

Notes to the Financial Statements

1 General information

CK Hutchison Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands, with its shares listed on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025 (the “2025 Annual Financial Statements”) were authorised for issue by the Company’s Board of Directors on 19 March 2026.

These financial statements are presented together with supplementary disclosures included in the Company’s 2025 annual results announcement and 2025 Annual Report. Such sections – namely the Chairman’s Statement, the Operations Review, Group Capital Resources and Liquidity, and the Risk Factors – are provided outside the 2025 Annual Financial Statements and offer further insight into the Group’s business performance during the reporting period. They also include discussions on significant corporate developments since 31 December 2024, as well as an overview of the Group’s capital resources, liquidity position, and overall financial profile.

2 Basis of preparation

The 2025 Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These financial statements represent the Company’s first annual financial statements in which IFRS is adopted (the “first IFRS financial statements” as defined under IFRS), as further explained in note 4. In prior years, up to and including the year ended 31 December 2024, the Company prepared its annual financial statements in accordance with HKFRS Accounting Standards (“HKFRS” or “Previous GAAP”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

In adopting IFRS for the first time, the Company has applied the relevant optional exemptions under IFRS 1 First-time Adoption of International Financial Reporting Standards (“IFRS 1”), as detailed in note 4. A summary of material accounting policies is set out in note 47.

The 2025 Annual Financial Statements have been prepared on a going concern basis. Management has assessed the Group’s ability to continue as a going concern by considering its expected cash generation, liquidity position, and available funding sources. Based on this assessment, Management has concluded that the use of the going concern basis of accounting remains appropriate as at the date these financial statements were authorised for issue.

The financial statements have been prepared under the historical cost convention, except for the following items, which are measured at fair value: plan assets of defined benefit plans, investment properties, and certain financial assets and liabilities (including derivative instruments).

3 Use of judgements, assumptions and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the accompanying disclosures at the date of the financial statements.

In preparing the 2025 Annual Financial Statements, the Group has applied accounting-related estimates based on judgements and assumptions regarding current and, where applicable, future economic and market conditions. These reflect what management considers to be relevant and reasonable at the time of preparation.

Actual outcomes may differ from these estimates, and such differences could result in material adjustments to the carrying amounts of assets and liabilities in future periods. Accordingly, the Group’s accounting estimates, judgements, and assumptions are subject to evolution in response to changing external conditions.

The estimation methodologies adopted reflect the circumstances existing at each respective reporting dates and throughout the periods presented.

Further information on significant accounting judgements, estimates and assumptions is set out in note 46.

Notes to the Financial Statements

4 Adoption of IFRS

Historically, the Company prepared its consolidated financial statements in accordance with HKFRS. Although HKFRS are fully converged with IFRS, the consolidated financial statements for years up to and including the year ended 31 December 2024, prepared under HKFRS, do not constitute IFRS financial statements.

As the globally accepted accounting standards, IFRS are applied over 140 jurisdictions. The transition to IFRS delivers significant strategic and operational advantages:

- | | | |
|----|---|--|
| 1) | Enhanced investor confidence | <ul style="list-style-type: none">• Increases credibility with institutional investors.• Enables direct performance comparisons with global peers listed in IFRS-based jurisdictions. |
| 2) | Alignment with future growth strategies | <ul style="list-style-type: none">• Supports mergers and acquisitions due diligence and post-transaction integration in IFRS-based jurisdictions.• Ensures readiness for potential mergers and acquisitions activities, listings, partnerships, or acquisitions in market requiring IFRS. |
| 3) | Improved capital markets access | <ul style="list-style-type: none">• Aligns with reporting requirements in major financial markets (EU, UK, Australia, Canada).• Eliminates reconciliation requirements for cross-border investors.• Strengthens position for future debt and equity transactions. |
| 4) | Operational efficiency | <ul style="list-style-type: none">• Reduces compliance costs by eliminating dual reporting.• Streamlines financial consolidation across multinational operations under a single, unified set of accounting standards. |
| 5) | Global consistency and comparability | <ul style="list-style-type: none">• Enhances transparency through alignment with global reporting standards used in over 140 jurisdictions.• Facilitates benchmarking against international peers.• Simplifies financial analysis for global investors. |

Effective from 1 January 2025, the Company has adopted IFRS as its financial reporting framework. The standards applied comprise:

- International Financial Reporting Standards;
- International Accounting Standards;
- IFRIC Interpretations; and
- SIC Interpretations.

This transition to IFRS underscores the Company's commitment to global best practices and enhances its position as an internationally integrated organisation.

The 2025 Annual Financial Statements have been prepared in accordance with IFRS, applying the guidance of IFRS 1. These financial statements represent the Company's first IFRS financial statements and include two years (2023 and 2024) of full comparative information, together with an opening consolidated statement of financial position as at 1 January 2023. In accordance with IFRS 1, the Company's date of transition to IFRS is accordingly 1 January 2023.

The presentation of three consecutive years of financial information under IFRS ensures compliance with IFRS reporting requirements and provides meaningful comparable financial data. It also positions the Company favourably for future debt and equity capital transaction, as well as strategic initiatives and opportunities that require IFRS reporting.

4 Adoption of IFRS *(continued)*

The adoption has been applied retrospectively in accordance with IFRS 1, with the Company's date of transition to IFRS being 1 January 2023.

This note and note 48 explain the Company's transition from HKFRS to IFRS and set out the principal changes resulting from the adoption of IFRS.

(a) IFRS 1 provides first-time adopters with certain optional exemptions from the retrospective application of IFRS:

(i) Business combinations

In accordance with the exemption guidance under IFRS 1, the business combination requirements of IFRS were not applied retrospectively to transactions that occurred prior to the Company's transition date to IFRS.

As a result, the carrying amounts of assets and liabilities recognised in business combinations under Previous GAAP were treated as their deemed cost at the respective acquisition dates. This approach was also consistently applied to past acquisitions of equity-accounted investments.

In line with IFRS 1 requirements, the carrying amount of goodwill reported under Previous GAAP was adopted in the Company's opening consolidated statement of financial position prepared under IFRS.

No impairment of goodwill was recognised upon transition to IFRS at the date of transition.

(ii) Share-based payment transactions

In accordance with the exemption guidance under IFRS 1, the requirements of IFRS for share-based payment transactions were not applied retrospectively to:

- Equity instruments granted on or before 7 November 2002; and
- Equity instruments granted after 7 November 2002 that vested before the later of the Company's transition date to IFRS and 1 January 2005.

This approach was also consistently applied to liabilities arising from cash-settled share-based payment transactions that were settled prior to 1 January 2023 which are also exempt from retrospective application.

(iii) Foreign currency translation

In accordance with the exemption guidance under IFRS 1, the Company has elected not to recognise cumulative translation differences on foreign operations that existed at the date of transition to IFRS. Under this exemption:

- The cumulative currency translation losses at 1 January 2023 (the date of transition to IFRS) of HK\$40,203 million for all foreign operations are deemed to be zero.
- Any gain or loss arising from the subsequent disposal of a foreign operation will exclude translation differences accumulated prior to the transition date and will only include those arising post-transition.

Notes to the Financial Statements

4 Adoption of IFRS (continued)

(a) IFRS 1 provides first-time adopters with certain optional exemptions from the retrospective application of IFRS (continued):

(iii) Foreign currency translation (continued)

As a result of applying this exemption, cumulative translation losses at 1 January 2023 (the date of transition) of HK\$40,203 million were reclassified from the Exchange Reserve to Retained Profit. This reclassification represents a transfer between reserve accounts within "Total Ordinary Shareholders' Funds" and "Total Equity". It does not affect the overall amount of "Total Ordinary Shareholders' Funds" or "Total Equity".

Due to the elimination of the opening balance of cumulative currency translation differences at the transition date:

- 2025 Annual Profit and Loss Impact:

The loss on disposal of 3 UK (see note 8(f)) is HK\$11,340 million lower under IFRS. Consequently, profit for the current year is HK\$11,340 million higher and other comprehensive income is HK\$11,340 million lower. Under Previous GAAP, HK\$11,340 million pre-transition cumulative translation losses (out of HK\$40,203 million previously disclosed) would have been recycled from other comprehensive income and charged to the income statement for the current year.

- 2024 Annual Profit and Loss Impact:

No impact on the comparative 2024 annual period as no disposal involving pre-transition cumulative translation differences occurred.

- 2023 Annual Profit and Loss Impact:

Other expenses and losses are HK\$250 million lower and other income and gains are HK\$92 million higher under IFRS. Consequently, profit for the 2023 annual period is HK\$342 million higher and other comprehensive income is HK\$342 million lower, while profit attributable to non-controlling interests and holders of perpetual capital securities is HK\$3 million higher and profit attributable to ordinary shareholders is HK\$339 million higher under IFRS. Under Previous GAAP, HK\$339 million of pre-transition cumulative translation losses (out of HK\$40,203 million previously disclosed) would have been recycled from other comprehensive income and charged to the income statement for the 2023 comparative year.

These differences reflect the application of the IFRS 1 exemption, which prohibits recycling of pre-transition cumulative translation differences to profit or loss upon disposal of foreign operations.

Save as discussed above, no material differences would have arisen had the 2025 Annual Financial Statements been prepared under Previous GAAP.

(b) Estimates

The estimates made by the Group as at the date of transition to IFRS, as well as those made at comparative reporting dates and for the periods presented, are consistent with the estimates previously made under Previous GAAP for the same dates and periods. In accordance with IFRS 1, no retrospective adjustments to estimates were required.

(c) Gap year between local and Group transition date

The Group adopted IFRS after several subsidiaries had already applied IFRS. In these cases, the Group measured the assets and liabilities of these subsidiaries at the same carrying amounts as in the subsidiaries' local financial statements, subject to applicable consolidation adjustments.

4 Adoption of IFRS (continued)

(d) Reconciliations between amounts reported under IFRS and Previous GAAP

Upon transitioning to IFRS, the Group did not recognise any new assets or liabilities that were not previously recorded under Previous GAAP, nor did it exclude any amounts that had been recognised in the consolidated statement of financial position at the transition date or during the periods presented.

Refer to note 48 for reconciliations between amounts reported under IFRS and Previous GAAP in respect of the following:

Total Equity

- Total Equity at 1 January 2023, 31 December 2023 and 31 December 2024

Opening Consolidated Statement of Financial Position

- Consolidated Statement of Financial Position at 1 January 2023

Year ended 31 December 2024

- Consolidated Income Statement for the year ended 31 December 2024
- Consolidated Statement of Comprehensive Income for the year ended 31 December 2024
- Consolidated Statement of Financial Position at 31 December 2024
- Consolidated Statement of Changes in Equity for the year ended 31 December 2024
- Consolidated Statement of Cash Flows for the year ended 31 December 2024

Year ended 31 December 2023

- Consolidated Income Statement for the year ended 31 December 2023
- Consolidated Statement of Comprehensive Income for the year ended 31 December 2023
- Consolidated Statement of Financial Position at 31 December 2023
- Consolidated Statement of Changes in Equity for the year ended 31 December 2023
- Consolidated Statement of Cash Flows for the year ended 31 December 2023

Note to Financial Statements – Consolidated Reserves

- Consolidated Reserves at 31 December 2024
- Consolidated Reserves at 31 December 2023

Notes to the Financial Statements

5 Revenue

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

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Sale of goods	168,405	162,682	161,147
Revenue from services	105,199	110,586	105,838
Interest	6,286	7,969	8,448
Dividend income	146	114	142
	280,036	281,351	275,575

(b) The following table presents revenue from contracts with customers within the scope of IFRS 15, disaggregated by revenue category for the Company and its subsidiaries:

(i) By segments *

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2025 Total HK\$ million
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million		
Ports and Related Services	–	37,080	37,080	179	37,259
Retail	147,035	22	147,057	–	147,057
Infrastructure	3,254	–	3,254	1,407	4,661
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	8,071	60,355	68,426	13	68,439
Hutchison Telecommunications Hong Kong Holdings	1,831	3,745	5,576	–	5,576
Corporate and Others	–	799	799	967	1,766
	9,902	64,899	74,801	980	75,781
Finance & Investments and Others	10,410	906	11,316	3,962	15,278
	170,601	102,907	273,508	6,528	280,036

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2024 Total HK\$ million
	recognised at a point in time	recognised over time	Subtotal		
	HK\$ million	HK\$ million	HK\$ million		
Ports and Related Services	–	34,133	34,133	154	34,287
Retail	135,918	42	135,960	–	135,960
Infrastructure	3,564	–	3,564	1,894	5,458
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	13,020	68,669	81,689	12	81,701
Hutchison Telecommunications Hong Kong Holdings	1,221	3,561	4,782	–	4,782
Corporate and Others	–	699	699	1,049	1,748
	14,241	72,929	87,170	1,061	88,231
Finance & Investments and Others	11,227	1,112	12,339	5,076	17,415
	164,950	108,216	273,166	8,185	281,351

* See note 6 for operating segment information.

