022 HK$ million
Within 1 year	**153**	150
Between 1 and 2 years	**70**	86
Between 2 and 3 years	**49**	60
Between 3 and 4 years	**37**	41
Between 4 and 5 years	**33**	37
After 5 years	**27**	57
	369	431

In addition, the Group has recognised income of HK$217 million (2022: HK$208 million) from leasing of fixed assets for the year ended 31 December 2023.

14 Telecommunications licences

	2023 HK$ million	2022 HK$ million
Net book value		
At 1 January	60,689	69,985
Additions	1,956	160
Amortisation for the year	(953)	(919)
Impairment charge for the year	–	(152)
Relating to subsidiaries disposed (see note 34(d))	–	(3,836)
Exchange translation differences	2,572	(4,549)
At 31 December	64,264	60,689
Cost	71,396	67,054
Accumulated amortisation and impairment	(7,132)	(6,365)
	64,264	60,689

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life. At 31 December 2023, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK$19,914 million and HK$33,781 million respectively (2022: HK$18,924 million and HK$32,527 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 2022	69,080	19,939	89,019
Additions	–	1,807	1,807
Amortisation for the year	(12)	(3,296)	(3,308)
Impairment charge for the year	–	(11)	(11)
Disposal	–	(2)	(2)
Exchange translation differences	(2,169)	(1,642)	(3,811)
At 31 December 2022 and 1 January 2023	**66,899**	**16,795**	**83,694**
Additions	**–**	**1,675**	**1,675**
Amortisation for the year	**(11)**	**(3,251)**	**(3,262)**
Relating to subsidiaries acquired (see note 34(c))	**3**	**6**	**9**
Exchange translation differences	**1,163**	**117**	**1,280**
At 31 December 2023	**68,054**	**15,342**	**83,396**
Cost	**68,148**	**34,120**	**102,268**
Accumulated amortisation	**(94)**	**(18,778)**	**(18,872)**
	68,054	**15,342**	**83,396**

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 2023 of HK$49,730 million (2022: HK$49,294 million) and HK$18,156 million (2022: HK$17,424 million) has been attributed 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 2023, the carrying value of these rights amounted to HK$9,773 million (2022: HK$10,433 million) and HK$5,569 million (2022: HK$6,362 million) respectively.

16 Goodwill

	2023 HK$ million	2022 HK$ million
Net book value		
At 1 January	268,008	289,340
Impairment charge for the year	–	(11,213)
Relating to subsidiaries acquired (see note 34(c))	75	–
Relating to subsidiaries disposed (see note 34(d))	–	(1,119)
Transfer to asset classified as held for sale (see note 25)	–	(2,012)
Exchange translation differences	3,053	(6,988)
At 31 December	271,136	268,008
Cost	297,159	293,070
Accumulated impairment	(26,023)	(25,062)
	271,136	268,008

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). As at 31 December 2023, the carrying amount of goodwill are mainly allocated to Telecommunications segment of HK$84,897 million (2022: HK$81,771 million), Retail segment of HK$114,099 million (2022: HK$114,098 million), and Infrastructure segment of HK$39,123 million (2022: HK$39,123 million).

Management tests whether goodwill and intangible assets that have an indefinite useful life (including certain telecommunication licences and brand names as set out in notes 14 and 15) have suffered any impairment on an annual basis and when there is an indication these assets may be impaired. The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2023. The results of the impairment tests undertaken as of 31 December 2023 indicated no impairment charge was necessary for the Group. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2023 annual impairment tests for the Telecommunications and Retail operations.

16 Goodwill (continued)

The recoverable amounts of the Group's Telecommunications operations at 31 December 2023 were determined based on VIU calculations. VIU is measured using discounted 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 VIU amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections and the growth rate used for extrapolation purposes as well as the 5G revenue expectations. A discount rate (pre-tax) ranging from 5.4% to 11.0% (2022: 4.8% to 20.6%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 1% to 2% p.a. (2022: 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 2023 were determined based on FVLCD calculation. Fair value is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period (a Level 3 fair value hierarchy). 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 FVLCD amount derived from the cash flow projections is sensitive to the discount rate used for the discounted cash flow projections and the growth rate used for extrapolation purposes. A discount rate (post-tax) of 8.4% (2022: 8.4%) 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 3.9% p.a. (2022: 4.2% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Annual impairment tests in comparative year indicated that, saved for HK$11,039 million and HK$174 million impairment charges against goodwill allocated to the telecommunication businesses in Italy and Sri Lanka respectively, with details as set out in note 7(c), there was no impairment loss in respect of these assets at 31 December 2022. In performing the impairment tests for these assets, the management has considered and assessed reasonably possible changes for key assumptions and has not identified any instance, saved as disclosed in note 7(c), that could cause the carrying amount of these assets to exceed their recoverable amount.

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

	2023 HK$ million	2022 HK$ million
Unlisted shares	**9,071**	9,071
Listed shares, Hong Kong	**62,919**	62,919
Listed shares, outside Hong Kong	**80,837**	81,012
Share of undistributed post acquisition reserves	**(12,081)**	(15,264)
	140,746	137,738
Amounts due from (net with amounts due to) associated companies [(a)]	**2,892**	2,973
	143,638	140,711

The market value of the above listed investments at 31 December 2023 was HK$112,390 million (2022: HK$117,220 million), inclusive of HK$41,370 million (2022: HK$47,735 million) and HK$34,614 million (2022: HK$32,811 million) for Cenovus Energy and Power Assets Holdings Limited ("Power Assets") respectively.

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

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

	2023 HK$ million	2022 HK$ million
Amounts due from associated companies [(i)]		
Interest free	**410**	398
Interest bearing at fixed rates [(ii)]	**2,618**	2,739
Interest bearing at floating rates [(iii)]	**407**	405
	3,435	3,542
Amounts due to associated companies [(iv)]		
Interest free	**543**	569
Amounts due from (net with amounts due to) associated companies	**2,892**	2,973

17 Associated companies (continued)

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

(i) At 31 December 2023 and 2022, the amounts due from associated companies are unsecured and have no fixed terms of repayment, except for HK$4 million for 2022, are repayable within one year.

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.

(ii) At 31 December 2023, HK$2,618 million (2022: HK$2,739 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2022: 4.7% to 11.2%) per annum.

(iii) At 31 December 2023, HK$407 million (2022: HK$405 million) bear interests at floating rates ranging from approximately 6.0% to 6.4% (2022: 3.4% to 4.1%) per annum with reference to Euro Interbank Offered Rate ("EURIBOR") and Hong Kong Interbank Offered Rate ("HIBOR"), where applicable.

(iv) At 31 December 2023 and 2022, the amounts 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:

	2023		2022	
	Cenovus Energy HK$ million	**Power Assets HK$ million**	Cenovus Energy HK$ million	Power Assets HK$ million
Dividends received from associated companies	**964**	**2,164**	866	2,164
Gross amount of the following items of the associated companies [i]:				
Total revenue	**304,130**	**1,292**	403,798	1,265
EBITDA	**60,278**	**18,733**	84,536	18,292
EBIT	**33,224**	**13,077**	57,982	12,533
Other comprehensive income (losses)	**3,706**	**1,901**	(10,721)	581
Total comprehensive income	**25,882**	**7,904**	28,252	6,230
Current assets	**57,898**	**4,359**	71,348	6,880
Non-current assets	**367,380**	**128,973**	354,131	125,278
Current liabilities	**36,763**	**3,249**	46,041	4,038
Non-current liabilities	**112,439**	**3,701**	116,287	3,632
Net assets (net of preferred shares and non-controlling interests)	**272,773**	**126,382**	260,097	124,488
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	**16.9%**	**36.0%**	16.6%	36.0%
Group's share of net assets	**46,180**	**45,515**	43,176	44,832
Carrying amount	**46,180**	**45,515**	43,176	44,832

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$51,943 million (2022: HK$52,703 million).

	2023				2022			
	Cenovus Energy HK$ million	Power Assets HK$ million	Other associated companies HK$ million	Total HK$ million	Cenovus Energy 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	3,963	2,161	2,014	8,138	6,333	2,033	3,456	11,822
Other comprehensive income (losses)	627	685	17	1,329	(1,778)	210	(1,010)	(2,578)
Total comprehensive income	4,590	2,846	2,031	9,467	4,555	2,243	2,446	9,244

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

Particulars regarding the principal associated companies are set forth on pages 267 to 270.

18 Interests in joint ventures

	2023 HK$ million	2022 HK$ million
Unlisted shares	127,116	118,039
Share of undistributed post acquisition reserves	7,154	1,049
	134,270	119,088
Amounts due from (net with amounts due to) joint ventures [a]	22,067	29,473
	156,337	148,561

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

18 Interests in joint ventures (continued)

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

	2023 HK$ million	2022 HK$ million
Amounts due from joint ventures [i]		
Interest free	**2,239**	2,764
Interest bearing at fixed rates [ii]	**7,972**	9,650
Interest bearing at floating rates [iii]	**12,166**	17,378
	22,377	29,792
Amounts due to joint ventures [iv]		
Interest free	**310**	319
Amounts due from (net with amounts due to) joint ventures	**22,067**	29,473

(i) At 31 December 2023 and 2022, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK$32 million which are repayable within one to two years (2022: HK$1,650 million which are repayable within one to three years).

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.

(ii) At 31 December 2023, HK$7,972 million (2022: HK$9,650 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2022: 4.4% to 11.0%) per annum.

(iii) At 31 December 2023, HK$12,166 million (2022: HK$17,378 million) bear interests at floating rates ranging from approximately 4.1% to 8.3% (2022: 4.9% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, EURIBOR, HIBOR and Sterling Overnight Index Average Rate, where applicable.

(iv) At 31 December 2023 and 2022, 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:

	2023 HK$ million	2022 HK$ million
Profits less losses after tax	**7,990**	7,422
Other comprehensive income (losses)	**3,997**	(4,581)
Total comprehensive income	**11,987**	2,841
Capital commitments	**13,880**	4,811

As at 31 December 2023 and 2022, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 267 to 270.