5 Revenue (continued)

(b) The following table presents revenue from contracts with customers within the scope of IFRS 15, disaggregated by revenue category for the Company and its subsidiaries (continued):

(i) By segments * (continued)

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2023 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal 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
Finance & Investments and Others	12,022	1,096	13,118	4,543	17,661
	163,416	103,472	266,888	8,687	275,575

(ii) By geographical locations *

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2025 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Hong Kong	25,125	4,340	29,465	238	29,703
Chinese Mainland	16,357	231	16,588	7	16,595
The People's Republic of China	41,482	4,571	46,053	245	46,298
Europe	78,639	75,683	154,322	1,534	155,856
Canada	–	–	–	89	89
Asia, Australia and Others	40,070	21,747	61,817	698	62,515
	118,709	97,430	216,139	2,321	218,460
	160,191	102,001	262,192	2,566	264,758
Finance & Investments and Others	10,410	906	11,316	3,962	15,278
	170,601	102,907	273,508	6,528	280,036

* See note 6 for operating segment information.

Notes to the Financial Statements

5 Revenue (continued)

(b) The following table presents revenue from contracts with customers within the scope of IFRS 15, disaggregated by revenue category for the Company and its subsidiaries (continued):

(ii) By geographical locations * (continued)

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2024 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Hong Kong	24,334	4,171	28,505	258	28,763
Chinese Mainland	16,590	240	16,830	3	16,833
The People's Republic of China	40,924	4,411	45,335	261	45,596
Europe	77,047	82,372	159,419	1,630	161,049
Canada	–	1	1	203	204
Asia, Australia and Others	35,752	20,320	56,072	1,015	57,087
	112,799	102,693	215,492	2,848	218,340
	153,723	107,104	260,827	3,109	263,936
Finance & Investments and Others	11,227	1,112	12,339	5,076	17,415
	164,950	108,216	273,166	8,185	281,351

	Revenue from contracts with customers			Revenue from other sources HK\$ million	2023 Total HK\$ million
	recognised at a point in time HK\$ million	recognised over time HK\$ million	Subtotal HK\$ million		
Hong Kong	25,402	4,167	29,569	288	29,857
Chinese Mainland	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	17,833	51,151	1,896	53,047
	106,175	97,978	204,153	3,832	207,985
	151,394	102,376	253,770	4,144	257,914
Finance & Investments and Others	12,022	1,096	13,118	4,543	17,661
	163,416	103,472	266,888	8,687	275,575

* See note 6 for operating segment information.

5 Revenue (continued)

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

Under IFRS 15, a contract asset or a contract liability arises when either party to a 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, accordingly, recognises a contract asset. Conversely, when the customer performs first, for example, by prepaying its promised consideration, the entity recognises a contract liability.

Contract assets may represent either conditional or unconditional rights to consideration. A right is conditional if, for instance, the entity is required to satisfy another performance obligation in the contract before becoming entitled to payment. If the entity has an unconditional right to consideration, where only the passage of time is required before payment is due, the contract asset is classified as and accounted for as a receivable and is presented separately from other contract assets.

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 25)	14,952	15,327	16,297	14,945
Trade receivables, which are included in "Assets classified as held for sale"	–	–	–	21
Contract assets (see notes 22 and 25)	4,508	7,121	7,580	6,314
Contract liabilities (see note 27)	(5,321)	(5,500)	(5,948)	(6,027)

Trade receivables are non-interest-bearing and are generally on terms of 30 to 60 days. In 2025, HK\$601 million (2024: HK\$717 million; 2023: HK\$653 million) was recognised in the consolidated income statement as a provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices that have not been billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional, which typically occurs upon issuance of an invoice to the customer. In 2025, HK\$660 million (2024: HK\$1,018 million; 2023: HK\$927 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. Upon fulfilment of these obligations, the contract liability is recognised in revenue in the period when the performance obligations are satisfied. During 2025, HK\$5,039 million (2024: HK\$4,792 million; 2023: HK\$4,614 million) was recognised as revenue 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 IFRS 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 render some or all of the consideration variable, are excluded from the following analysis. This is because the transaction price and ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage.

In light of this basis of preparation, the following table does not reflect an expectation of the Group's future performance. The analysis is presented solely to comply with the IFRS 15 disclosure requirement in respect of the transaction price allocated to remaining performance obligations.

	2025	2024	2023
	HK\$ million	HK\$ million	HK\$ million
Within one year	13,673	12,200	15,384
More than one year	8,896	7,121	5,195
	22,569	19,321	20,579

Notes to the Financial Statements

6 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
- Telecommunications

The Group's most senior executive management (the Chief Operating Decision Maker as defined in IFRS 8) monitors the operating results of the core businesses separately for the purpose of making decisions about resource allocation and performance assessment. The segment information set out in this note is organised into these four core businesses, as follows:

Ports and Related Services:

- Comprises: 80% interest in the Hutchison Ports group and its 30.07% interest in Hutchison Port Holdings Trust ("HPH Trust"), a listed associate.
- Includes the Group's effective shares of HPH Trust's results (net of non-controlling interests).

Retail:

- Operates as AS Watson ("ASW"), the world's largest international health and beauty retailer.
- Key metrics (as at 31 December 2025): 183 million loyalty members, 17,114 stores across 31 markets and 12 retail brands.

Infrastructure:

- Includes a 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a listed subsidiary.
- Includes six co-owned infrastructure investments with CKI: Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

Telecommunications:

- Comprises: CK Hutchison Group Telecom Holdings (consolidating 3 Group Europe operations) and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings, a listed subsidiary.

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. This category covers the activities of other areas of the Group that are not presented separately and includes:

- A 100% (31 December 2024: 87.87%; 31 December 2023: 87.87%; 1 January 2023: 87.87%) interest in Hutchison Telecommunications (Australia) Pty Limited ("HTAL"), which has a 23.73% (31 December 2024: 25.05%; 31 December 2023: 25.05%; 1 January 2023: 25.05%) attributable interest in a listed associated company, TPG Telecom Limited ("TPG");
- Hutchison Asia Telecommunications;
- Hutchison Whampoa (China);
- Hutchison E-Commerce;
- The Marionnaud business;
- Listed associated companies: HUTCHMED (China) Limited ("HUTCHMED"), TOM Group, CK Life Sciences Int'l., (Holdings) Inc. and Cenovus Energy Inc. ("Cenovus Energy");
- Corporate head office operations; and
- Returns earned on the Group's holdings of cash and liquid investments.

Segment presentation basis:

- Financial statements are prepared under IFRS 16 ("Post-IFRS 16 basis").
- Management reporting maintained on the precedent lease accounting standard. International Accounting Standard 17 "Leases" ("Pre-IFRS 16 basis").
- Segment information presented, where available and where cost or practical constraints allow, on Pre-IFRS 16 basis (with reconciliations to Post-IFRS 16 basis).
- Reconciliations provided in section (c) of this note.

Unless otherwise stated:

- The "Company and Subsidiaries" column represents the holding company and its subsidiaries.
- The "Associates and JV" column reflects the Group's share of results from associates and joint ventures.

6 Operating segment information (continued)

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

	Revenue			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
Ports and Related Services	37,259	11,636	48,895	10%
Retail	147,057	62,210	209,267	41%
Infrastructure	4,661	54,114	58,775	12%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	68,439	25,400	93,839	19%
Hutchison Telecommunications Hong Kong Holdings	5,576	–	5,576	1%
Corporate and Others	1,766	130	1,896	–
	75,781	25,530	101,311	20%
Finance & Investments and Others	15,278	73,771	89,049	17%
	280,036	227,261	507,297	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	1,371	1,371	
Divestiture of infrastructure investments	–	924	924	
	280,036	229,556	509,592	
IFRS 16 impact	–	–	–	
	280,036	229,556	509,592	

	Revenue			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
Ports and Related Services	34,287	10,995	45,282	9%
Retail	135,960	54,233	190,193	40%
Infrastructure	5,458	49,866	55,324	12%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	81,701	9	81,710	18%
Hutchison Telecommunications Hong Kong Holdings	4,782	–	4,782	1%
Corporate and Others	1,748	131	1,879	–
	88,231	140	88,371	19%
Finance & Investments and Others	17,415	80,097	97,512	20%
	281,351	195,331	476,682	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	1,296	1,296	
Divestiture of infrastructure investments	–	901	901	
	281,351	197,528	478,879	
IFRS 16 impact	–	–	–	
	281,351	197,528	478,879	

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6 Operating segment information (continued)

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

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

	Revenue			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
Ports and Related Services	30,954	9,897	40,851	9%
Retail	133,672	49,672	183,344	40%
Infrastructure	6,605	48,109	54,714	12%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	80,222	9	80,231	17%
Hutchison Telecommunications Hong Kong Holdings	4,896	–	4,896	1%
Corporate and Others	1,565	122	1,687	–
	86,683	131	86,814	18%
Finance & Investments and Others	17,661	78,174	95,835	21%
	275,575	185,983	461,558	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	1,158	1,158	
Divestiture of infrastructure investments	–	813	813	
	275,575	187,954	463,529	
IFRS 16 impact	–	–	–	
	275,575	187,954	463,529	

6 Operating segment information *(continued)*

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

The Group uses two measures of segment results, EBITDA (see note 6(b)(xiv)) and EBIT (see note 6(b)(xv)). Analyses of segment results by EBITDA and EBIT are set out in (ii), (iii), (ix), (x) and (xiii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
Ports and Related Services	13,320	4,119	17,439	17%
Retail	12,414	5,824	18,238	17%
Infrastructure	945	30,396	31,341	30%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	19,651	5,452	25,103	24%
Hutchison Telecommunications Hong Kong Holdings	1,198	51	1,249	1%
Corporate and Others	(9,888)	(7)	(9,895)	-9%
	10,961	5,496	16,457	16%
Finance & Investments and Others	2,042	19,299	21,341	20%
EBITDA	39,682	65,134	104,816	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	976	976	
EBITDA[^]	39,682[^]	66,110[^]	105,792[^]	
Depreciation and amortisation	(24,186)	(28,518)	(52,704)	
Interest expenses and other finance costs	(9,366)	(10,676)	(20,042)	
Current tax charge	(5,284)	(4,962)	(10,246)	
Deferred tax charge	(2,016)	(1,265)	(3,281)	
Non-controlling interests	(7,607)	(576)	(8,183)	
	(8,777)	20,113	11,336	
IFRS 16 impact				
EBITDA [^]	17,669 [^]	6,620 [^]	24,289 [^]	
Depreciation and amortisation	(14,205)	(4,863)	(19,068)	
Interest expenses and other finance costs	(2,961)	(1,969)	(4,930)	
Current tax	(1)	–	(1)	
Deferred tax	64	73	137	
Non-controlling interests	78	–	78	
	(8,133)	19,974	11,841	
[^] Reconciliation to Post-IFRS 16 basis EBITDA:				
Pre-IFRS 16 basis EBITDA per above	39,682	66,110	105,792	
IFRS 16 impact per above	17,669	6,620	24,289	
Post-IFRS 16 basis EBITDA (see note 34(a)(i))	57,351	72,730	130,081	

Notes to the Financial Statements

6 Operating segment information (continued)

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

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

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	
Ports and Related Services	12,098	4,074	16,172	16%
Retail	11,274	5,121	16,395	16%
Infrastructure	1,765	27,849	29,614	29%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	22,689	433	23,122	22%
Hutchison Telecommunications Hong Kong Holdings	1,236	54	1,290	1%
Corporate and Others	(256)	(27)	(283)	–
	23,669	460	24,129	23%
Finance & Investments and Others	(176)	16,466	16,290	16%
EBITDA	48,630	53,970	102,600	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	909	909	
EBITDA ^	48,630 ^	54,879 ^	103,509 ^	
Depreciation and amortisation	(26,391)	(22,047)	(48,438)	
Interest expenses and other finance costs	(10,678)	(8,977)	(19,655)	
Current tax charge	(4,199)	(4,594)	(8,793)	
Deferred tax charge	(528)	(1,665)	(2,193)	
Non-controlling interests	(6,829)	(571)	(7,400)	
	5	17,025	17,030	
IFRS 16 impact				
EBITDA ^	17,132 ^	5,376 ^	22,508 ^	
Depreciation and amortisation	(14,069)	(4,112)	(18,181)	
Interest expenses and other finance costs	(2,714)	(1,681)	(4,395)	
Current tax	10	–	10	
Deferred tax	–	52	52	
Non-controlling interests	64	–	64	
	428	16,660	17,088	
^ Reconciliation to Post-IFRS 16 basis EBITDA:				
Pre-IFRS 16 basis EBITDA per above	48,630	54,879	103,509	
IFRS 16 impact per above	17,132	5,376	22,508	
Post-IFRS 16 basis EBITDA (see note 34(a)(i))	65,762	60,255	126,017	

6 Operating segment information (continued)

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

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

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	
Ports and Related Services	10,119	3,524	13,643	13%
Retail	11,335	4,891	16,226	15%
Infrastructure	3,364	25,837	29,201	28%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	21,059	289	21,348	21%
Hutchison Telecommunications Hong Kong Holdings	1,182	61	1,243	1%
Corporate and Others	89	(10)	79	–
	22,330	340	22,670	22%
Finance & Investments and Others	5,631	17,853	23,484	22%
EBITDA	52,779	52,445	105,224	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	780	780	
EBITDA ^	52,779 ^	53,225 ^	106,004 ^	
Depreciation and amortisation	(25,957)	(20,623)	(46,580)	
Interest expenses and other finance costs	(9,720)	(10,427)	(20,147)	
Current tax charge	(4,123)	(3,582)	(7,705)	
Deferred tax credit (charge)	1,083	(1,878)	(795)	
Non-controlling interests	(6,711)	(482)	(7,193)	
	7,351	16,233	23,584	
IFRS 16 impact				
EBITDA ^	16,957 ^	5,470 ^	22,427 ^	
Depreciation and amortisation	(14,126)	(4,101)	(18,227)	
Interest expenses and other finance costs	(2,507)	(1,546)	(4,053)	
Current tax	4	–	4	
Deferred tax	33	72	105	
Non-controlling interests	(1)	–	(1)	
	7,711	16,128	23,839	
^ Reconciliation to Post-IFRS 16 basis EBITDA:				
Pre-IFRS 16 basis EBITDA per above	52,779	53,225	106,004	
IFRS 16 impact per above	16,957	5,470	22,427	
Post-IFRS 16 basis EBITDA (see note 34(a)(i))	69,736	58,695	128,431	

Notes to the Financial Statements

6 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(iv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
Ports and Related Services	10,248	2,602	12,850	25%
Retail	9,803	4,750	14,553	28%
Infrastructure	589	18,946	19,535	37%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe				
EBITDA before the following non-cash items:	19,651	5,452	25,103	
Depreciation	(9,395)	(4,557)	(13,952)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,450)	(506)	(7,956)	
EBIT – 3 Group Europe	2,806	389	3,195	6%
Hutchison Telecommunications Hong Kong Holdings	113	12	125	–
Corporate and Others	(9,890)	(7)	(9,897)	-19%
	(6,971)	394	(6,577)	-13%
Finance & Investments and Others	1,827	10,187	12,014	23%
EBIT	15,496	36,879	52,375	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	713	713	
EBIT ^	15,496 ^	37,592 ^	53,088 ^	
Interest expenses and other finance costs	(9,366)	(10,676)	(20,042)	
Current tax charge	(5,284)	(4,962)	(10,246)	
Deferred tax charge	(2,016)	(1,265)	(3,281)	
Non-controlling interests	(7,607)	(576)	(8,183)	
	(8,777)	20,113	11,336	
IFRS 16 impact				
EBIT ^	3,464 ^	1,757 ^	5,221 ^	
Interest expenses and other finance costs	(2,961)	(1,969)	(4,930)	
Current tax	(1)	–	(1)	
Deferred tax	64	73	137	
Non-controlling interests	78	–	78	
	(8,133)	19,974	11,841	
^ Reconciliation to Post-IFRS 16 basis EBIT:				
Pre-IFRS 16 basis EBIT per above	15,496	37,592	53,088	
IFRS 16 impact per above	3,464	1,757	5,221	
Post-IFRS 16 basis EBIT	18,960	39,349	58,309	

6 Operating segment information *(continued)*

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

(iii) An analysis of EBIT by segments *(continued)*

	EBIT (LBIT) ^(xv)			%
	Company and Subsidiaries	Associates and JV	2024 Total	
	HK\$ million	HK\$ million	HK\$ million	
Ports and Related Services	9,239	2,634	11,873	22%
Retail	8,766	4,252	13,018	24%
Infrastructure	1,490	17,690	19,180	35%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe				
EBITDA before the following non-cash items:	22,689	433	23,122	
Depreciation	(11,852)	(351)	(12,203)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,316)	–	(7,316)	
EBIT – 3 Group Europe	3,521	82	3,603	6%
Hutchison Telecommunications Hong Kong Holdings	154	14	168	–
Corporate and Others	(259)	(27)	(286)	–
	3,416	69	3,485	6%
Finance & Investments and Others	(672)	7,547	6,875	13%
EBIT	22,239	32,192	54,431	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	640	640	
EBIT [^]	22,239 [^]	32,832 [^]	55,071 [^]	
Interest expenses and other finance costs	(10,678)	(8,977)	(19,655)	
Current tax charge	(4,199)	(4,594)	(8,793)	
Deferred tax charge	(528)	(1,665)	(2,193)	
Non-controlling interests	(6,829)	(571)	(7,400)	
	5	17,025	17,030	
IFRS 16 impact				
EBIT [^]	3,063 [^]	1,264 [^]	4,327 [^]	
Interest expenses and other finance costs	(2,714)	(1,681)	(4,395)	
Current tax	10	–	10	
Deferred tax	–	52	52	
Non-controlling interests	64	–	64	
	428	16,660	17,088	
[^] Reconciliation to Post-IFRS 16 basis EBIT:				
Pre-IFRS 16 basis EBIT per above	22,239	32,832	55,071	
IFRS 16 impact per above	3,063	1,264	4,327	
Post-IFRS 16 basis EBIT	25,302	34,096	59,398	

Notes to the Financial Statements

6 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments (continued)

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries	Associates and JV	2023 Total	%
	HK\$ million	HK\$ million	HK\$ million	
Ports and Related Services	7,276	2,067	9,343	16%
Retail	8,785	4,103	12,888	22%
Infrastructure	3,079	16,483	19,562	33%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe				
EBITDA before the following non-cash items:	21,059	289	21,348	
Depreciation	(11,489)	(260)	(11,749)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,199)	–	(7,199)	
EBIT – 3 Group Europe	2,371	29	2,400	4%
Hutchison Telecommunications Hong Kong Holdings	100	16	116	–
Corporate and Others	88	(10)	78	–
	2,559	35	2,594	4%
Finance & Investments and Others	5,123	9,402	14,525	25%
EBIT	26,822	32,090	58,912	100%
<i>Portion attributable to:</i>				
Non-controlling interests of HPH Trust	–	512	512	
EBIT ^	26,822 ^	32,602 ^	59,424 ^	
Interest expenses and other finance costs	(9,720)	(10,427)	(20,147)	
Current tax charge	(4,123)	(3,582)	(7,705)	
Deferred tax credit (charge)	1,083	(1,878)	(795)	
Non-controlling interests	(6,711)	(482)	(7,193)	
	7,351	16,233	23,584	
IFRS 16 impact				
EBIT ^	2,831 ^	1,369 ^	4,200 ^	
Interest expenses and other finance costs	(2,507)	(1,546)	(4,053)	
Current tax	4	–	4	
Deferred tax	33	72	105	
Non-controlling interests	(1)	–	(1)	
	7,711	16,128	23,839	
^ Reconciliation to Post-IFRS 16 basis EBIT:				
Pre-IFRS 16 basis EBIT per above	26,822	32,602	59,424	
IFRS 16 impact per above	2,831	1,369	4,200	
Post-IFRS 16 basis EBIT	29,653	33,971	63,624	

6 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	2025 Total HK\$ million
Ports and Related Services	3,072	1,517	4,589
Retail	2,611	1,074	3,685
Infrastructure	356	11,450	11,806
Telecommunications			
CK Hutchison Group Telecom			
3 Group Europe	16,845	5,063	21,908
Hutchison Telecommunications Hong Kong Holdings	1,085	39	1,124
Corporate and Others	2	-	2
	17,932	5,102	23,034
Finance & Investments and Others	215	9,112	9,327
	24,186	28,255	52,441
<i>Portion attributable to:</i>			
Non-controlling interests of HPH Trust	-	263	263
	24,186	28,518	52,704
Divestiture of infrastructure investments	-	210	210
	24,186	28,728	52,914
IFRS 16 impact	14,205	4,863	19,068
	38,391	33,591	71,982

	Depreciation and amortisation		
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million
Ports and Related Services	2,859	1,440	4,299
Retail	2,508	869	3,377
Infrastructure	275	10,159	10,434
Telecommunications			
CK Hutchison Group Telecom			
3 Group Europe	19,168	351	19,519
Hutchison Telecommunications Hong Kong Holdings	1,082	40	1,122
Corporate and Others	3	-	3
	20,253	391	20,644
Finance & Investments and Others	496	8,919	9,415
	26,391	21,778	48,169
<i>Portion attributable to:</i>			
Non-controlling interests of HPH Trust	-	269	269
	26,391	22,047	48,438
Divestiture of infrastructure investments	-	212	212
	26,391	22,259	48,650
IFRS 16 impact	14,069	4,112	18,181
	40,460	26,371	66,831

Notes to the Financial Statements

6 Operating segment information (continued)

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

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

	Depreciation and amortisation		
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million
Ports and Related Services	2,843	1,457	4,300
Retail	2,550	788	3,338
Infrastructure	285	9,354	9,639
Telecommunications			
CK Hutchison Group Telecom			
3 Group Europe	18,688	260	18,948
Hutchison Telecommunications Hong Kong Holdings	1,082	45	1,127
Corporate and Others	1	–	1
	19,771	305	20,076
Finance & Investments and Others	508	8,451	8,959
	25,957	20,355	46,312
<i>Portion attributable to:</i>			
Non-controlling interests of HPH Trust	–	268	268
	25,957	20,623	46,580
Divestiture of infrastructure investments	–	176	176
	25,957	20,799	46,756
IFRS 16 impact	14,126	4,101	18,227
	40,083	24,900	64,983

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(xxii)			
	Fixed assets HK\$ million	Telecommunications licences HK\$ million	Brand names and other rights HK\$ million	2025 Total HK\$ million
Ports and Related Services	5,038	–	11	5,049
Retail	2,959	–	–	2,959
Infrastructure	286	–	6	292
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	9,896	–	2,070	11,966
Hutchison Telecommunications Hong Kong Holdings	440	–	–	440
Corporate and Others	–	–	1	1
	10,336	–	2,071	12,407
Finance & Investments and Others	234	–	4	238
	18,853	–	2,092	20,945
IFRS 16 impact	(110)	–	–	(110)
	18,743	–	2,092	20,835