19 Deferred tax

	2023 HK$ million	2022 HK$ million
Deferred tax assets	**21,074**	18,509
Deferred tax liabilities	**19,572**	19,290
Net deferred tax assets (liabilities)	**1,502**	(781)

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

	2023 HK$ million	2022 HK$ million
At 1 January	**(781)**	3,805
Relating to subsidiaries acquired	**3**	–
Relating to subsidiaries disposed	**–**	(33)
Transfer to current tax	**6**	(10)
Net credit (charge) to other comprehensive income	**380**	(267)
Net credit (charge) to the consolidated income statement		
Tax losses	**1,617**	337
Accelerated depreciation allowances	**(62)**	(24)
Fair value adjustments arising from acquisitions	**(551)**	(249)
Withholding tax on undistributed profits	**(48)**	(520)
Other temporary differences	**160**	(2,383)
Exchange translation differences	**778**	(1,437)
At 31 December	**1,502**	(781)

Analysis of net deferred tax assets (liabilities):

	2023 HK$ million	2022 HK$ million
Tax losses	**16,865**	14,703
Accelerated depreciation allowances	**(2,425)**	(2,555)
Fair value adjustments arising from acquisitions	**(12,268)**	(11,625)
Revaluation of investment properties and other investments	**20**	16
Withholding tax on undistributed profits	**(912)**	(875)
Other temporary differences	**222**	(445)
	1,502	(781)

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 associated companies, 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.

At 31 December 2023, the Group has recognised accumulated deferred tax assets amounting to HK$21,074 million (2022: HK$18,509 million) of which HK$16,973 million (2022: HK$15,191 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 amounts of unutilised tax losses and deductible temporary differences for which no deferred tax assets is recognised in the consolidated statement of financial position at 31 December 2023 were HK$531,915 million (2022: HK$120,844 million) and HK$27,472 million (2022: HK$10,309 million), respectively, totalling HK$559,387 million (2022: HK$131,153 million). The current year's amounts included balances that are subject to agreement by relevant tax authorities. If the same basis is applied, the comparative total would increase by HK$394,252 million to HK$525,405 million.

These unutilised tax losses and deductible temporary differences can be carried forward against future taxable income. Of the total amounts unrecognised, HK$174,454 million (2022: HK$91,882 million) has no expiry date, HK$8,269 million (2022: HK$6,658 million) is expected to expire within 10 years and the remaining balances is expected to expire after 10 years.

20 Liquid funds and other listed investments

	2023 HK$ million	2022 HK$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong [c]	50	40
Financial assets at fair value through other comprehensive income ("FVOCI") [d]		
Listed equity securities, Hong Kong [e]	608	608
Listed equity securities, outside Hong Kong [e]	8,589	9,096
Managed funds – listed debt securities, outside Hong Kong [b] [f]	6,539	6,359
	15,786	16,103

(a) At 31 December, liquid funds and other listed investments totalling HK$15,786 million (2022: HK$16,103 million) are denominated in the following currencies:

	2023		2022	
	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage	Financial assets at amortised cost Percentage	Financial assets at FVOCI Percentage
HK dollar	–	4%	–	4%
US dollar	100%	42%	60%	39%
Other currencies	–	54%	40%	57%
	100%	100%	100%	100%

See note 41(a) for further analysis.

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK$6,539 million (2022: HK$6,359 million) presented above are analysed as follows:

	2023	2022
	Financial assets at FVOCI	Financial assets at FVOCI
	Percentage	Percentage
Credit ratings		
Aaa / AAA	**14%**	12%
Aa1 / AA+	**86%**	87%
Other investment grades	**–**	1%
	100%	100%
Sectorial		
US Treasury notes	**72%**	73%
Government and government guaranteed notes	**25%**	23%
Others	**3%**	4%
	100%	100%
Weighted average maturity	**1.8 years**	2.6 years
Weighted average effective yield	**1.61%**	1.54%

(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. As at 31 December 2023, the Group has collar agreements with banks to hedge fair values of certain of these listed equity securities. Fair value deficits of HK$297 million and HK$59 million at 31 December 2023 of these collar arrangements are included in current and non-current liabilities (see notes 27 and 31, respectively). The comparative balance of the listed equity securities, outside Hong Kong includes HK$216 million fair value of these collar agreements. 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. All (2022: 99%) of the carrying amount of these assets at 31 December 2023 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

21 Other non-current assets

	2023 HK$ million	2022 HK$ million
Investment properties (see note 22)	**408**	408
Customer acquisition and retention costs [(a)]	**4,290**	3,660
Contract assets (see note 24(b))	**3,826**	2,095
Unlisted investments		
Financial assets at FVOCI – equity securities [(b)]	**2,189**	2,451
Financial assets at fair value through profit or loss – equity securities	**369**	417
Financial assets at fair value through profit or loss – debt securities	**604**	555
Pension assets (see note 30)	**1,428**	1,311
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**52**	84
Cross currency interest rate swaps	**150**	132
Other contracts	**–**	3,081
Net investment hedges		
Cross currency swaps	**572**	1,164
Other non-current assets [(c)]	**5,974**	542
	19,862	15,900

(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 consolidated income statement of HK$3,667 million (2022: HK$3,464 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) These equity securities are not investments held for trading purpose. The Group made an 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.

(c) Amount included lease receivables of HK$507 million (2022: HK$542 million), which 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. The remaining balances are mainly prepayments of telecommunications annual licences fee.

22 Investment properties

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

	2023	2022
	HK$ million	HK$ million
Valuation		
At 1 January	**408**	408
Increase in fair value of investment properties	**–**	–
At 31 December	**408**	408

At 31 December 2023, investment properties amounting to HK$408 million (2022: HK$408 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 2023 and 2022 were determined based on a valuation carried out by Cushman & Wakefield 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.

At 31 December 2023 and 2022, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2023	2022
	HK$ million	HK$ million
Cash at bank and in hand	**34,000**	27,769
Short term bank deposits	**93,323**	110,316
	127,323	138,085

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

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

See note 41(a) for further analysis.

24 Trade receivables and other current assets

	2023 HK$ million	2022 HK$ million
Trade receivables [(a)]	**20,264**	18,650
Less: loss allowance provision	**(3,967)**	(3,705)
	16,297	14,945
Other current assets		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	**–**	153
Cross currency interest rate swaps	**–**	622
Forward foreign exchange contracts	**–**	1
Other contracts	**26**	167
Net investment hedges		
Cross currency interest rate swaps	**–**	112
Forward foreign exchange contracts	**201**	44
Cross currency swaps	**336**	9
Contract assets [(b)]	**3,754**	4,219
Prepayments	**16,361**	22,978
Other receivables [(c)]	**13,491**	13,433
Current tax receivables	**124**	128
	50,590	56,811

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

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 60 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 5% of the Group's revenue for the year ended 31 December 2023 (2022: less than 5%).

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

	2023 HK$ million	2022 HK$ million
Less than 31 days	**11,996**	10,609
Within 31 to 60 days	**1,874**	1,704
Within 61 to 180 days	**1,523**	1,681
Over 180 days	**4,871**	4,656
	20,264	18,650

24 Trade receivables and other current assets (continued)

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

	2023 HK$ million	2022 HK$ million
At 1 January	**3,705**	3,797
Additions	**653**	998
Utilisations	**(492)**	(763)
Write back	**(41)**	(61)
Exchange translation differences	**142**	(266)
At 31 December	**3,967**	3,705

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 ageing bands are set out below.

	2023			2022		
	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	**9,965**	**89**	**1%**	9,169	95	1%
Past due less than 31 days	**3,501**	**67**	**2%**	2,918	82	3%
Past due within 31 to 60 days	**787**	**70**	**9%**	782	79	10%
Past due within 61 to 180 days	**1,291**	**380**	**29%**	1,312	384	29%
Past due over 180 days	**4,720**	**3,361**	**71%**	4,469	3,065	69%
	20,264	**3,967**		18,650	3,705	

24 Trade receivables and other current assets (continued)

(b) As at 31 December 2023, contract assets of HK$3,754 million (2022: HK$4,219 million) and HK$3,826 million (2022: HK$2,095 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$1,637 million (2022: HK$1,525 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:

	2023 **HK$ million**	2022 HK$ million
At 1 January	**1,525**	1,390
Additions	**927**	921
Utilisations	**(823)**	(643)
Write back	**(55)**	(55)
Exchange translation differences	**63**	(88)
At 31 December	**1,637**	1,525

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 assets' 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

	2023 **HK$ million**	2022 HK$ million
Assets classified as held for sale		
Disposal group held for sale	–	6,096
Liabilities directly associated with assets classified as held for sale	–	1,127

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

	2023 **HK$ million**	2022 HK$ million
Assets		
Fixed assets	–	3,145
Right-of-use assets	–	918
Goodwill	–	2,012
Trade receivables	–	21
Assets classified as held for sale	–	6,096
Liabilities		
Lease liabilities	–	920
Provisions	–	205
Other non-current liabilities	–	2
Liabilities directly associated with assets classified as held for sale	–	1,127
Net assets directly associated with disposal group	–	4,969

	2023 **HK$ million**	2022 HK$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve deficit	–	(324)
Reserves of disposal group classified as held for sale	–	(324)

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

26 Bank and other debts

	2023			2022		
	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Principal amounts						
Bank loans	24,484	65,036	89,520	40,697	53,806	94,503
Other loans	154	72	226	4	225	229
Notes and bonds	33,755	147,900	181,655	29,505	159,370	188,875
	58,393	213,008	271,401	70,206	213,401	283,607
Unamortised fair value adjustments arising from acquisitions	18	2,275	2,293	–	2,623	2,623
Subtotal before the following items	58,411	215,283	273,694	70,206	216,024	286,230
Unamortised loan facilities fees and premiums or discounts related to debts	(87)	(1,685)	(1,772)	(76)	(1,828)	(1,904)
	58,324	213,598	271,922	70,130	214,196	284,326

26 Bank and other debts (continued)

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

	2023			2022		
	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans	24,484	65,036	89,520	40,697	53,806	94,503
Other loans	154	72	226	4	225	229
Notes and bonds						
HK$2,413 million notes, 3-mth HIBOR^ + 0.32% due 2024	2,413	–	2,413	–	2,413	2,413
HK$260 million notes, 4% due 2027	–	260	260	–	260	260
US$750 million notes, 2.75% due 2023	–	–	–	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	–	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$1,250 million notes, 4.75% due 2028	–	9,750	9,750	–	–	–
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	–	6,630	6,630
US$1,039 million notes, 7.45% due 2033	–	8,107	8,107	–	8,107	8,107
US$1,250 million notes, 4.875% due 2033	–	9,750	9,750	–	–	–
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	–	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
EUR1,350 million notes, 1.25% due 2023	–	–	–	11,205	–	11,205
EUR1,500 million notes, 0.375% due 2023	–	–	–	12,450	–	12,450
EUR600 million bonds, 1% due 2024	5,172	–	5,172	–	4,980	4,980
EUR1,000 million notes, 0.875% due 2024	8,620	–	8,620	–	8,300	8,300
EUR750 million notes, 1.25% due 2025	–	6,465	6,465	–	6,225	6,225
EUR1,000 million notes, 0.75% due 2026	–	8,620	8,620	–	8,300	8,300
EUR650 million notes, 2% due 2028	–	5,603	5,603	–	5,395	5,395
EUR1,000 million notes, 1.125% due 2028	–	8,620	8,620	–	8,300	8,300
EUR500 million notes, 0.75% due 2029	–	4,310	4,310	–	4,150	4,150
EUR500 million notes, 2% due 2030	–	4,310	4,310	–	4,150	4,150
EUR750 million notes, 1.5% due 2031	–	6,465	6,465	–	6,225	6,225
EUR500 million notes, 1% due 2033	–	4,310	4,310	–	4,150	4,150
GBP303 million notes, 5.625% due 2026	–	3,010	3,010	–	2,866	2,866
GBP500 million notes, 2% due 2027	–	4,970	4,970	–	4,730	4,730
GBP300 million notes, 2.625% due 2034	–	2,982	2,982	–	2,837	2,837
JPY15,000 million notes, 2.6% due 2027	–	822	822	–	886	886
	33,755	147,900	181,655	29,505	159,370	188,875
	58,393	213,008	271,401	70,206	213,401	283,607

^ 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

	2023			2022		
	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Bank loans						
Within a year	24,484	–	24,484	40,697	–	40,697
After 1 year, but within 2 years	–	25,326	25,326	–	13,007	13,007
After 2 years, but within 5 years	–	39,710	39,710	–	40,799	40,799
	24,484	65,036	89,520	40,697	53,806	94,503
Other loans						
Within a year	154	–	154	4	–	4
After 1 year, but within 2 years	–	4	4	–	156	156
After 2 years, but within 5 years	–	10	10	–	10	10
After 5 years	–	58	58	–	59	59
	154	72	226	4	225	229
Notes and bonds						
Within a year	33,755	–	33,755	29,505	–	29,505
After 1 year, but within 2 years	–	6,465	6,465	–	33,243	33,243
After 2 years, but within 5 years	–	62,005	62,005	–	43,617	43,617
After 5 years	–	79,430	79,430	–	82,510	82,510
	33,755	147,900	181,655	29,505	159,370	188,875
	58,393	213,008	271,401	70,206	213,401	283,607

(b) By secured and unsecured borrowings

	2023			2022		
	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Secured borrowings	1	1,558	1,559	1	1,524	1,525
Unsecured borrowings	58,392	211,450	269,842	70,205	211,877	282,082
	58,393	213,008	271,401	70,206	213,401	283,607

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

	2023			2022		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Borrowings at fixed rate	**31,496**	**147,972**	**179,468**	29,509	157,183	186,692
Borrowings at floating rate	**26,897**	**65,036**	**91,933**	40,697	56,218	96,915
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

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

	2023			2022		
	Current portion HK$ million	**Non-current portion HK$ million**	**Total HK$ million**	Current portion HK$ million	Non-current portion HK$ million	Total HK$ million
Borrowings at fixed rate	**31,496**	**151,433**	**182,929**	47,449	160,603	208,052
Borrowings at floating rate	**26,897**	**61,575**	**88,472**	22,757	52,798	75,555
	58,393	**213,008**	**271,401**	70,206	213,401	283,607

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 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 2023, the notional amount of the outstanding interest rate swap agreements amounted to HK$3,461 million (2022: interest rate swap agreements and cross currency interest rate swap agreements of HK$11,220 million and HK$10,140 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

	2023			2022		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	8%	41%	49%	9%	40%	49%
Euro	11%	22%	33%	12%	23%	35%
HK dollar	1%	4%	5%	1%	1%	2%
British Pound	1%	4%	5%	1%	4%	5%
Other currencies	1%	7%	8%	2%	7%	9%
	22%	78%	100%	25%	75%	100%

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

	2023			2022		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	8%	41%	49%	4%	39%	43%
Euro	11%	23%	34%	17%	25%	42%
HK dollar	1%	4%	5%	1%	1%	2%
British Pound	1%	3%	4%	1%	3%	4%
Other currencies	1%	7%	8%	2%	7%	9%
	22%	78%	100%	25%	75%	100%

As at 31 December 2023, the Group had currency swap agreements with banks to swap British Pound principal amount of borrowings equivalent to HK$4,970 million (2022: US dollar principal amount of borrowings equivalent to HK$15,990 million and British Pound principal amount of borrowings equivalent to HK$4,730 million) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. For the 2022 comparative amount, the Hong Kong dollar equivalent amount of HK$15,990 million mentioned in the preceding sentence includes the Hong Kong dollar equivalent amount of HK$10,140 million disclosed under item (d) above.

27 Trade payables and other current liabilities

	2023 HK$ million	2022 HK$ million
Trade payables [(a)]	**23,017**	21,356
Other current liabilities		
Derivative financial instruments		
Fair value hedges – Collar agreements	**297**	–
Cash flow hedges		
Forward foreign exchange contracts	**2**	2
Other contracts	**113**	151
Net investment hedges		
Forward foreign exchange contracts	**1,072**	891
Other derivative financial instruments	**–**	795
Interest free loans from non-controlling shareholders	**438**	472
Contract liabilities	**5,948**	6,027
Obligations for telecommunications licences and other rights	**621**	680
Provisions (see note 28)	**1,552**	1,341
Expenses and other accruals	**36,471**	35,995
Other payables	**16,888**	21,419
	86,419	89,129

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

	2023 HK$ million	2022 HK$ million
Less than 31 days	**15,763**	13,566
Within 31 to 60 days	**3,361**	2,912
Within 61 to 90 days	**1,333**	1,427
Over 90 days	**2,560**	3,451
	23,017	21,356

(b) The Group's five largest suppliers accounted for less than 17% of the Group's cost of purchases for the year ended 31 December 2023 (2022: less than 17%).

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK$ million	Closure obligations HK$ million	Assets retirement obligations HK$ million	Others HK$ million	Total HK$ million
At 1 January 2022	21,672	110	1,725	1,282	24,789
Additions	–	43	1	305	349
Interest accretion	–	–	10	–	10
Utilisations	(656)	(10)	(90)	(162)	(918)
Write back	–	(59)	–	(78)	(137)
Relating to subsidiaries disposed (see note 34(d))	(2,175)	–	(13)	–	(2,188)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	–	(205)	–	(205)
Exchange translation differences	(364)	(4)	(156)	(58)	(582)
At 31 December 2022 and 1 January 2023	**18,477**	**80**	**1,272**	**1,289**	**21,118**
Additions	**–**	**69**	**5**	**444**	**518**
Interest accretion	**–**	**–**	**54**	**–**	**54**
Utilisations	**(897)**	**(18)**	**(63)**	**(129)**	**(1,107)**
Write back	**(41)**	**(22)**	**(38)**	**(115)**	**(216)**
Exchange translation differences	**(384)**	**2**	**17**	**49**	**(316)**
At 31 December 2023	**17,155**	**111**	**1,247**	**1,538**	**20,051**

Provisions are analysed as:

	2023 HK$ million	2022 HK$ million
Current portion (see note 27)	**1,552**	1,341
Non-current portion (see note 31)	**18,499**	19,777
	20,051	21,118

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

29 Interest bearing loans from non-controlling shareholders

	2023 HK$ million	2022 HK$ million
Interest bearing loans from non-controlling shareholders	**3,245**	2,567

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

30 Pension plans

	2023 HK$ million	2022 HK$ million
Defined benefit assets (see note 21)	**1,428**	1,311
Defined benefit liabilities	**3,536**	2,730
Net defined benefit liabilities	**2,108**	1,419

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, 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:

	2023	2022
Discount rates	**3.2% – 4.7%**	3.2% – 4.8%
Future salary increases	**2.2% – 3.5%**	2.3% – 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:

	2023 HK$ million	2022 HK$ million
Present value of defined benefit obligations	**17,965**	15,163
Fair value of plan assets	**15,860**	13,750
	2,105	1,413
Restrictions on assets recognised	**3**	6
Net defined benefit liabilities	**2,108**	1,419

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 2023	15,163	(13,750)	6	1,419
Net charge (credit) to the consolidated income statement				
Current service cost	360	18	–	378
Past service cost and gains and losses on settlements	70	–	–	70
Interest cost (income)	596	(589)	–	7
	1,026	(571)	–	455
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(157)	–	–	(157)
Actuarial loss arising from change in financial assumptions	1,232	–	–	1,232
Actuarial loss arising from experience adjustment	339	–	–	339
Return on plan assets excluding interest income	–	19	–	19
Change in asset ceiling	–	–	(3)	(3)
Exchange translation differences	655	(599)	–	56
	2,069	(580)	(3)	1,486
Contributions paid by the employer	–	(1,253)	–	(1,253)
Contributions paid by the employee	113	(113)	–	–
Benefits paid	(805)	805	–	–
Transfer from (to) other liabilities	399	(398)	–	1
At 31 December 2023	17,965	(15,860)	3	2,108