6 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments (continued)

	Capital expenditure ^(xxii)			
	Fixed assets	Telecom- munications licences	Brand names and other rights	2024 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	3,804	–	16	3,820
Retail	3,240	–	–	3,240
Infrastructure	363	–	–	363
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	12,408	59	1,897	14,364
Hutchison Telecommunications Hong Kong Holdings	434	–	–	434
Corporate and Others	1	–	–	1
	12,843	59	1,897	14,799
Finance & Investments and Others	345	13	–	358
	20,595	72	1,913	22,580
IFRS 16 impact	(230)	–	–	(230)
	20,365	72	1,913	22,350

	Capital expenditure ^(xxii)			
	Fixed assets	Telecom- munications licences	Brand names and other rights	2023 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	5,511	–	10	5,521
Retail	2,814	–	–	2,814
Infrastructure	320	–	2	322
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	12,450	1,937	1,663	16,050
Hutchison Telecommunications Hong Kong Holdings	481	–	–	481
Corporate and Others	2	–	–	2
	12,933	1,937	1,663	16,533
Finance & Investments and Others	301	19	–	320
	21,879	1,956	1,675	25,510
IFRS 16 impact	(209)	–	–	(209)
	21,670	1,956	1,675	25,301

Notes to the Financial Statements

6 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Total assets			
	31 December 2025			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Ports and Related Services	76,110	537	23,634	100,281
Retail	206,832	1,661	20,987	229,480
Infrastructure	52,934	4	178,921	231,859
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	222,578	2,987	42,640	268,205
Hutchison Telecommunications				
Hong Kong Holdings	14,716	1	97	14,814
Corporate and Others	41,376	–	12	41,388
	278,670	2,988	42,749	324,407
Finance & Investments and Others	131,615	76	87,860	219,551
	746,161	5,266	354,151	1,105,578
IFRS 16 impact	50,784	1,836	(2,525)	50,095
	796,945	7,102	351,626	1,155,673

	Total assets			
	31 December 2024			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Ports and Related Services	70,019	490	22,825	93,334
Retail	201,748	1,701	16,999	220,448
Infrastructure	54,777	1	168,113	222,891
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	263,429	14,162	2,664	280,255
Hutchison Telecommunications				
Hong Kong Holdings	15,208	1	112	15,321
Corporate and Others	25,226	–	3	25,229
	303,863	14,163	2,779	320,805
Finance & Investments and Others	121,400	68	85,603	207,071
	751,807	16,423	296,319	1,064,549
IFRS 16 impact	48,532	1,717	(2,256)	47,993
	800,339	18,140	294,063	1,112,542

6 Operating segment information (continued)

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

(vi) An analysis of total assets by segments (continued)

	Total assets			
	31 December 2023			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Ports and Related Services	75,587	609	21,519	97,715
Retail	201,155	1,802	17,233	220,190
Infrastructure	59,577	2	171,277	230,856
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	275,196	16,858	2,628	294,682
Hutchison Telecommunications				
Hong Kong Holdings	15,776	2	109	15,887
Corporate and Others	26,995	–	1	26,996
	317,967	16,860	2,738	337,565
Finance & Investments and Others	131,868	64	89,124	221,056
	786,154	19,337	301,891	1,107,382
IFRS 16 impact	51,700	1,737	(1,916)	51,521
	837,854	21,074	299,975	1,158,903

	Total assets				
	1 January 2023				
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Assets classified as held for sale HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Ports and Related Services	72,263	352	–	23,200	95,815
Retail	198,358	1,471	–	15,630	215,459
Infrastructure	65,516	3	–	165,138	230,657
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	263,859	15,067	5,178	10	284,114
Hutchison Telecommunications					
Hong Kong Holdings	16,148	4	–	157	16,309
Corporate and Others	35,040	–	–	2	35,042
	315,047	15,071	5,178	169	335,465
Finance & Investments and Others	133,457	57	–	87,030	220,544
	784,641	16,954	5,178	291,167	1,097,940
IFRS 16 impact	49,919	1,555	918	(1,895)	50,497
	834,560	18,509	6,096	289,272	1,148,437

Notes to the Financial Statements

6 Operating segment information (continued)

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

(vii) An analysis of total liabilities by segments

	Total liabilities			
	31 December 2025			
	Segment liabilities ^(xx) HK\$ million	Current & non-current borrowings ^(xxi) and other non-current liabilities HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million
Ports and Related Services	13,012	11,171	4,527	28,710
Retail	30,857	8,191	10,266	49,314
Infrastructure	6,628	21,102	577	28,307
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	25,697	13,973	1,470	41,140
Hutchison Telecommunications				
Hong Kong Holdings	1,610	1,980	272	3,862
Corporate and Others	1,384	45,338	223	46,945
	28,691	61,291	1,965	91,947
Finance & Investments and Others	7,006	195,776	2,922	205,704
	86,194	297,531	20,257	403,982
IFRS 16 impact	64,866	(796)	(771)	63,299
	151,060	296,735	19,486	467,281

	Total liabilities			
	31 December 2024			
	Segment liabilities ^(xx) HK\$ million	Current & non-current borrowings ^(xxi) and other non-current liabilities HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million
Ports and Related Services	11,044	10,385	4,531	25,960
Retail	28,340	6,626	10,369	45,335
Infrastructure	6,809	19,131	535	26,475
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	28,865	14,883	3,622	47,370
Hutchison Telecommunications				
Hong Kong Holdings	1,657	2,118	198	3,973
Corporate and Others	865	44,914	46	45,825
	31,387	61,915	3,866	97,168
Finance & Investments and Others	9,714	191,885	2,739	204,338
	87,294	289,942	22,040	399,276
IFRS 16 impact	63,067	(1,695)	(698)	60,674
	150,361	288,247	21,342	459,950

6 Operating segment information (continued)

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

(vii) An analysis of total liabilities by segments (continued)

	Total liabilities			
	31 December 2023			
	Segment liabilities ^(xx)	Current & non-current borrowings ^(xx) and other non-current liabilities	Current & deferred tax liabilities	Total liabilities
Ports and Related Services	11,591	14,867	4,535	30,993
Retail	27,748	7,056	10,900	45,704
Infrastructure	7,236	24,551	615	32,402
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	32,856	16,319	3,935	53,110
Hutchison Telecommunications				
Hong Kong Holdings	1,835	2,249	123	4,207
Corporate and Others	1,105	44,428	26	45,559
	35,796	62,996	4,084	102,876
Finance & Investments and Others	8,642	198,493	4,462	211,597
	91,013	307,963	24,596	423,572
IFRS 16 impact	66,865	(1,225)	(858)	64,782
	157,878	306,738	23,738	488,354

	Total liabilities				
	1 January 2023				
	Segment liabilities ^(xx)	Current & non-current borrowings ^(xx) and other non-current liabilities	Liabilities directly associated with assets classified as held for sale	Current & deferred tax liabilities	Total liabilities
Ports and Related Services	10,948	14,604	–	4,696	30,248
Retail	24,598	10,531	–	10,619	45,748
Infrastructure	7,338	28,416	–	556	36,310
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	37,008	14,989	207	3,393	55,597
Hutchison					
Telecommunications					
Hong Kong Holdings	1,808	2,371	–	50	4,229
Corporate and Others	777	50,923	–	11	51,711
	39,593	68,283	207	3,454	111,537
Finance & Investments and Others	10,660	198,023	–	4,860	213,543
	93,137	319,857	207	24,185	437,386
IFRS 16 impact	64,781	(1,065)	920	(894)	63,742
	157,918	318,792	1,127	23,291	501,128

Notes to the Financial Statements

6 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue ^(xix)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
Hong Kong	29,703	4,416	34,119	7%
Chinese Mainland	16,595	7,832	24,427	5%
The People's Republic of China	46,298	12,248	58,546	12%
Europe	155,856	121,518	277,374	55%
Canada	89	3,266	3,355	1%
Asia, Australia and Others	62,515	16,458	78,973	15%
	218,460	141,242	359,702	71%
Finance & Investments and Others	264,758	153,490	418,248	83%
	15,278	73,771	89,049	17%
	280,036	227,261	507,297 **	100%

	Revenue ^(xix)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
Hong Kong	28,763	5,143	33,906	7%
Chinese Mainland	16,833	7,506	24,339	5%
The People's Republic of China	45,596	12,649	58,245	12%
Europe	161,049	83,323	244,372	52%
Canada	204	3,151	3,355	1%
Asia, Australia and Others	57,087	16,111	73,198	15%
	218,340	102,585	320,925	68%
Finance & Investments and Others	263,936	115,234	379,170	80%
	17,415	80,097	97,512	20%
	281,351	195,331	476,682 **	100%

	Revenue ^(xix)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
Hong Kong	29,857	4,554	34,411	8%
Chinese Mainland	20,072	7,264	27,336	6%
The People's Republic of China	49,929	11,818	61,747	14%
Europe	154,709	76,970	231,679	50%
Canada	229	3,633	3,862	1%
Asia, Australia and Others	53,047	15,388	68,435	14%
	207,985	95,991	303,976	65%
Finance & Investments and Others	257,914	107,809	365,723	79%
	17,661	78,174	95,835	21%
	275,575	185,983	461,558 **	100%

** see note 6(b)(i) for reconciliation of segment revenue to revenue presented in the consolidated income statement.

6 Operating segment information *(continued)*

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

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
Hong Kong	427	1,826	2,253	2%
Chinese Mainland	372	2,525	2,897	3%
The People's Republic of China	799	4,351	5,150	5%
Europe	22,462	30,299	52,761	50%
Canada	97	1,893	1,990	2%
Asia, Australia and Others	14,282	9,292	23,574	23%
	36,841	41,484	78,325	75%
Finance & Investments and Others	37,640	45,835	83,475	80%
	2,042	19,299	21,341	20%
	39,682	65,134	104,816 ^{##}	100%

	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
Hong Kong	469	1,884	2,353	2%
Chinese Mainland	613	2,577	3,190	3%
The People's Republic of China	1,082	4,461	5,543	5%
Europe	34,121	22,393	56,514	55%
Canada	199	1,834	2,033	2%
Asia, Australia and Others	13,404	8,816	22,220	22%
	47,724	33,043	80,767	79%
Finance & Investments and Others	48,806	37,504	86,310	84%
	(176)	16,466	16,290	16%
	48,630	53,970	102,600 ^{##}	100%

	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
Hong Kong	1,182	1,686	2,868	3%
Chinese Mainland	1,499	2,222	3,721	4%
The People's Republic of China	2,681	3,908	6,589	7%
Europe	31,845	20,612	52,457	50%
Canada	230	1,978	2,208	2%
Asia, Australia and Others	12,392	8,094	20,486	19%
	44,467	30,684	75,151	71%
Finance & Investments and Others	47,148	34,592	81,740	78%
	5,631	17,853	23,484	22%
	52,779	52,445	105,224 ^{##}	100%

^{##} see note 6(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

Notes to the Financial Statements

6 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	2025 Total HK\$ million	%
Hong Kong	(1,051)	833	(218)	–
Chinese Mainland	(384)	1,742	1,358	3%
The People's Republic of China	(1,435)	2,575	1,140	3%
Europe	3,402	17,468	20,870	40%
Canada	98	1,211	1,309	2%
Asia, Australia and Others	11,604	5,438	17,042	32%
	15,104	24,117	39,221	74%
Finance & Investments and Others	13,669	26,692	40,361	77%
	1,827	10,187	12,014	23%
	15,496	36,879	52,375 ^{@@}	100%