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows (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 2022	23,686	(21,255)	3	2,434
Net charge (credit) to the consolidated income statement				
Current service cost	561	18	–	579
Past service cost and gains and losses on settlements	8	–	–	8
Interest cost (income)	358	(326)	–	32
	927	(308)	–	619
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in financial assumptions	(6,700)	–	–	(6,700)
Actuarial loss arising from experience adjustment	32	–	–	32
Return on plan assets excluding interest income	–	6,047	–	6,047
Change in asset ceiling	–	–	3	3
Exchange translation differences	(1,933)	1,750	–	(183)
	(8,601)	7,797	3	(801)
Contributions paid by the employer	–	(711)	–	(711)
Contributions paid by the employee	103	(103)	–	–
Benefits paid	(783)	783	–	–
Relating to subsidiaries disposed (see note 34(d))	(119)	3	–	(116)
Transfer from (to) other liabilities	(50)	44	–	(6)
At 31 December 2022	15,163	(13,750)	6	1,419

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 1 January 2022 reported a funding level of 164% 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 4% per annum, salary increases of 3.5% 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 Stewart Chan, 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 2023, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$16 million (2022: HK$21 million) were used to reduce the current year's level of contributions and HK$1 million forfeited contribution was available at 31 December 2023 (2022: 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 2021 reported a funding level of 93% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employer has since made additional contributions of GBP9.5 million in both 2022 and 2023 and will make a further contributions of GBP5.7 million in 2024 to eliminate the shortfall. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 4.7% per annum; post-retirement discount rate of 1.7% per annum; pensionable earnings increases of 3.15% per annum; Retail Price Index ("RPI") inflation of 3.5% per annum; Consumer Price Index ("CPI") inflation of 2.9% per annum; and pension increases of 2.1% to 3.4% 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. The last triennial valuation was undertaken on 31 March 2021. This was an independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 which reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. A schedule of contributions was agreed with GBP10.0 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. The sponsoring employers have since made contributions of GBP10.0 million in 2023 (2022: GBP10.0 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2023 Percentage	2022 Percentage
Equity instruments		
Consumer markets and manufacturing	**4%**	6%
Energy and utilities	**1%**	2%
Financial institutions and insurance	**3%**	4%
Telecommunications and information technology	**5%**	6%
Units trust and equity instrument funds	**4%**	4%
Others	**6%**	8%
	23%	30%
Debt instruments		
US Treasury notes	**–**	1%
Government and government guaranteed notes	**22%**	19%
Financial institutions notes	**5%**	7%
Others	**7%**	8%
	34%	35%
Qualifying insurance policies	**31%**	26%
Other assets	**12%**	9%
	100%	100%

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

	2023 Percentage	2022 Percentage
Aaa / AAA	**6%**	7%
Aa1 / AA+	**12%**	20%
Aa2 / AA	**52%**	41%
Aa3 / AA-	**1%**	2%
A1 / A+	**2%**	3%
A2 / A	**4%**	4%
Other investment grades	**18%**	17%
No investment grades	**5%**	6%
	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$15,860 million (2022: HK$13,750 million) includes investments in the Company's shares with a fair value of HK$10 million (2022: HK$11 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 2023 is 18 years (2022: 17 years).

The Group expects to make contributions of HK$958 million (2022: HK$1,282 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 analysis 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 analysis 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 2.9% or increase by 3.1% respectively (2022: decrease by 2.8% or increase by 3.0% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.6% or decrease by 0.5% respectively (2022: increase by 0.8% or decrease by 0.5% respectively).

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

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,505 million (2022: HK$1,420 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$15 million (2022: HK$15 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2023 (2022: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2023 HK$ million	2022 HK$ million
Derivative financial instruments		
Fair value hedges – Collar agreements	**59**	–
Cash flow hedges		
Other contracts	**1**	–
Net investment hedges		
Cross currency swaps	**465**	314
Obligations for telecommunications licences and other rights	**3,994**	3,309
Other non-current liabilities	**6,387**	6,333
Liabilities relating to the economic benefits agreements [(a)]	**2,166**	2,166
Provisions (see note 28)	**18,499**	19,777
	31,571	31,899

(a) 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 2022	3,834,634,500	3,834	243,169	247,003
Cancellation of issued shares [(i)]	(100,000)	–	(5)	(5)
Cancellation of issued shares [(ii)]	(4,490,000)	(4)	(192)	(196)
At 31 December 2022, 1 January 2023 and 31 December 2023	**3,830,044,500**	**3,830**	**242,972**	**246,802**

(i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. Upon the cancellation of the 100,000 shares, HK$5 million have been deducted from share premium with a corresponding credit to retained profit.

(ii) During the year ended 31 December 2022, the Company acquired a total of 4,490,000 of its own ordinary shares through purchases on the Stock Exchange. The purchased shares were cancelled before the reporting date of 31 December 2022. The total amount paid to acquire these shares was approximately HK$197 million, of which approximately HK$4 million and HK$192 million have been deducted from share capital and share premium respectively, and the remaining balance of HK$1 million has been charged to retained profit.

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

(b) Perpetual capital securities

	2023 HK$ million	2022 HK$ million
EUR500 million issued in 2018	**4,566**	4,561

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

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

(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 2023, total equity amounted to HK$670,549 million (2022: HK$647,309 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$130,585 million (2022: HK$132,042 million). The Group's net debt to net total capital ratio decreased to 16.2% from 16.9% 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:

	2023	2022
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**16.2%**	16.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**18.0%**	18.4%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**16.6%**	17.2%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**18.4%**	18.8%

(i) Net debt is defined in 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

	2023				
	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 2023	657,443	(40,203)	5,332	(345,861)	276,711
Profit for the year	23,500	–	–	–	23,500
Other comprehensive income (losses) [(c)]					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	718	718
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	120	120
Remeasurement of defined benefit obligations	(1,108)	–	–	–	(1,108)
Exchange gains on translation of foreign operations	–	7,457	–	–	7,457
Exchange losses reclassified to profit or loss	–	339	–	–	339
Losses on cash flow hedges	–	–	(1,033)	–	(1,033)
Losses on net investment hedges	–	(1,308)	–	–	(1,308)
Reclassification adjustments for hedging gains included in profit or loss	–	–	(1,735)	–	(1,735)
Share of other comprehensive income (losses) of associated companies	(578)	1,785	(132)	108	1,183
Share of other comprehensive income of joint ventures	194	2,670	183	18	3,065
Tax relating to components of other comprehensive income (losses)	284	–	3	–	287
Other comprehensive income (losses), net of tax	(1,208)	10,943	(2,714)	964	7,985
Impact of hyperinflation	82	–	–	–	82
Transfer of gains on disposal of equity securities at FVOCI to retained profit	226	–	–	(226)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2022	(7,989)	–	–	–	(7,989)
Dividends paid relating to 2023	(2,896)	–	–	–	(2,896)
Recognition of put option liabilities arising from business combinations	–	–	–	(148)	(148)
Unclaimed dividends write back	15	–	–	–	15
Relating to purchase of non-controlling interests	–	–	–	(34)	(34)
Relating to partial disposal of subsidiary companies	–	–	–	7	7
At 31 December 2023	669,173	(29,260)	2,618	(345,298)	297,233

33 Reserves (continued)

	2022				
	Attributable to ordinary shareholders				
	Retained profit	Exchange reserve	Hedging reserve	Others [a]	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the year	36,680	–	–	–	36,680
Other comprehensive income (losses) [c]					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	(1,493)	(1,493)
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	(367)	(367)
Remeasurement of defined benefit obligations	569	–	–	–	569
Exchange losses on translation of foreign operations	–	(14,538)	–	–	(14,538)
Exchange losses reclassified to profit or loss	–	2,035	55	–	2,090
Gains on cash flow hedges	–	–	2,127	–	2,127
Gains on net investment hedges	–	3,380	–	–	3,380
Share of other comprehensive income (losses) of associated companies	(38)	(3,981)	1,539	(96)	(2,576)
Share of other comprehensive income (losses) of joint ventures	(385)	(6,174)	2,998	(17)	(3,578)
Tax relating to components of other comprehensive income (losses)	(209)	–	(9)	–	(218)
Other comprehensive income (losses), net of tax	(63)	(19,278)	6,710	(1,973)	(14,604)
Impact of hyperinflation	(23)	–	–	–	(23)
Transfer of gains on disposal of equity securities at FVOCI to retained profit	17	–	–	(17)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	–	–	–	(7,132)
Dividends paid relating to 2022	(3,221)	–	–	–	(3,221)
Buy-back and cancellation of issued shares (see note 32(a)(ii))	4	–	–	–	4
Relating to purchase of non-controlling interests [b]	–	–	–	(1,133)	(1,133)
Relating to partial disposal of subsidiary companies	–	–	–	(9)	(9)
At 31 December 2022	657,443	(40,203)	5,332	(345,861)	276,711

33 Reserves (continued)

(a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2023, revaluation reserve deficit amounted to HK$2,835 million (1 January 2023: HK$3,472 million and 1 January 2022: HK$1,574 million), and other capital reserves deficit amounted to HK$342,463 million (1 January 2023: HK$342,389 million and 1 January 2022: HK$341,155 million). Included in the other capital reserves account is a deficit of HK$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.