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
Hong Kong	(1,017)	945	(72)	–
Chinese Mainland	(110)	1,822	1,712	3%
The People's Republic of China	(1,127)	2,767	1,640	3%
Europe	12,911	15,499	28,410	52%
Canada	200	1,155	1,355	2%
Asia, Australia and Others	10,927	5,224	16,151	30%
	24,038	21,878	45,916	84%
Finance & Investments and Others	22,911	24,645	47,556	87%
	(672)	7,547	6,875	13%
	22,239	32,192	54,431 ^{@@}	100%

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
Hong Kong	(342)	741	399	1%
Chinese Mainland	647	1,460	2,107	3%
The People's Republic of China	305	2,201	2,506	4%
Europe	11,194	14,376	25,570	43%
Canada	229	1,308	1,537	3%
Asia, Australia and Others	9,971	4,803	14,774	25%
	21,394	20,487	41,881	71%
Finance & Investments and Others	21,699	22,688	44,387	75%
	5,123	9,402	14,525	25%
	26,822	32,090	58,912 ^{@@}	100%

@@ see note 6(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

6 Operating segment information (continued)

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

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure ^(xxii)			
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	2025 Total HK\$ million
Hong Kong	1,110	–	–	1,110
Chinese Mainland	327	–	–	327
The People's Republic of China	1,437	–	–	1,437
Europe	13,439	–	2,071	15,510
Asia, Australia and Others	3,743	–	17	3,760
	17,182	–	2,088	19,270
Finance & Investments and Others	18,619	–	2,088	20,707
	234	–	4	238
IFRS 16 impact	18,853	–	2,092	20,945
	(110)	–	–	(110)
	18,743	–	2,092	20,835

	Capital expenditure ^(xxii)			
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	2024 Total HK\$ million
Hong Kong	1,241	–	–	1,241
Chinese Mainland	668	–	–	668
The People's Republic of China	1,909	–	–	1,909
Europe	15,088	59	1,897	17,044
Asia, Australia and Others	3,253	–	16	3,269
	18,341	59	1,913	20,313
Finance & Investments and Others	20,250	59	1,913	22,222
	345	13	–	358
IFRS 16 impact	20,595	72	1,913	22,580
	(230)	–	–	(230)
	20,365	72	1,913	22,350

	Capital expenditure ^(xxii)			
	Fixed assets HK\$ million	Telecom- munications licences HK\$ million	Brand names and other rights HK\$ million	2023 Total HK\$ million
Hong Kong	1,389	–	–	1,389
Chinese Mainland	658	–	–	658
The People's Republic of China	2,047	–	–	2,047
Europe	14,799	1,088	1,663	17,550
Asia, Australia and Others	4,732	849	12	5,593
	19,531	1,937	1,675	23,143
Finance & Investments and Others	21,578	1,937	1,675	25,190
	301	19	–	320
IFRS 16 impact	21,879	1,956	1,675	25,510
	(209)	–	–	(209)
	21,670	1,956	1,675	25,301

Notes to the Financial Statements

6 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations

	Total assets			
	31 December 2025			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Hong Kong	40,826	288	8,902	50,016
Chinese Mainland	26,245	476	15,366	42,087
The People's Republic of China	67,071	764	24,268	92,103
Europe	422,149	3,652	171,201	597,002
Canada	4,532	1	11,097	15,630
Asia, Australia and Others	120,794	773	59,725	181,292
	547,475	4,426	242,023	793,924
Finance & Investments and Others	614,546	5,190	266,291	886,027
	131,615	76	87,860	219,551
IFRS 16 impact	746,161	5,266	354,151	1,105,578
	50,784	1,836	(2,525)	50,095
	796,945	7,102	351,626	1,155,673

	Total assets			
	31 December 2024			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Hong Kong	47,825	287	10,631	58,743
Chinese Mainland	29,076	570	15,298	44,944
The People's Republic of China	76,901	857	25,929	103,687
Europe	432,453	14,787	119,130	566,370
Canada	4,969	1	10,980	15,950
Asia, Australia and Others	116,084	710	54,677	171,471
	553,506	15,498	184,787	753,791
Finance & Investments and Others	630,407	16,355	210,716	857,478
	121,400	68	85,603	207,071
IFRS 16 impact	751,807	16,423	296,319	1,064,549
	48,532	1,717	(2,256)	47,993
	800,339	18,140	294,063	1,112,542

6 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations (continued)

	Total assets			
	31 December 2023			
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Hong Kong	48,053	161	10,656	58,870
Chinese Mainland	33,223	688	15,184	49,095
The People's Republic of China	81,276	849	25,840	107,965
Europe	444,041	17,614	117,538	579,193
Canada	4,333	2	12,329	16,664
Asia, Australia and Others	124,636	808	57,060	182,504
	573,010	18,424	186,927	778,361
	654,286	19,273	212,767	886,326
Finance & Investments and Others	131,868	64	89,124	221,056
	786,154	19,337	301,891	1,107,382
IFRS 16 impact	51,700	1,737	(1,916)	51,521
	837,854	21,074	299,975	1,158,903

	Total assets				
	1 January 2023				
	Segment assets ^(xx) HK\$ million	Deferred tax assets HK\$ million	Assets classified as held for sale HK\$ million	Investments in associated companies and interests in joint ventures HK\$ million	Total assets HK\$ million
Hong Kong	52,247	79	–	10,708	63,034
Chinese Mainland	37,850	765	–	17,209	55,824
The People's Republic of China	90,097	844	–	27,917	118,858
Europe	420,785	15,512	5,178	106,525	548,000
Canada	4,169	3	–	12,238	16,410
Asia, Australia and Others	136,133	538	–	57,457	194,128
	561,087	16,053	5,178	176,220	758,538
	651,184	16,897	5,178	204,137	877,396
Finance & Investments and Others	133,457	57	–	87,030	220,544
	784,641	16,954	5,178	291,167	1,097,940
IFRS 16 impact	49,919	1,555	918	(1,895)	50,497
	834,560	18,509	6,096	289,272	1,148,437

Notes to the Financial Statements

6 Operating segment information (continued)

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

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

The Group's EBITDA and EBIT for the year ended 31 December 2025 included the losses attributable to shareholders arising from the disposal of interests in the Group's telecommunications business in the United Kingdom (the "UK"), which was completed in May 2025. These losses amounted to HK\$9,915 million, with a related impact of HK\$1,007 million, totalling HK\$10,922 million (see note 6(b)(xvi)). For the year ended 31 December 2024, EBITDA and EBIT included losses attributable to shareholders from an impairment charge against the assets of the Group's telecommunications business in Vietnam of HK\$1,859 million, together with other provisions of HK\$1,881 million (see note 6(b)(xvii)).

An analysis by segments of EBITDA before losses from major transaction activities and other one-off items is set out below:

	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries	Associates and JV	2025 Total	%
	HK\$ million	HK\$ million	HK\$ million	
EBITDA before one-off item				
Ports and Related Services	13,320	4,119	17,439	15%
Retail	12,414	5,824	18,238	16%
Infrastructure	945	30,396	31,341	27%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	20,425	5,452	25,877	22%
Hutchison Telecommunications Hong Kong Holdings	1,198	51	1,249	1%
Corporate and Others	698	(7)	691	1%
	22,321	5,496	27,817	24%
Finance & Investments and Others	1,604	19,299	20,903	18%
	50,604	65,134	115,738	100%
One-off item				
Loss from disposal of telecommunications business in UK and related impact ^(xvi)	(10,922)	–	(10,922)	
	39,682	65,134	104,816 ^{##}	
	EBITDA (LBITDA) ^(xiv)			
	Company and Subsidiaries	Associates and JV	2024 Total	%
	HK\$ million	HK\$ million	HK\$ million	
EBITDA before one-off item				
Ports and Related Services	12,098	4,074	16,172	15%
Retail	11,274	5,121	16,395	15%
Infrastructure	1,765	27,849	29,614	28%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	22,689	433	23,122	22%
Hutchison Telecommunications Hong Kong Holdings	1,236	54	1,290	1%
Corporate and Others	(256)	(27)	(283)	–
	23,669	460	24,129	23%
Finance & Investments and Others	3,564	16,466	20,030	19%
	52,370	53,970	106,340	100%
One-off item				
Impairment of telecommunications business in Vietnam and other provisions ^(xvii)	(3,740)	–	(3,740)	
	48,630	53,970	102,600 ^{##}	

^{##} see note 6(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

6 Operating segment information (continued)

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

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

An analysis by segments of EBITDA before losses from major transaction activities and other one-off items is set out below (continued):

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	
EBITDA before one-off item				
Ports and Related Services	10,119	3,524	13,643	13%
Retail	11,335	4,891	16,226	15%
Infrastructure	3,364	25,837	29,201	28%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	21,059	289	21,348	21%
Hutchison Telecommunications Hong Kong Holdings	1,182	61	1,243	1%
Corporate and Others	89	(10)	79	–
	22,330	340	22,670	22%
Finance & Investments and Others ^(xviii)	5,631	17,853	23,484	22%
	52,779	52,445	105,224	100%
One-off item	–	–	–	
	52,779	52,445	105,224 ^{##}	

An analysis by geographical locations of EBITDA before losses from major transaction activities and other one-off items is set out below:

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	
EBITDA before one-off item				
Hong Kong	427	1,826	2,253	2%
Chinese Mainland	372	2,525	2,897	3%
The People's Republic of China	799	4,351	5,150	5%
Europe	33,822	30,299	64,121	55%
Canada	97	1,893	1,990	2%
Asia, Australia and Others	14,282	9,292	23,574	20%
	48,201	41,484	89,685	77%
	49,000	45,835	94,835	82%
Finance & Investments and Others	1,604	19,299	20,903	18%
	50,604	65,134	115,738	100%
One-off item				
Loss from disposal of telecommunications business in UK and related impact ^(xv)	(10,922)	–	(10,922)	
	39,682	65,134	104,816 ^{##}	

see note 6(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

Notes to the Financial Statements

6 Operating segment information (continued)

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

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

An analysis by geographical locations of EBITDA before losses from major transaction activities and other one-off items is set out below (continued):

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	
EBITDA before one-off item				
Hong Kong	469	1,884	2,353	2%
Chinese Mainland	613	2,577	3,190	3%
The People's Republic of China	1,082	4,461	5,543	5%
Europe	34,121	22,393	56,514	53%
Canada	199	1,834	2,033	2%
Asia, Australia and Others	13,404	8,816	22,220	21%
	47,724	33,043	80,767	76%
Finance & Investments and Others	48,806	37,504	86,310	81%
	3,564	16,466	20,030	19%
	52,370	53,970	106,340	100%
One-off item				
Impairment of telecommunications business in Vietnam and other provisions ^(xvii)	(3,740)	–	(3,740)	
	48,630	53,970	102,600 ^{##}	

	EBITDA (LBITDA) ^(xiv)			%
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	
EBITDA before one-off item				
Hong Kong	1,182	1,686	2,868	3%
Chinese Mainland	1,499	2,222	3,721	4%
The People's Republic of China	2,681	3,908	6,589	7%
Europe	31,845	20,612	52,457	50%
Canada	230	1,978	2,208	2%
Asia, Australia and Others	12,392	8,094	20,486	19%
	44,467	30,684	75,151	71%
Finance & Investments and Others ^(xviii)	47,148	34,592	81,740	78%
	5,631	17,853	23,484	22%
	52,779	52,445	105,224	100%
One-off item	–	–	–	
	52,779	52,445	105,224 ^{##}	

^{##} see note 6(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

6 Operating segment information (continued)

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

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

An analysis by segments of EBIT before losses from major transaction activities and other one-off items is set out below:

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
EBIT before one-off item				
Ports and Related Services	10,248	2,602	12,850	20%
Retail	9,803	4,750	14,553	23%
Infrastructure	589	18,946	19,535	31%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	3,580	389	3,969	7%
Hutchison Telecommunications Hong Kong Holdings	113	12	125	–
Corporate and Others	696	(7)	689	1%
	4,389	394	4,783	8%
Finance & Investments and Others	1,389	10,187	11,576	18%
	26,418	36,879	63,297	100%
One-off item				
Loss from disposal of telecommunications business in UK and related impact ^(xvi)	(10,922)	–	(10,922)	
	15,496	36,879	52,375 ^{@@}	

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
EBIT before one-off item				
Ports and Related Services	9,239	2,634	11,873	21%
Retail	8,766	4,252	13,018	22%
Infrastructure	1,490	17,690	19,180	33%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	3,521	82	3,603	6%
Hutchison Telecommunications Hong Kong Holdings	154	14	168	–
Corporate and Others	(259)	(27)	(286)	–
	3,416	69	3,485	6%
Finance & Investments and Others	3,068	7,547	10,615	18%
	25,979	32,192	58,171	100%
One-off item				
Impairment of telecommunications business in Vietnam and other provisions ^(xvii)	(3,740)	–	(3,740)	
	22,239	32,192	54,431 ^{@@}	

@@ see note 6(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

Notes to the Financial Statements

6 Operating segment information (continued)

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

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

An analysis by segments of EBIT before losses from major transaction activities and other one-off items is set out below (continued):

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
EBIT before one-off item				
Ports and Related Services	7,276	2,067	9,343	16%
Retail	8,785	4,103	12,888	22%
Infrastructure	3,079	16,483	19,562	33%
Telecommunications				
CK Hutchison Group Telecom				
3 Group Europe	2,371	29	2,400	4%
Hutchison Telecommunications Hong Kong Holdings	100	16	116	–
Corporate and Others	88	(10)	78	–
	2,559	35	2,594	4%
Finance & Investments and Others ^(xviii)	5,123	9,402	14,525	25%
	26,822	32,090	58,912	100%
One-off item	–	–	–	
	26,822	32,090	58,912 ^{@@}	

An analysis by segments of EBIT before losses from major transaction activities and other one-off items is set out below:

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2025 Total HK\$ million	%
EBIT before one-off item				
Hong Kong	(1,051)	833	(218)	–
Chinese Mainland	(384)	1,742	1,358	2%
The People's Republic of China	(1,435)	2,575	1,140	2%
Europe	14,762	17,468	32,230	51%
Canada	98	1,211	1,309	2%
Asia, Australia and Others	11,604	5,438	17,042	27%
	26,464	24,117	50,581	80%
	25,029	26,692	51,721	82%
Finance & Investments and Others	1,389	10,187	11,576	18%
	26,418	36,879	63,297	100%
One-off item				
Loss from disposal of telecommunications business in UK and related impact ^(xvi)	(10,922)	–	(10,922)	
	15,496	36,879	52,375 ^{@@}	

@@ see note 6(b)(iii) for reconciliation of segment EBIT to EBIT included in the consolidated income statement.

6 Operating segment information (continued)

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

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

An analysis by segments of EBIT before losses from major transaction activities and other one-off items is set out below (continued):

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2024 Total HK\$ million	%
EBIT before one-off item				
Hong Kong	(1,017)	945	(72)	–
Chinese Mainland	(110)	1,822	1,712	3%
The People's Republic of China	(1,127)	2,767	1,640	3%
Europe	12,911	15,499	28,410	49%
Canada	200	1,155	1,355	2%
Asia, Australia and Others	10,927	5,224	16,151	28%
	24,038	21,878	45,916	79%
	22,911	24,645	47,556	82%
Finance & Investments and Others	3,068	7,547	10,615	18%
	25,979	32,192	58,171	100%
One-off item				
Impairment of telecommunications business in Vietnam and other provisions ^(xvii)	(3,740)	–	(3,740)	
	22,239	32,192	54,431 ^{@@}	

	EBIT (LBIT) ^(xv)			
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2023 Total HK\$ million	%
EBIT before one-off item				
Hong Kong	(342)	741	399	1%
Chinese Mainland	647	1,460	2,107	3%
The People's Republic of China	305	2,201	2,506	4%
Europe	11,194	14,376	25,570	43%
Canada	229	1,308	1,537	3%
Asia, Australia and Others	9,971	4,803	14,774	25%
	21,394	20,487	41,881	71%
	21,699	22,688	44,387	75%
Finance & Investments and Others ^(xviii)	5,123	9,402	14,525	25%
	26,822	32,090	58,912	100%
One-off item				
	–	–	–	
	26,822	32,090	58,912 ^{@@}	

@@ see note 6(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

Notes to the Financial Statements

6 Operating segment information (continued)

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

(xiv) EBITDA (LBITDA)

EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and its 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. 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 used in its internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS, 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 IFRS.

(xv) EBIT (LBIT)

EBIT (LBIT) represents the EBIT (LBIT) of the Company and its 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. 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 used in its internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS, 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 IFRS.

(xvi) Disposal of 3 UK and merger with Vodafone Group

The merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the United Kingdom was completed on 31 May 2025. Immediately following completion, 3 UK and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Company's consolidated financial statements. The combined business, named VodafoneThree, is 51% owned by Vodafone and 49% by the Group. This transaction is accounted for in these consolidated financial statements as a disposal of the Group's entire interest in 3 UK and concurrently an acquisition of a 49% interest in the combined business, which is accounted for as an associated company (see note 18).

Included in the current year are the profit and loss effects arising from the disposal of 3 UK, comprising a loss on disposal of HK\$9,915 million (HK\$9,462 million on a Post-IFRS 16 basis) and related impacts of HK\$1,007 million (HK\$1,007 million on a Post-IFRS 16 basis), such as legal and professional fees arising from the merger transaction. These amounts are presented at both the EBITDA and EBIT levels.

In the consolidated income statement, these amounts are reported on a Post-IFRS 16 basis. The loss on disposal of HK\$9,462 million is reported in "Other expenses and losses" (see note 8), and the related impacts of HK\$732 million, HK\$258 million and HK\$17 million are included in legal and professional fees, staff costs and office and general administrative expenses and others, respectively (see note 8).

(xvii) Impairment and provisions relating to Vietnam telecommunications business

The 31 December 2024 comparative balance includes an impairment charge of HK\$1,859 million (HK\$1,859 million on a Post-IFRS 16 basis, see note 8(e)) against assets of the Group's telecommunications business in Vietnam, and provisions totalling HK\$1,881 million for exposures relating to the Group's interest in this business. The total amount of HK\$3,740 million is reflected at both the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results.

In the consolidated income statement, these charges are reported in the line item "Other expenses and losses", with HK\$1,859 million presented as "Impairment loss on telecommunications business in Vietnam" and HK\$1,881 million included in "Office and general administrative expenses and others".

6 Operating segment information *(continued)*

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

(xviii) Gain on disposal of Cenovus Energy warrants

The 31 December 2023 comparative year balance included a gain on disposal of financial instruments of HK\$1,829 million. 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. Prior to their disposal, these share warrants, which served 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 resulted in a gain (after reclassification adjustments of hedging gains to profit or loss) of approximately HK\$1,829 million (HK\$1,829 million on a Post-IFRS 16 basis) in the comparative year. This gain was reported under "Finance & Investments and Others" in the segment results and under "Other income and gains" in the consolidated income statement.

(xix) Geographical location of customers

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

(xx) Segment assets and segment liabilities

Segment assets are assets other than deferred tax assets, 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), and other non-current liabilities.

Refer to note 6(b)(vi) and 6(b)(vii) for reconciliation of segment assets and segment liabilities from a Pre-IFRS 16 basis to a Post-IFRS 16 basis.

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Hong Kong	65,065	73,423	72,857	76,195
Chinese Mainland	53,035	54,341	57,362	63,398
The People's Republic of China	118,100	127,764	130,219	139,593
Europe	543,640	513,988	523,476	487,612
Canada	61,345	59,958	62,643	59,262
Asia, Australia and Others	195,265	185,897	197,955	193,888
	800,250	759,843	784,074	740,762
	918,350	887,607	914,293	880,355

The geographical location of these 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 operations to which they are allocated (for intangible assets and goodwill), and the location of operations (for associated companies and interests in joint ventures).

(xxi) Current and non-current borrowings

Current and non-current borrowings comprise bank and other debts, as well as interest-bearing loans from non-controlling shareholders.

(xxii) Capital expenditure treatment for leases

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

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis

(i) Consolidated Income Statement

	2025		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Revenue	280,036	–	280,036
Cost of inventories sold	(113,633)	25	(113,608)
Staff costs	(43,688)	–	(43,688)
Expensed customer acquisition and retention costs	(9,820)	244	(9,576)
Depreciation and amortisation	(24,186)	(14,205)	(38,391)
Other expenses and losses	(74,189)	17,400	(56,789)
Other income and gains	976	–	976
Share of profits less losses of:			
Associated companies	8,858	42	8,900
Joint ventures	11,255	(181)	11,074
	35,609	3,325	38,934
Interest expenses and other finance costs	(9,366)	(2,961)	(12,327)
Profit before tax	26,243	364	26,607
Current tax charge	(5,284)	(1)	(5,285)
Deferred tax charge	(2,016)	64	(1,952)
Profit after tax	18,943	427	19,370
Profit attributable to non-controlling interests	(7,607)	78	(7,529)
Profit attributable to ordinary shareholders	11,336	505	11,841
Earnings per share for profit attributable to ordinary shareholders	HK\$ 2.96	HK\$ 0.13	HK\$ 3.09

6 Operating segment information *(continued)*

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis *(continued)*

(i) Consolidated Income Statement *(continued)*

	2024		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Revenue	281,351	–	281,351
Cost of inventories sold	(106,223)	29	(106,194)
Staff costs	(41,591)	–	(41,591)
Expensed customer acquisition and retention costs	(15,787)	354	(15,433)
Depreciation and amortisation	(26,391)	(14,069)	(40,460)
Other expenses and losses	(69,594)	16,699	(52,895)
Other income and gains	474	50	524
Share of profits less losses of:			
Associated companies	7,012	(109)	6,903
Joint ventures	10,013	(256)	9,757
	39,264	2,698	41,962
Interest expenses and other finance costs	(10,678)	(2,714)	(13,392)
Profit before tax	28,586	(16)	28,570
Current tax charge	(4,199)	10	(4,189)
Deferred tax charge	(528)	–	(528)
Profit after tax	23,859	(6)	23,853
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,829)	64	(6,765)
Profit attributable to ordinary shareholders	17,030	58	17,088
Earnings per share for profit attributable to ordinary shareholders	HK\$ 4.45	HK\$ 0.01	HK\$ 4.46

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(i) Consolidated Income Statement (continued)

	2023		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Revenue	275,575	–	275,575
Cost of inventories sold	(105,771)	32	(105,739)
Staff costs	(39,226)	–	(39,226)
Expensed customer acquisition and retention costs	(15,577)	389	(15,188)
Depreciation and amortisation	(25,957)	(14,126)	(40,083)
Other expenses and losses	(64,383)	16,538	(47,845)
Other income and gains	2,161	(2)	2,159
Share of profits less losses of:			
Associated companies	8,215	(77)	8,138
Joint ventures	8,018	(28)	7,990
	43,055	2,726	45,781
Interest expenses and other finance costs	(9,720)	(2,507)	(12,227)
Profit before tax	33,335	219	33,554
Current tax charge	(4,123)	4	(4,119)
Deferred tax credit	1,083	33	1,116
Profit after tax	30,295	256	30,551
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,711)	(1)	(6,712)
Profit attributable to ordinary shareholders	23,584	255	23,839
Earnings per share for profit attributable to ordinary shareholders	HK\$ 6.15	HK\$ 0.07	HK\$ 6.22

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(ii) Consolidated Statement of Comprehensive Income