(b) During the comparative year, the Group had acquired the remaining 25% interests in an intermediate holding company which holds certain of the Group's attributable interests in the port division from the non-controlling interests shareholder. 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:

	2023		
	Before-tax amount HK$ million	**Tax effect HK$ million**	**Net-of-tax amount HK$ million**
Changes in fair value of equity instruments at fair value through other comprehensive income	**718**	**–**	**718**
Changes in fair value of debt instruments at fair value through other comprehensive income	**120**	**–**	**120**
Remeasurement of defined benefit obligations	**(1,470)**	**376**	**(1,094)**
Exchange gains on translation of foreign operations	**7,771**	**–**	**7,771**
Exchange losses reclassified to profit or loss	**342**	**–**	**342**
Losses on cash flow hedges	**(1,059)**	**4**	**(1,055)**
Losses on net investment hedges	**(1,641)**	**–**	**(1,641)**
Reclassification adjustments for hedging gains included in profit or loss	**(1,735)**	**–**	**(1,735)**
Share of other comprehensive income of associated companies	**1,329**	**–**	**1,329**
Share of other comprehensive income of joint ventures	**3,997**	**–**	**3,997**
	8,372	**380**	**8,752**

	2022		
	Before-tax amount HK$ million	Tax effect HK$ million	Net-of-tax amount HK$ million
Changes in fair value of equity instruments at fair value through other comprehensive income	(1,493)	–	(1,493)
Changes in fair value of debt instruments at fair value through other comprehensive income	(367)	–	(367)
Remeasurement of defined benefit obligations	701	(255)	446
Exchange losses on translation of foreign operations	(16,078)	–	(16,078)
Exchange losses reclassified to profit or loss	2,220	–	2,220
Gains on cash flow hedges	2,201	(12)	2,189
Gains on net investment hedges	4,433	–	4,433
Share of other comprehensive income (losses) of associated companies	(2,578)	–	(2,578)
Share of other comprehensive income (losses) of joint ventures	(4,581)	–	(4,581)
	(15,542)	(267)	(15,809)

34 Notes to the 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

	2023 HK$ million	2022 HK$ million
Profit after tax	**30,209**	43,659
Less: share of profits less losses of		
Associated companies	**(8,138)**	(11,822)
Joint ventures	**(7,990)**	(7,422)
	14,081	24,415
Adjustments for:		
Current tax charge	**4,119**	5,435
Deferred tax charge (credit)	**(1,116)**	2,839
Interest expenses and other finance costs	**12,227**	9,052
Depreciation and amortisation	**40,083**	39,788
EBITDA of Company and subsidiaries (i)	**69,394**	81,529
Dividends received from associated companies and joint ventures	**11,388**	12,783
Impairment loss against goodwill and other assets on telecommunications business in Sri Lanka (see note 7(c))	**–**	1,000
Impairment loss against goodwill on telecommunications business in Italy (see note 7(c))	**–**	11,039
Loss on disposal of fixed assets	**169**	196
Gains on disposals of unlisted investments (see note 7)	**–**	(515)
Gains on disposals of interests in associated companies and joint ventures (see note 7)	**(228)**	(947)
Loss on disposal of interests in associated companies (see note 7)	**70**	–
A gain on disposal of financial instruments (see note 7)	**(1,829)**	–
Losses (gains) on disposal of subsidiaries (see note 7)		
European telecommunications tower assets	**–**	(19,060)
Indonesia telecommunications businesses	**–**	(7,245)
Italian network business	**250**	–
Other businesses	**–**	37
Customer acquisition and retention costs capitalised in the year	**(4,143)**	(3,586)
Other non-cash items	**345**	(1,334)
	75,416	73,897

34 Notes to the 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:

	2023 HK$ million	2022 HK$ million
EBITDA of Company and subsidiaries	**69,394**	81,529
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	**8,138**	11,822
Joint ventures	**7,990**	7,422
Adjustments for:		
Depreciation and amortisation	**24,724**	24,355
Interest expenses and other finance costs	**11,973**	9,346
Current tax charge	**3,582**	3,983
Deferred tax charge	**1,806**	3,923
Non-controlling interests	**482**	608
	58,695	61,459
EBITDA (see note 5(b)(ii))	**128,089**	142,988

(b) Changes in working capital

	2023 HK$ million	2022 HK$ million
Increase in inventories	**(1,005)**	(1,401)
Increase in trade receivables and other current assets	**(5,022)**	(493)
Decrease in trade payables and other current liabilities	**(3,767)**	(2,581)
Other non-cash items	**1,829**	(105)
	(7,965)	(4,580)

34 Notes to the 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:

	2023 HK$ million	2022 HK$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	**127**	–
Fair value		
Fixed assets	**6**	–
Right-of-use assets	**3**	–
Brand names and other rights	**9**	–
Deferred tax assets	**3**	–
Cash and cash equivalents	**72**	–
Trade receivables and other current assets	**52**	–
Inventories	**13**	–
Trade payables and other current liabilities and current tax liabilities	**(57)**	–
Bank and other debts	**(2)**	–
Lease liabilities	**(3)**	–
Pension obligations	**(1)**	–
Net identifiable assets acquired	**95**	–
Non-controlling interests	**(43)**	–
	52	–
Goodwill	**75**	–
Total consideration	**127**	–
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	**127**	–
Cash and cash equivalents acquired	**(72)**	–
Total net cash outflow	**55**	–

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 2023, the acquisition related cost and 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 the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2023 HK$ million	2022 HK$ million
Equity securities received	**2,563**	24,089
Net cash consideration [i]	**2,563**	14,077
Carrying amount of net assets disposed	**(5,052)**	(10,015)
Gains before reclassification of exchange losses	**74**	28,151
Cumulative exchange losses reclassified to profit or loss	**(324)**	(1,883)
Gains (loss) on disposals	**(250)**	26,268
Analysis of assets and liabilities over which control was lost		
Fixed assets	**–**	12,252
Right-of-use assets	**–**	9,564
Telecommunications licences	**–**	3,836
Goodwill	**–**	1,119
Deferred tax assets	**–**	266
Trade receivables and other current assets	**–**	2,252
Inventories	**–**	78
Assets classified as held for sale	**6,202**	–
Trade payables and other current liabilities and current tax liabilities	**–**	(4,089)
Bank and other debts	**–**	(356)
Lease liabilities	**–**	(10,315)
Deferred tax liabilities	**–**	(233)
Pension obligations	**–**	(116)
Other non-current liabilities	**–**	(4,243)
Liabilities directly associated with assets classified as held for sale	**(1,150)**	–
Net assets (excluding cash and cash equivalents) disposed	**5,052**	10,015
Cash and cash equivalents disposed [ii]	**–**	1,511
Net assets disposed	**5,052**	11,526

Disposal of subsidiary companies for the current year ended 31 December 2023 mainly related to the disposal of the Group's former subsidiary Zefiro Net S.r.l. which has become a 50% owned joint venture in the current year (see note 25). For the comparative year ended 31 December 2022, the disposals of subsidiary companies mainly related to the disposal of interest in tower assets in the UK and the disposal of the Group's former subsidiary H3I, following the completion of it's merger with PT Indosat Tbk (see note 5(b)(xvii) and 5(b)(xviii)). The gains (loss) on these disposals are recognised in the consolidated income statement, with the current year's loss on disposal included in the line item titled "Other expenses and losses" and the comparative year's gains on disposals included in the line item titled "Other income and gains" in the consolidated income statement (see note 7).

Saved as disclosed for the effect arising from the gains (loss) on disposals, the effect on the Group's results from the subsidiaries disposed during the year are not material for the periods ended 31 December 2023 and 2022.

(i) The current year amount is presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows. For the comparative year amount, HK$17,096 million cash received was presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" and HK$3,019 million cash paid was included in "Purchase of and advances to associated companies and joint ventures" in the consolidated statement of cash flows respectively.

(ii) The comparative year amount is included in "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows.

34 Notes to the consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

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

	Bank and other debts HK$ million	Lease liabilities HK$ million	Interest bearing loans from non-controlling shareholders HK$ million	Interest free loans from non-controlling shareholders HK$ million	Liabilities relating to the economic benefits agreements HK$ million	Total HK$ million
At 1 January 2022	325,799	85,079	759	427	2,166	414,230
Financing cash flows						
New borrowings	37,147	–	–	–	–	37,147
Repayment of borrowings	(68,063)	–	–	–	–	(68,063)
Principal elements of lease payments (see note 13(c))	–	(14,307)	–	–	–	(14,307)
Net loans from non-controlling shareholders	–	–	2,073	45	–	2,118
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	243	–	–	–	–	243
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(4)	–	–	–	–	(4)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(420)	–	–	–	–	(420)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	6,528	–	–	–	6,528
Interest on lease liabilities (see note 8)	–	2,270	–	–	–	2,270
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(2,071)	–	–	–	(2,071)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(188)	–	–	–	(188)
Others	–	4,182	–	–	–	4,182
Relating to subsidiaries disposed (see note 34(d))	(356)	(10,315)	–	–	–	(10,671)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	(920)	–	–	–	(920)
Exchange translation differences	(10,020)	(4,199)	(265)	–	–	(14,484)
At 31 December 2022 and 1 January 2023	**284,326**	**66,059**	**2,567**	**472**	**2,166**	**355,590**
Financing cash flows						
New borrowings	**58,211**	**–**	**–**	**–**	**–**	**58,211**
Repayment of borrowings	**(75,361)**	**–**	**–**	**–**	**–**	**(75,361)**
Principal elements of lease payments (see note 13(c))	**–**	**(14,476)**	**–**	**–**	**–**	**(14,476)**
Net loans from (to) non-controlling shareholders	**–**	**–**	**561**	**(34)**	**–**	**527**
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	**237**	**–**	**–**	**–**	**–**	**237**
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	**(341)**	**–**	**–**	**–**	**–**	**(341)**
Increase in lease liabilities from entering into new leases (see note 13(a))	**–**	**8,871**	**–**	**–**	**–**	**8,871**
Interest on lease liabilities (see note 8)	**–**	**2,546**	**–**	**–**	**–**	**2,546**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	**–**	**(2,412)**	**–**	**–**	**–**	**(2,412)**
Remeasurement / write off of lease liabilities	**–**	**5,739**	**–**	**–**	**–**	**5,739**
Relating to subsidiaries acquired (see note 34(c))	**2**	**3**	**–**	**–**	**–**	**5**
Exchange translation differences	**4,848**	**1,593**	**117**	**–**	**–**	**6,558**
At 31 December 2023	**271,922**	**67,923**	**3,245**	**438**	**2,166**	**345,694**

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022. 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 2023, assets of the Group totalling HK$1,533 million (2022: HK$1,442 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2023, the Company and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK$4,560 million (2022: HK$4,856 million).