	2025		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Profit after tax	18,943	427	19,370
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	217	–	217
Remeasurement of defined benefit obligations	(695)	–	(695)
Share of other comprehensive income of associated companies	98	–	98
Share of other comprehensive income of joint ventures	335	–	335
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	114	–	114
	69	–	69
Items that may be reclassified to profit or loss			
Changes in fair value of debt instruments at fair value through other comprehensive income	170	–	170
Exchange gains on translation of foreign operations	25,517	(806)	24,711
Reserves reclassified to profit or loss	(6,350)	–	(6,350)
Gains on cash flow hedges	46	–	46
Losses on net investment hedges	(2,949)	–	(2,949)
Share of other comprehensive income of associated companies	2,774	(50)	2,724
Share of other comprehensive income of joint ventures	8,875	(80)	8,795
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	3	–	3
	28,086	(936)	27,150
Other comprehensive income, net of tax	28,155	(936)	27,219
Total comprehensive income	47,098	(509)	46,589
Total comprehensive income attributable to non-controlling interests	(11,243)	307	(10,936)
Total comprehensive income attributable to ordinary shareholders	35,855	(202)	35,653

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(ii) Consolidated Statement of Comprehensive Income (continued)

	2024		
	Pre-IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post-IFRS 16 basis HK\$ million
Profit after tax	23,859	(6)	23,853
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	(528)	–	(528)
Remeasurement of defined benefit obligations	810	–	810
Share of other comprehensive income (losses) of associated companies	(83)	–	(83)
Share of other comprehensive income (losses) of joint ventures	(945)	–	(945)
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(90)	–	(90)
	(836)	–	(836)
Items that may be reclassified to profit or loss			
Changes in fair value of debt instruments at fair value through other comprehensive income	126	–	126
Exchange losses on translation of foreign operations	(10,064)	521	(9,543)
Losses on cash flow hedges	(132)	–	(132)
Gains on net investment hedges	1,484	–	1,484
Share of other comprehensive income (losses) of associated companies	(5,658)	(12)	(5,670)
Share of other comprehensive income (losses) of joint ventures	(5,348)	37	(5,311)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	5	–	5
	(19,587)	546	(19,041)
Other comprehensive income (losses), net of tax	(20,423)	546	(19,877)
Total comprehensive income	3,436	540	3,976
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(4,061)	(94)	(4,155)
Total comprehensive income (losses) attributable to ordinary shareholders	(625)	446	(179)

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(ii) Consolidated Statement of Comprehensive Income (continued)

	2023		
	Pre-IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post-IFRS 16 basis HK\$ million
Profit after tax	30,295	256	30,551
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
Remeasurement of defined benefit obligations	(1,470)	–	(1,470)
Share of other comprehensive income (losses) of associated companies	(560)	–	(560)
Share of other comprehensive income of joint ventures	269	–	269
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	376	–	376
	(667)	–	(667)
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
Exchange gains on translation of foreign operations	8,100	(329)	7,771
Losses on cash flow hedges	(1,059)	–	(1,059)
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	1,812	77	1,889
Share of other comprehensive income of joint ventures	3,748	(20)	3,728
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	4	–	4
	9,349	(272)	9,077
Other comprehensive income, net of tax	8,682	(272)	8,410
Total comprehensive income	38,977	(16)	38,961
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(7,560)	84	(7,476)
Total comprehensive income attributable to ordinary shareholders	31,417	68	31,485

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iii) Consolidated Statement of Financial Position

	31 December 2025		
	Pre-IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post-IFRS 16 basis HK\$ million
Non-current assets			
Fixed assets	101,011	(931)	100,080
Right-of-use assets	–	59,160	59,160
Leasehold land	5,774	(5,774)	–
Telecommunications licences	48,732	–	48,732
Brand names and other rights	77,120	–	77,120
Goodwill	274,553	–	274,553
Associated companies	181,367	(849)	180,518
Interests in joint ventures	172,784	(1,676)	171,108
Deferred tax assets	5,266	1,836	7,102
Liquid funds and other listed investments	7,562	–	7,562
Other non-current assets	16,400	595	16,995
	890,569	52,361	942,930
Current assets			
Cash and cash equivalents	143,748	–	143,748
Inventories	26,688	–	26,688
Trade receivables and other current assets	44,573	(2,266)	42,307
	215,009	(2,266)	212,743
Current liabilities			
Bank and other debts	38,120	(33)	38,087
Current tax liabilities	2,212	(1)	2,211
Lease liabilities	–	14,027	14,027
Trade payables and other current liabilities	82,704	(1,630)	81,074
	123,036	12,363	135,399
Net current assets	91,973	(14,629)	77,344
Total assets less current liabilities	982,542	37,732	1,020,274
Non-current liabilities			
Bank and other debts	225,570	(64)	225,506
Interest-bearing loans from non-controlling shareholders	4,193	–	4,193
Lease liabilities	–	52,469	52,469
Deferred tax liabilities	18,045	(770)	17,275
Pension obligations	3,490	–	3,490
Other non-current liabilities	29,648	(699)	28,949
	280,946	50,936	331,882
Net assets	701,596	(13,204)	688,392
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	324,888	(8,918)	315,970
Total ordinary shareholders' funds	571,690	(8,918)	562,772
Non-controlling interests	129,906	(4,286)	125,620
Total equity	701,596	(13,204)	688,392

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iii) Consolidated Statement of Financial Position (continued)

	31 December 2024		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Non-current assets			
Fixed assets	113,994	(2,217)	111,777
Right-of-use assets	–	57,589	57,589
Leasehold land	5,443	(5,443)	–
Telecommunications licences	63,869	–	63,869
Brand names and other rights	79,241	–	79,241
Goodwill	267,325	–	267,325
Associated companies	140,713	(858)	139,855
Interests in joint ventures	155,606	(1,398)	154,208
Deferred tax assets	16,423	1,717	18,140
Liquid funds and other listed investments	8,142	–	8,142
Other non-current assets	19,589	614	20,203
	870,345	50,004	920,349
Current assets			
Cash and cash equivalents	121,303	–	121,303
Inventories	24,923	–	24,923
Trade receivables and other current assets	47,978	(2,011)	45,967
	194,204	(2,011)	192,193
Current liabilities			
Bank and other debts	31,427	(471)	30,956
Interest-bearing loan from a non-controlling shareholder	1,874	–	1,874
Current tax liabilities	3,431	(63)	3,368
Lease liabilities	–	12,142	12,142
Trade payables and other current liabilities	84,097	(1,452)	82,645
	120,829	10,156	130,985
Net current assets	73,375	(12,167)	61,208
Total assets less current liabilities	943,720	37,837	981,557
Non-current liabilities			
Bank and other debts	226,021	(585)	225,436
Interest-bearing loans from non-controlling shareholders	1,597	–	1,597
Lease liabilities	–	52,377	52,377
Deferred tax liabilities	18,609	(635)	17,974
Pension obligations	3,197	–	3,197
Other non-current liabilities	29,023	(639)	28,384
	278,447	50,518	328,965
Net assets	665,273	(12,681)	652,592
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	296,847	(8,934)	287,913
Total ordinary shareholders' funds	543,649	(8,934)	534,715
Non-controlling interests	121,624	(3,747)	117,877
Total equity	665,273	(12,681)	652,592

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iii) Consolidated Statement of Financial Position (continued)

	31 December 2023		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Non-current assets			
Fixed assets	121,957	(2,131)	119,826
Right-of-use assets	–	61,198	61,198
Leasehold land	5,958	(5,958)	–
Telecommunications licences	64,264	–	64,264
Brand names and other rights	83,396	–	83,396
Goodwill	271,136	–	271,136
Associated companies	144,375	(737)	143,638
Interests in joint ventures	157,516	(1,179)	156,337
Deferred tax assets	19,337	1,737	21,074
Liquid funds and other listed investments	15,786	–	15,786
Other non-current assets	19,356	506	19,862
	903,081	53,436	956,517
Current assets			
Cash and cash equivalents	127,323	–	127,323
Inventories	24,473	–	24,473
Trade receivables and other current assets	52,505	(1,915)	50,590
	204,301	(1,915)	202,386
Current liabilities			
Bank and other debts	58,785	(461)	58,324
Current tax liabilities	4,215	(49)	4,166
Lease liabilities	–	13,616	13,616
Trade payables and other current liabilities	87,477	(1,058)	86,419
	150,477	12,048	162,525
Net current assets	53,824	(13,963)	39,861
Total assets less current liabilities	956,905	39,473	996,378
Non-current liabilities			
Bank and other debts	214,362	(764)	213,598
Interest-bearing loans from non-controlling shareholders	3,245	–	3,245
Lease liabilities	–	54,307	54,307
Deferred tax liabilities	20,381	(809)	19,572
Pension obligations	3,536	–	3,536
Other non-current liabilities	31,571	–	31,571
	273,095	52,734	325,829
Net assets	683,810	(13,261)	670,549
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	306,629	(9,396)	297,233
Total ordinary shareholders' funds	553,431	(9,396)	544,035
Perpetual capital securities	4,566	–	4,566
Non-controlling interests	125,813	(3,865)	121,948
Total equity	683,810	(13,261)	670,549

6 Operating segment information *(continued)*

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis *(continued)*

(iii) Consolidated Statement of Financial Position *(continued)*

	1 January 2023		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Non-current assets			
Fixed assets	114,564	(1,914)	112,650
Right-of-use assets	–	59,337	59,337
Leasehold land	6,129	(6,129)	–
Telecommunications licences	60,689	–	60,689
Brand names and other rights	83,694	–	83,694
Goodwill	268,008	–	268,008
Associated companies	141,475	(764)	140,711
Interests in joint ventures	149,692	(1,131)	148,561
Deferred tax assets	16,954	1,555	18,509
Liquid funds and other listed investments	16,103	–	16,103
Other non-current assets	15,358	542	15,900
	872,666	51,496	924,162
Current assets			
Cash and cash equivalents	138,085	–	138,085
Inventories	23,283	–	23,283
Trade receivables and other current assets	58,728	(1,917)	56,811
	220,096	(1,917)	218,179
Assets classified as held for sale	5,178	918	6,096
	225,274	(999)	224,275
Current liabilities			
Bank and other debts	70,430	(300)	70,130
Current tax liabilities	4,040	(39)	4,001
Lease liabilities	–	12,128	12,128
Trade payables and other current liabilities	90,407	(1,278)	89,129
	164,877	10,511	175,388
Liabilities directly associated with assets classified as held for sale	207	920	1,127
	165,084	11,431	176,515
Net current assets	60,190	(12,430)	47,760
Total assets less current liabilities	932,856	39,066	971,922
Non-current liabilities			
Bank and other debts	214,963	(767)	214,196
Interest-bearing loans from non-controlling shareholders	2,567	–	2,567
Lease liabilities	–	53,931	53,931
Deferred tax liabilities	20,145	(855)	19,290
Pension obligations	2,730	–	2,730
Other non-current liabilities	31,897	2	31,899
	272,302	52,311	324,613
Net assets	660,554	(13,245)	647,309
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	286,167	(9,456)	276,711
Total ordinary shareholders' funds	532,969	(9,456)	523,513
Perpetual capital securities	4,561	–	4,561
Non-controlling interests	123,024	(3,789)	119,235
Total equity	660,554	(13,245)	647,309

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iv) Consolidated Statement of Cash Flows