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

	2023 **HK$ million**	2022 HK$ million
To associated companies	**3,661**	3,527
To joint ventures	**–**	1,096

At 31 December 2023, the Group had provided performance and other guarantees of HK$4,115 million (2022: HK$5,033 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2023, where material, not provided for in the consolidated financial statements at 31 December 2023 are as follows:

Capital commitments

(a) Ports and Related Services: HK$462 million (2022: HK$582 million)
(b) **3** Group Europe: HK$181 million (2022: HK$183 million)
(c) Telecommunications, Hong Kong and Asia: HK$149 million (2022: HK$308 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 2023, 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$143,109 million at 31 December 2023 (2022: HK$154,188 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, capital expenditure and investment spending, partly offset by cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 17% in HK dollar, 45% in US dollar, 3% in Renminbi, 23% in Euro, 5% in British Pound and 7% in other currencies (2022: 15% were denominated in HK dollar, 55% in US dollar, 3% in Renminbi, 14% in Euro, 7% in British Pound and 6% in other currencies).

Cash and cash equivalents represented 89% (2022: 90%) of the liquid assets, US Treasury notes and other listed debt securities 5% (2022: 4%) and listed equity securities 6% (2022: 6%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 72% (2022: 73%), government and government guaranteed notes of 25% (2022: 23%) and others of 3% (2022: 4%). All of these US Treasury notes and other listed debt securities (2022: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 1.8 years (2022: 2.6 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 2023, approximately 34% (2022: approximately 34%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2022: approximately 66%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$3,461 million (2022: HK$21,360 million) principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. After taking into consideration of these interest rate swaps, approximately 32% (2022: approximately 27%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 68% (2022: approximately 73%) were at fixed rates at 31 December 2023. 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 arrangements, branches and other investments (the activities of which are based or conducted in non-HK dollar or non-US dollar), the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-HK dollar or non-US dollar) that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flows 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 2023, the Group had foreign exchange forward contracts and cross currency swaps with banks to hedge these investments. The total notional amount of the net investment hedges amounted to HK$50,730 million (2022: HK$53,725 million).

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

As at 31 December 2023, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollar, 33% in Euro, 5% in HK dollar, 5% in British Pound and 8% in other currencies (2022: 49% in US dollar, 35% in Euro, 2% in HK dollar, 5% in British Pound and 9% in other currencies). The Group had currency swap arrangements with banks to swap British Pound principal amount of borrowings equivalent to HK$4,970 million (2022: US dollar principal amount of borrowings equivalent to HK$15,990 million and British Pound principal amount of borrowings equivalent to HK$4,730 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 49% in US dollar, 34% in Euro, 5% in HK dollar, 4% in British Pound and 8% in other currencies (2022: 43% in US dollar, 42% in Euro, 2% in HK dollar, 4% in British Pound 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 described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 11% (2022: approximately 10%) 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 analysis

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 the 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 that 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 analysis 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 analysis 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 analysis (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 the consolidated 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 (2022: 100 basis points) increase in market interest rate at 31 December 2023, with all other variables held constant:

– profit for the year would increase by HK$334 million (2022: HK$656 million) due to increased interest income offset with increased interest expense;
– total equity would increase by HK$334 million (2022: HK$656 million) due to increased interest income offset with increased interest expense; and
– total equity would increase by HK$45 million (2022: HK$85 million) due to change in fair value of derivative financial instruments.

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (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 the consolidated 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 analysis (continued)

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

	2023		2022	
	Hypothetical increase (decrease) in profit for the year HK$ million	**Hypothetical increase (decrease) in total equity HK$ million**	Hypothetical increase (decrease) in profit for the year HK$ million	Hypothetical increase (decrease) in total equity HK$ million
Euro	**172**	**(264)**	60	(356)
British Pound	**144**	**(1,078)**	356	(807)
Australian dollar	**43**	**(368)**	33	(371)
Renminbi	**68**	**68**	63	63
US dollar	**2,182**	**2,182**	2,921	2,921
Japanese Yen	**(83)**	**(83)**	(89)	(89)

(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 (2022: nil), and consequently no impact to total equity for the year (2022: nil); and
– other comprehensive income would increase by HK$787 million (2022: HK$803 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for both years.

(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 2023						
Trade payables	23,017	–	–	23,017	–	23,017
Expenses and other accruals	36,471	–	–	36,471	–	36,471
Other payables	16,888	–	–	16,888	–	16,888
Interest free loans from non-controlling shareholders	438	–	–	438	–	438
Lease liabilities	14,951	32,804	38,837	86,592	(18,669)	67,923
Bank loans	24,484	65,036	–	89,520	(240)	89,280
Other loans	154	14	58	226	–	226
Notes and bonds	33,755	68,470	79,430	181,655	761	182,416
Interest bearing loans from non-controlling shareholders	726	2,128	391	3,245	–	3,245
Obligations for telecommunications licences and other rights	624	2,059	2,283	4,966	(351)	4,615
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	543	–	–	543	–	543
Amounts due to joint ventures	310	–	–	310	–	310
	152,361	172,677	120,999	446,037	(18,499)	427,538

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$9,366 million in "within 1 year" maturity band, HK$21,465 million in "after 1 year, but within 5 years" maturity band, and HK$17,862 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the 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 2023				
Fair value hedges				
Collar agreements				
Outflow	(297)	(59)	–	(356)
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(113)	(1)	–	(114)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	25,680	–	–	25,680
Outflow	(26,750)	–	–	(26,750)
Cross currency swaps				
Inflow	45	3,442	–	3,487
Outflow	–	(3,879)	–	(3,879)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	Carrying amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2022						
Trade payables	21,356	–	–	21,356	–	21,356
Expenses and other accruals	35,995	–	–	35,995	–	35,995
Other payables	21,419	–	–	21,419	–	21,419
Interest free loans from non-controlling shareholders	472	–	–	472	–	472
Lease liabilities	13,063	30,683	39,922	83,668	(17,609)	66,059
Bank loans	40,697	53,806	–	94,503	(235)	94,268
Other loans	4	166	59	229	–	229
Notes and bonds	29,505	76,860	82,510	188,875	954	189,829
Interest bearing loans from non-controlling shareholders	743	1,824	–	2,567	–	2,567
Obligations for telecommunications licences and other rights	682	1,585	2,128	4,395	(406)	3,989
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	569	–	–	569	–	569
Amounts due to joint ventures	319	–	–	319	–	319
	164,824	167,090	124,619	456,533	(17,296)	439,237

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$7,129 million in "within 1 year" maturity band, HK$16,905 million in "after 1 year, but within 5 years" maturity band, and HK$17,046 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the 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 2022				
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(151)	–	–	(151)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	22,223	–	–	22,223
Outflow	(23,187)	–	–	(23,187)
Cross currency swaps				
Inflow	48	3,494	–	3,542
Outflow	–	(3,735)	–	(3,735)
Other derivative financial instruments				
Net outflow	(821)	–	–	(821)

(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 consolidated income statement:

	2023 HK$ million	2022 HK$ million
Dividends from equity securities at FVOCI – related to investments held at the end of the reporting period	**142**	119
Interest from debt securities at FVOCI	**104**	94
Interest from cash and cash equivalents held at amortised cost	**5,616**	2,017
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	**(103)**	(6)
Fair value gains (losses) on debt securities at FVPL	**13**	(15)
Net impairment expense recognised on trade receivables	**(612)**	(937)
Losses arising on derivatives in a designated fair value hedge	**–**	(4)
Gains arising on adjustment for hedged items in a designated fair value hedge	**–**	4

41 Financial risk management (continued)

(i) Hedge accounting

(i) Fair value hedges

Hedging instruments	2023 Number of hedged shares in million	2023 Carrying amount of the hedging instrument HK$ million	2023 Change in value used for calculating hedge ineffectiveness HK$ million	2023 Line item in the statement of financial position in which the hedging instrument is included
Collar agreements	27.3	(356)	(543)	Trade payables and other current liabilities / Other non-current liabilities

Hedged items	2023 Carrying amount of the hedged item HK$ million	2023 Change in value used for calculating hedge ineffectiveness HK$ million	2023 Line item in the statement of financial position in which the hedged item is included
Listed equity securities, outside Hong Kong	8,391	1,140	Liquid funds and other listed investments

Hedging instruments	2022 Number of hedged shares in million	2022 Carrying amount of the hedging instrument HK$ million	2022 Change in value used for calculating hedge ineffectiveness HK$ million	2022 Line item in the statement of financial position in which the hedging instrument is included
Collar agreements	32.4	216	216	Liquid funds and other listed investments

Hedged items	2022 Carrying amount of the hedged item HK$ million	2022 Change in value used for calculating hedge ineffectiveness HK$ million	2022 Line item in the statement of financial position in which the hedged item is included
Listed equity securities, outside Hong Kong	8,317	(1,409)	Liquid funds and other listed investments

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

Hedging instruments	2023				Carrying amount of derivatives included in			
	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								
2025	5.14%	3.58%	AUD 509	2,718	–	40	–	–
2025	6.45%	5.69%	NZD 150	743	–	12	–	–
				3,461	–	52	–	–
Cross currency interest rate swaps								
– receive fixed and pay fixed maturing in								
2027	2.00%	0.05%	GBP 500	4,970	–	150	–	–
				4,970	–	150	–	–

Hedging instruments	2023			Carrying amount of derivatives included in			
	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							
2024	1.08	US$ 13	98	–	–	(2)	–
			98	–	–	(2)	–

Hedged items	2023 Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in 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	185	(41)	–
Foreign exchange risk	558	(328)	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

	2022							
					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								
2023	2.95%	0.94%	US$ 1,000	7,800	153	–	–	–
2025	3.81%	3.58%	AUD 509	2,682	–	64	–	–
2025	5.43%	5.13%	NZD 150	738	–	20	–	–
				11,220	153	84	–	–
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.37%	0.05%	US$ 1,300	10,140	277	–	–	–
– receive fixed and pay fixed maturing in								
2023	2.75%	0.03%	US$ 750	5,850	345	–	–	–
2027	2.00%	0.05%	GBP 500	4,730	–	132	–	–
				20,720	622	132	–	–

	2022						
				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							
2023	0.94	EUR 85	709	1	–	–	–
2023	1.01	US$ 4	35	–	–	(2)	–
			744	1	–	(2)	–

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness HK$ million	Surplus (deficit) in 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	(362)	(226)	–
Foreign exchange risk	(1,107)	(886)	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

	2023						
				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							
2024	5.76	CAD 792	4,686	10	–	(101)	–
2024	4.99	AUD 159	851	–	–	(58)	–
2024	4.63	NZD 280	1,386	92	–	–	–
2024	9.54	GBP 2,487	24,725	99	–	(906)	–
2024	8.55	EUR 65	560	–	–	(7)	–
			32,208	201	–	(1,072)	–
Cross currency swaps maturing in							
2024 – 2025	4.57	CAD 447	2,649	60	20	–	–
2024 – 2027	8.45	EUR 965	8,318	276	24	–	(465)
2027	5.86	AUD 1,415	7,555	–	528	–	–
			18,522	336	572	–	(465)

	2023		
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	1,733	(6,970)	(716)

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

	2022						
				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
Cross currency interest rate swaps maturing in							
2023	9.57	GBP 583	5,518	112	–	–	–
			5,518	112	–	–	–
Forward foreign exchange contracts maturing in							
2023	5.79	CAD 677	3,884	27	–	(13)	–
2023	4.89	AUD 159	840	–	–	(65)	–
2023	4.64	NZD 280	1,378	–	–	(81)	–
2023	9.13	GBP 2,487	23,531	15	–	(732)	–
2023	8.42	EUR 65	540	2	–	–	–
			30,173	44	–	(891)	–
Cross currency swaps maturing in							
2023 – 2025	6.07	CAD 447	2,568	9	112	–	–
2024 – 2027	8.31	EUR 965	8,010	–	470	–	(314)
2027	5.86	AUD 1,415	7,456	–	582	–	–
			18,034	9	1,164	–	(314)

	2022		
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	(4,333)	(8,703)	(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	2023 Carrying amounts HK$ million	2023 Fair values HK$ million	2022 Carrying amounts HK$ million	2022 Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	50	50	40	40
Listed equity securities, Hong Kong	20	FVOCI	608	608	608	608
Listed equity securities, outside Hong Kong	20	FVOCI	8,589	8,589	8,880	8,880
Fair value hedges – Collar agreements	20	Fair value – hedges	–	–	216	216
Listed debt securities (included in Managed funds)	20	FVOCI	6,539	6,539	6,359	6,359
Unlisted investments						
Unlisted equity securities	21	FVOCI	2,189	2,189	2,451	2,451
Unlisted equity securities	21	FVPL	369	369	417	417
Unlisted debt securities	21	FVPL	604	604	555	555
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	21 & 24	Fair value – hedges	52	52	237	237
Cross currency interest rate swaps	21 & 24	Fair value – hedges	150	150	754	754
Forward foreign exchange contracts	24	Fair value – hedges	–	–	1	1
Other contracts	21 & 24	Fair value – hedges	26	26	3,248	3,248
Net investment hedges						
Cross currency interest rate swaps	24	Fair value – hedges	–	–	112	112
Forward foreign exchange contracts	24	Fair value – hedges	201	201	44	44
Cross currency swaps	21 & 24	Fair value – hedges	908	908	1,173	1,173
Lease receivables	21	Amortised cost	507	507	542	542
Cash and cash equivalents	23	Amortised cost	127,323	127,323	138,085	138,085
Trade receivables	24	Amortised cost	16,297	16,297	14,945	14,945
Other receivables	24	Amortised cost	13,491	13,491	13,433	13,433
Amounts due from associated companies	17	Amortised cost	3,435	3,435	3,542	3,542
Amounts due from joint ventures	18	Amortised cost	22,377	22,377	29,792	29,792
			203,715	203,715	225,434	225,434

41 Financial risk management (continued)

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

	Note	Classification under HKFRS 9	2023 Carrying amounts HK$ million	2023 Fair values HK$ million	2022 Carrying amounts HK$ million	2022 Fair values HK$ million
Financial liabilities						
Bank and other debts [i]	26	Amortised cost	**271,922**	**258,853**	284,326	265,418
Trade payables	27	Amortised cost	**23,017**	**23,017**	21,356	21,356
Derivative financial instruments						
Fair value hedges – Collar agreements	27 & 31	Fair value – hedges	**356**	**356**	–	–
Cash flow hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**2**	**2**	2	2
Other contracts	27 & 31	Fair value – hedges	**114**	**114**	151	151
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**1,072**	**1,072**	891	891
Cross currency swaps	31	Fair value – hedges	**465**	**465**	314	314
Other derivative financial instruments	27	FVPL	**–**	**–**	795	795
Interest free loans from non-controlling shareholders	27	Amortised cost	**438**	**438**	472	472
Expenses and other accruals	27	Amortised cost	**36,471**	**36,471**	35,995	35,995
Other payables	27	Amortised cost	**16,888**	**16,888**	21,419	21,419
Lease liabilities	13	Amortised cost	**67,923**	**67,923**	66,059	66,059
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**3,245**	**3,245**	2,567	2,567
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**4,615**	**4,615**	3,989	3,989
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	**543**	**543**	569	569
Amounts due to joint ventures	18	Amortised cost	**310**	**310**	319	319
			429,547	**416,478**	441,390	422,482

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

41 Financial risk management (continued)

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

	2023		2022	
	Carrying amounts HK$ million	**Fair values HK$ million**	Carrying amounts HK$ million	Fair values HK$ million
Representing:				
Financial assets measured at				
Amortised cost	**183,480**	**183,480**	200,379	200,379
FVOCI	**17,925**	**17,925**	18,298	18,298
FVPL	**973**	**973**	972	972
Fair value – hedges	**1,337**	**1,337**	5,785	5,785
	203,715	**203,715**	225,434	225,434
Financial liabilities measured at				
Amortised cost	**427,538**	**414,469**	439,237	420,329
FVPL	**–**	**–**	795	795
Fair value – hedges	**2,009**	**2,009**	1,358	1,358
	429,547	**416,478**	441,390	422,482

(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)

		2023				2022			
	Note	**Level 1 HK$ million**	**Level 2 HK$ million**	**Level 3 HK$ million**	**Total HK$ million**	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
Financial assets									
Liquid funds and other listed investments									
Listed equity securities, Hong Kong	20	**608**	**–**	**–**	**608**	608	–	–	608
Listed equity securities, outside Hong Kong	20	**8,589**	**–**	**–**	**8,589**	8,880	–	–	8,880
Fair value hedges – Collar agreement	20	**–**	**–**	**–**	**–**	–	–	216	216
Listed debt securities (included in Managed funds)	20	**6,539**	**–**	**–**	**6,539**	6,359	–	–	6,359
Unlisted investments									
Unlisted equity securities – FVOCI	21	**–**	**–**	**2,189**	**2,189**	–	–	2,451	2,451
Unlisted equity securities – FVPL	21	**–**	**46**	**323**	**369**	–	46	371	417
Unlisted debt securities	21	**–**	**–**	**604**	**604**	–	–	555	555
Derivative financial instruments									
Cash flow hedges									
Interest rate swaps	21 & 24	**–**	**52**	**–**	**52**	–	237	–	237
Cross currency interest rate swaps	21 & 24	**–**	**150**	**–**	**150**	–	754	–	754
Forward foreign exchange contracts	24	**–**	**–**	**–**	**–**	–	1	–	1
Other contracts	21 & 24	**–**	**26**	**–**	**26**	–	3,248	–	3,248
Net investment hedges									
Cross currency interest rate swaps	24	**–**	**–**	**–**	**–**	–	112	–	112
Forward foreign exchange contracts	24	**–**	**201**	**–**	**201**	–	44	–	44
Cross currency swaps	21 & 24	**–**	**908**	**–**	**908**	–	1,173	–	1,173
		15,736	**1,383**	**3,116**	**20,235**	15,847	5,615	3,593	25,055
Financial liabilities									
Derivative financial instruments									
Fair value hedges – Collar agreement	27 & 31	**–**	**–**	**356**	**356**	–	–	–	–
Cash flow hedges									
Forward foreign exchange contracts	27	**–**	**2**	**–**	**2**	–	2	–	2
Other contracts	27 & 31	**–**	**114**	**–**	**114**	–	151	–	151
Net investment hedges									
Forward foreign exchange contracts	27	**–**	**1,072**	**–**	**1,072**	–	891	–	891
Cross currency swaps	31	**–**	**465**	**–**	**465**	–	314	–	314
Other derivative financial instruments	27	**–**	**–**	**–**	**–**	–	795	–	795
		–	**1,653**	**356**	**2,009**	–	2,153	–	2,153

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 2023 and 2022, 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:

	2023 HK$ million	2022 HK$ million
At 1 January	**3,593**	3,057
Total gains (losses) recognised in		
Income statement	**(90)**	(21)
Other comprehensive income	**(796)**	44
Additions	**75**	561
Disposals	**(74)**	–
Exchange translation differences	**52**	(48)
At 31 December	**2,760**	3,593
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(90)**	(21)

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.

(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 2023				
Bank and other debts	**165,755**	**93,098**	**–**	**258,853**
At 31 December 2022				
Bank and other debts	167,251	98,167	–	265,418

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		
				Financial assets (liabilities)	Cash collateral pledged (received)	Net amounts
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2023						
Financial assets						
Trade receivables	**43**	**(43)**	**–**	**–**	**–**	**–**
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	**24**	**–**	**24**	**(24)**	**–**	**–**
Other receivables and prepayments	**231**	**(104)**	**127**	**–**	**–**	**127**
	298	**(147)**	**151**	**(24)**	**–**	**127**
Financial liabilities						
Trade payables	**(937)**	**43**	**(894)**	**–**	**–**	**(894)**
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	**(465)**	**–**	**(465)**	**24**	**–**	**(441)**
Other payables and accruals	**(104)**	**104**	**–**	**–**	**–**	**–**
	(1,506)	**147**	**(1,359)**	**24**	**–**	**(1,335)**
At 31 December 2022						
Financial assets						
Trade receivables	314	(314)	–	–	–	–
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	42	–	42	(42)	–	–
Cross currency swaps	168	–	168	(168)	–	–
Other receivables and prepayments	11	(11)	–	–	–	–
	535	(325)	210	(210)	–	–
Financial liabilities						
Trade payables	(941)	314	(627)	–	–	(627)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(543)	–	(543)	42	–	(501)
Cross currency swaps	(314)	–	(314)	168	–	(146)
Other payables and accruals	(97)	11	(86)	–	–	(86)
	(1,895)	325	(1,570)	210	–	(1,360)

42 Statement of financial position of the Company, as at 31 December 2023

	2023 HK$ million	2022 HK$ million
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**355,164**	355,164
Current assets		
Amounts due from subsidiary companies [(b)]	**17,660**	15,575
Other receivables	**1**	1
Cash	**12**	8
Current liabilities		
Other payables and accruals	**97**	101
Net current assets	**17,576**	15,483
Net assets	**372,740**	370,647
Capital and reserves		
Share capital (see note 32(a))	**3,830**	3,830
Share premium (see note 32(a))	**242,972**	242,972
Reserves – Retained profit [(c)]	**125,938**	123,845
Shareholders' funds	**372,740**	370,647

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2023 (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 267 to 270.

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

(c) Reserves – Retained profit

	HK$ million
At 1 January 2022	121,216
Profit for the year	12,978
Buy-back and cancellation of issued shares (see note 32(a)(i))	4
Dividends paid relating to 2021	(7,132)
Dividends paid relating to 2022	(3,221)
At 31 December 2022	**123,845**
Profit for the year	**12,963**
Unclaimed dividends write back	**15**
Dividends paid relating to 2022	**(7,989)**
Dividends paid relating to 2023	**(2,896)**
At 31 December 2023	**125,938**

(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 HK12,963 million (2022: HK$12,978 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(f) At 31 December 2023, the Company's share premium and retained profit amounted to HK$242,972 million (2022: HK$242,972 million) and HK$125,938 million (2022: HK$123,845 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

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

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollar (HK$), the functional currency of the Company. The translation into US dollar (US$) of these financial statements as of, and for the year ended, 31 December 2023, is for convenience only and has been made at the rate of HK$7.8 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollar 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 judgements, estimates and assumptions

In applying the Group's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates 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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

(i) Basis of consolidation and classification of investee entities

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

(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 judgements, estimates and assumptions (continued)

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

(iii) Determination of lease term

Lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. 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.

As at 31 December 2023, potential future cash outflows of HK$8,635 million (2022: HK$8,385 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).

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)(iv), 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 consolidated 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 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 an 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 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 associated company or joint venture, including the cash flows from the operations of the associated company 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 associated company or joint venture, including the cash flows from the operations of the associated company 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 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 consolidated 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 of 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 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 consolidated 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 an 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 consolidated income statement.

46 Significant 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 consolidated 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 consolidated income statement.

(c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

47 Summary of material accounting policies

(a) Standards adopted during the year ended 31 December 2023

The Group applied for the first-time certain standards and amendments to HKFRS issued by HKICPA, which are effective for annual periods beginning on or after 1 January 2023.

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

The HKICPA amended HKAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. 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. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

To support this amendment, the HKICPA also amended HKFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

47 Summary of material accounting policies (continued)

(a) Standards adopted during the year ended 31 December 2023 (continued)

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

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendments had no impact on the Group's consolidated financial statements.

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

The amendments narrow the scope of the initial recognition exemption in HKAS 12 so that entities will need to recognise additional deferred tax assets and deferred tax liabilities on transactions that, on initial recognition, give rise to equal amounts of taxable and deducible temporary differences. Entities should apply the amendments to recognise deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date. The amendments are applied prospectively to other transactions that occur on or after the beginning of the earliest comparative period presented. The amendments had no impact on the Group's consolidated financial statements.

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

The amendments clarify the application of HKAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules ("Pillar Two income taxes").

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

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

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with HKAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two model rules. In addition, the amendments have had an impact on the Group's disclosures of certain information about the Group's exposure to Pillar Two income taxes arising from that legislation. Other than these, the amendments do not have an impact on the measurement and recognition of any items in the Group's 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 2022 Annual Financial Statements.

(b) 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. The adoption of these standards and interpretations in future periods is not expected to have a material impact on the financial statements of the Group.

These new / amended accounting standards and interpretations are effective for annual periods beginning after 1 January 2023 and include:

(i) Classification of Liabilities as Current or Non-current – Amendments to HKAS 1

Amendments made to HKAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what HKAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

(ii) Non-current Liabilities with Covenants – Amendments to HKAS 1

In October 2022, the HKICPA made further amendments to HKAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

– the carrying amount of the liability,

– information about the covenants, and

– facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what HKAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current / non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

(iii) Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16

In September 2022, the HKICPA finalised narrow-scope amendments to the requirements for sale and leaseback transactions in HKFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

47 Summary of material accounting policies (continued)

(b) New standards and interpretations not yet adopted (continued)

(iv) Lack of Exchangeability – Amendments to HKAS 21

Amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

(v) Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7

Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements ("SFAs") and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of SFAs on an entity's liabilities, cash flows and exposure to liquidity risk.

(vi) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to HKFRS 10 and HKAS 28

The HKICPA has made limited scope amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associated companies or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associated company or joint venture constitute a 'business' (as defined in HKFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associated company or joint venture. The amendments apply prospectively.

In December 2015, the HKICPA decided to defer the application date of this amendment until such time as the HKICPA has finalised its research project on the equity method.

(c) Summary of material accounting policies

Set out below is a summary of material 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.

(i) Subsidiary companies

Subsidiaries are entities over which the Group has control. Where an entity is governed by voting rights, the Group consolidates when it holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as agent or principal. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Impairment testing is performed where there is an indication of impairment, by comparing the recoverable amount of the relevant investment to its carrying amount. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised, and to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

(ii) Associated companies and joint arrangements

The Group classifies investments in entities over which it has significant influence, and which are neither subsidiaries nor joint arrangements, as associated companies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Joint arrangements are investments in which the Group, together with one or more parties, has 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. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The Group recognises its share of the assets, liabilities and results in a joint operation. Investments in associated companies and interests in joint ventures are recognised using the equity method. The attributable share of the results and reserves of joint ventures and associated companies is included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associated companies and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisitions of interests in joint ventures and associated companies is not tested separately for impairment, but is assessed as part of the carrying amount of the investment. Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the ordinary shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable HKFRS.

If the ownership interest in a joint venture or an associated company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(iv) 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. This election is made for each business combination. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

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

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

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.

(c) Summary of material accounting policies (continued)

(v) Goodwill

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

Goodwill is not amortised but is subject to impairment test annually and when there is an 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 associated company and a joint venture is described in note 47(c)(ii) above.

(vi) Fixed assets

Fixed assets other than freehold lands, are stated at cost less depreciation and any impairment loss. Freehold lands included in land and buildings are not depreciated. 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.

(vii) 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 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(vii) 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.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(viii) 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 that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. 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

(ix) 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 customers. CACs are expensed and recognised in the consolidated 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.

(x) 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 and unlisted equity securities. 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.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(x) Liquid funds and other listed investments and unlisted investments (continued)

(II) Impairment

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

(xi) 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.

(xii) 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.

(xiii) 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 consolidated income statement in the period in which they are incurred.

(xiv) 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.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(xv) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is an 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 of disposal and value-in-use. Such impairment loss is recognised in the consolidated income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that in which case it is treated as a revaluation decrease.

(xvi) 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 dollar using the year end rates of exchange for the consolidated statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company 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 consolidated 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 consolidated income statement. For all other partial disposals (i.e. partial disposals of associated companies 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 consolidated 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 consolidated statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 3,533 in December 2023 (2022: 1,115) 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 dollar. 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 consolidated income statement.

47 Summary of material accounting policies (continued)

(c) Summary of material accounting policies (continued)

(xvii) Revenue recognition

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

Ports and Related Services

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

Retail

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

Infrastructure

Revenue from sales of infrastructure materials is recognised when a performance obligation is satisfied, which is recognised at a point in time, based on the timing of control of the goods underlying the particular performance obligation being transferred to the customer.

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.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies

Set out below is a summary of other potentially material 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.

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

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

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

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

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

(ii) 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 consolidated statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the consolidated income statement.

(iii) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the consolidated 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 consolidated income statement on a straight-line basis over the period of the lease.

(iv) 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.

(v) 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 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(vi) 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 hedged 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 profit or loss as other expense except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in other comprehensive income. 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 (if applicable) and is also recognised in 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 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(vi) 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.

(vii) 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.

(viii) Customer loyalty credits

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

(ix) 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.

(x) 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.

47 Summary of material accounting policies (continued)

(d) Summary of other potentially material accounting policies (continued)

(xi) 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 consolidated 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 consolidated 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 consolidated income statement within staff costs.

(xii) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022 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.