	2025		
	Pre-IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post-IFRS 16 basis HK\$ million
	(A)		(B)
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	59,541	17,104	76,645
Interest expenses and other finance costs paid (net of capitalisation)	(9,268)	(2,961)	(12,229)
Tax paid	(5,571)	–	(5,571)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	44,702	14,143	58,845
Changes in working capital	3,297	425	3,722
Net cash from operating activities	47,999	14,568	62,567
Investing activities			
Purchase of fixed assets	(18,853)	110	(18,743)
Additions to brand names and other rights	(2,092)	–	(2,092)
Purchase of subsidiary companies, net of cash acquired	(41)	–	(41)
Additions to unlisted investments	(4,600)	–	(4,600)
Repayments from (including capital reduction of) associated companies and joint ventures	3,307	–	3,307
Purchase of and advances to associated companies and joint ventures	(1,503)	–	(1,503)
Proceeds from disposal of fixed assets	78	–	78
Proceeds from disposal of subsidiary companies, net of cash disposed	14,798	–	14,798
Proceeds from partial disposal / disposal of associated companies and joint ventures	1,003	–	1,003
Proceeds from disposal of other unlisted investments	106	–	106
Cash flows used in investing activities before disposal of / additions to liquid funds and other listed investments	(7,797)	110	(7,687)
Disposal of liquid funds and other listed investments	1,191	–	1,191
Additions to liquid funds and other listed investments	(192)	–	(192)
Cash flows used in investing activities	(6,798)	110	(6,688)
Net cash inflow before financing activities	41,201	14,678	55,879
Financing activities			
New borrowings	36,015	(108)	35,907
Repayment of borrowings	(41,684)	269	(41,415)
Principal elements of lease payments	–	(14,839)	(14,839)
Net loans from non-controlling shareholders	173	–	173
Issue of equity securities by subsidiary companies to non-controlling shareholders	130	–	130
Payment to acquire additional interests in subsidiary companies	(269)	–	(269)
Proceeds from partial disposal of subsidiary companies (without loss of control)	450	–	450
Dividends paid to ordinary shareholders	(8,518)	–	(8,518)
Dividends paid to non-controlling interests	(5,053)	–	(5,053)
Cash flows used in financing activities	(18,756)	(14,678)	(33,434)
Increase in cash and cash equivalents	22,445	–	22,445
Cash and cash equivalents at 1 January	121,303	–	121,303
Cash and cash equivalents at 31 December	143,748	–	143,748

6 Operating segment information *(continued)*

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis *(continued)*

(iv) Consolidated Statement of Cash Flows *(continued)*

	2025		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments			
Cash and cash equivalents, as above	143,748	–	143,748
Liquid funds and other listed investments	7,562	–	7,562
Total cash, liquid funds and other listed investments	151,310	–	151,310
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	265,099	(97)	265,002
Interest-bearing loans from non-controlling shareholders	4,193	–	4,193
Net debt	117,982	(97)	117,885
Interest-bearing loans from non-controlling shareholders	(4,193)	–	(4,193)
Net debt (excluding interest-bearing loans from non-controlling shareholders)	113,789	(97)	113,692

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iv) Consolidated Statement of Cash Flows (continued)

	2024		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
	(A)		(B)
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	57,913	17,217	75,130
Interest expenses and other finance costs paid (net of capitalisation)	(10,553)	(2,714)	(13,267)
Tax paid	(4,652)	–	(4,652)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	42,708	14,503	57,211
Changes in working capital	(2,189)	(794)	(2,983)
Net cash from operating activities	40,519	13,709	54,228
Investing activities			
Purchase of fixed assets	(20,595)	230	(20,365)
Additions to telecommunications licences	(72)	–	(72)
Additions to brand names and other rights	(1,913)	–	(1,913)
Purchase of subsidiary companies, net of cash acquired	(4,114)	–	(4,114)
Additions to unlisted investments	(44)	–	(44)
Repayments of loans from associated companies and joint ventures	1,242	–	1,242
Purchase of and advances to associated companies and joint ventures	(2,470)	–	(2,470)
Proceeds from disposal of fixed assets	146	–	146
Proceeds from disposal of subsidiary companies, net of cash disposed	333	–	333
Proceeds from partial disposal / disposal of associated companies and joint ventures	179	–	179
Proceeds from disposal of other unlisted investments	266	–	266
Cash flows used in investing activities before disposal of / additions to liquid funds and other listed investments	(27,042)	230	(26,812)
Disposal of liquid funds and other listed investments	7,172	–	7,172
Additions to liquid funds and other listed investments	(262)	–	(262)
Cash flows used in investing activities	(20,132)	230	(19,902)
Net cash inflow before financing activities	20,387	13,939	34,326
Financing activities			
New borrowings	54,806	(212)	54,594
Repayment of borrowings	(60,577)	376	(60,201)
Principal elements of lease payments	–	(14,103)	(14,103)
Net loans from non-controlling shareholders	466	–	466
Issue of equity securities by subsidiary companies to non-controlling shareholders	624	–	624
Redemption of perpetual capital securities	(4,180)	–	(4,180)
Dividends paid to ordinary shareholders	(9,433)	–	(9,433)
Dividends paid to non-controlling interests	(7,951)	–	(7,951)
Distributions paid on perpetual capital securities	(162)	–	(162)
Cash flows used in financing activities	(26,407)	(13,939)	(40,346)
Decrease in cash and cash equivalents	(6,020)	–	(6,020)
Cash and cash equivalents at 1 January	127,323	–	127,323
Cash and cash equivalents at 31 December	121,303	–	121,303

6 Operating segment information *(continued)*

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis *(continued)*

(iv) Consolidated Statement of Cash Flows *(continued)*

	2024		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments			
Cash and cash equivalents, as above	121,303	–	121,303
Liquid funds and other listed investments	8,142	–	8,142
Total cash, liquid funds and other listed investments	129,445	–	129,445
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	259,059	(1,056)	258,003
Interest-bearing loans from non-controlling shareholders	3,471	–	3,471
Net debt	133,085	(1,056)	132,029
Interest-bearing loans from non-controlling shareholders	(3,471)	–	(3,471)
Net debt (excluding interest-bearing loans from non-controlling shareholders)	129,614	(1,056)	128,558

Notes to the Financial Statements

6 Operating segment information (continued)

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis (continued)

(iv) Consolidated Statement of Cash Flows (continued)

	2023		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
	(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
Interest expenses and other finance costs paid (net of capitalisation)	(9,576)	(2,507)	(12,083)
Tax paid	(3,931)	–	(3,931)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	45,067	14,335	59,402
Changes in working capital	(7,909)	(56)	(7,965)
Net cash from operating activities	37,158	14,279	51,437
Investing activities			
Purchase of fixed assets	(21,879)	209	(21,670)
Additions to telecommunications licences	(1,956)	–	(1,956)
Additions to brand names and other rights	(1,675)	–	(1,675)
Purchase of subsidiary companies, net of cash acquired	(55)	–	(55)
Additions to unlisted investments	(74)	–	(74)
Repayments of loans from associated companies and joint ventures	2,829	–	2,829
Purchase of and advances to associated companies and joint ventures	(819)	–	(819)
Proceeds from disposal of fixed assets	168	–	168
Proceeds from disposal of subsidiary companies, net of cash disposed	2,563	–	2,563
Proceeds from disposal of financial instruments	2,451	–	2,451
Proceeds from partial disposal / disposal of associated companies and joint ventures	734	–	734
Proceeds from disposal of other unlisted investments	74	–	74
Cash flows used in investing activities before disposal of / additions to liquid funds and other listed investments	(17,639)	209	(17,430)
Disposal of liquid funds and other listed investments	2,088	–	2,088
Additions to liquid funds and other listed investments	(73)	–	(73)
Cash flows used in investing activities	(15,624)	209	(15,415)
Net cash inflow before financing activities	21,534	14,488	36,022
Financing activities			
New borrowings	58,420	(209)	58,211
Repayment of borrowings	(75,558)	197	(75,361)
Principal elements of lease payments	–	(14,476)	(14,476)
Net loans from non-controlling shareholders	527	–	527
Proceeds from partial disposal of subsidiary companies (without loss of control)	61	–	61
Dividends paid to ordinary shareholders	(10,885)	–	(10,885)
Dividends paid to non-controlling interests	(4,694)	–	(4,694)
Distributions paid on perpetual capital securities	(167)	–	(167)
Cash flows used in financing activities	(32,296)	(14,488)	(46,784)
Decrease in cash and cash equivalents	(10,762)	–	(10,762)
Cash and cash equivalents at 1 January	138,085	–	138,085
Cash and cash equivalents at 31 December	127,323	–	127,323

6 Operating segment information *(continued)*

(c) Reconciliation of Pre-IFRS 16 basis to Post-IFRS 16 basis *(continued)*

(iv) Consolidated Statement of Cash Flows *(continued)*

	2023		
	Pre- IFRS 16 basis HK\$ million	Effect of applying IFRS 16 HK\$ million	Post- IFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments			
Cash and cash equivalents, as above	127,323	–	127,323
Liquid funds and other listed investments	15,786	–	15,786
Total cash, liquid funds and other listed investments	143,109	–	143,109
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	274,919	(1,225)	273,694
Interest-bearing loans from non-controlling shareholders	3,245	–	3,245
Net debt	135,055	(1,225)	133,830
Interest-bearing loans from non-controlling shareholders	(3,245)	–	(3,245)
Net debt (excluding interest-bearing loans from non-controlling shareholders)	131,810	(1,225)	130,585

Notes to the Financial Statements

7 Directors' emoluments

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Directors' emoluments	425	424	419

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

As at 31 December 2025, 31 December 2024 and 31 December 2023, neither the Company nor its subsidiary companies operated a share option scheme. None of the directors received any share-based payments from the Company or any of its subsidiaries during the year (2024: nil; 2023: nil).

In 2025, the five individuals whose emoluments were the highest for the year were directors of the Company (2024: five directors of the Company; 2023: four directors of the Company and one director of a subsidiary of the Company). For the year ended 31 December 2023, the remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK\$4.94 million, provident fund contribution of HK\$0.39 million, and a discretionary bonus of HK\$23.85 million.

7 Directors' emoluments (continued)

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

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

2025						
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)}						
<i>Paid by the Company</i>	0.31	5.45	47.42	–	–	53.18
<i>Paid by CKI</i>	0.13	–	30.02	–	–	30.15
	0.44	5.45	77.44	–	–	83.33
FOK Kin Ning, Canning ⁽⁶⁾	0.22	7.14	62.26	0.59	–	70.21
Frank John SIXT ^{(3) (6)}	0.28	12.96	77.92	–	–	91.16
LAI Kai Ming, Dominic ⁽⁶⁾	0.22	7.96	75.10	0.68	–	83.96
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	–	1.84	–	–	2.06
<i>Paid by CKI</i>	0.10	1.80	2.36	–	–	4.26
	0.32	1.80	4.20	–	–	6.32
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.65	8.82	–	–	11.69
<i>Paid by CKI</i>	0.08	4.20	9.63	–	–	13.91
	0.30	6.85	18.45	–	–	25.60
Edith SHIH ^{(3) (6)}	0.28	5.12	18.74	0.38	–	24.52
Andrew John HUNTER						
<i>Paid by the Company</i>	0.22	–	1.09	–	–	1.31
<i>Paid by CKI</i>	0.08	14.80	18.58	1.48	–	34.94
	0.30	14.80	19.67	1.48	–	36.25
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 ⁽¹⁴⁾						
<i>Paid by the Company</i>	0.04	–	–	–	–	0.04
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.12	–	–	–	–	0.12
CHOW Ching Yee, Cynthia ^{(2) (4) (7)}	0.41	–	–	–	–	0.41
Graeme Allan JACK ^{(4) (7)}	0.35	–	–	–	–	0.35
Philip Lawrence KADOORIE ⁽⁷⁾	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie ^{(1) (7)}	0.25	–	–	–	–	0.25
Paul Joseph TIGHE ^{(1) (4) (7)}						
<i>Paid by the Company</i>	0.38	–	–	–	–	0.38
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.58	–	–	–	–	0.58
TSIM Sin Ling, Ruth ^{(3) (4) (7)}	0.41	–	–	–	–	0.41
WONG Kwai Lam ^{(2) (4) (7)}	0.41	–	–	–	–	0.41
Total	5.77	62.08	353.78	3.13	–	424.76

Notes to the Financial Statements

7 Directors' emoluments (continued)

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

2024						
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)}						
<i>Paid by the Company</i>	0.31	5.31	46.04	–	–	51.66
<i>Paid by CKI</i>	0.13	–	30.02	–	–	30.15
	0.44	5.31	76.06	–	–	81.81
FOK Kin Ning, Canning ⁽⁶⁾	0.22	8.41	71.57	0.72	–	80.92
Frank John SIXT ^{(3) (6)}	0.28	12.07	74.21	–	–	86.56
LAI Kai Ming, Dominic ⁽⁶⁾	0.22	7.53	71.52	0.62	–	79.89
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	0.45	1.79	–	–	2.46
<i>Paid by CKI</i>	0.10	1.80	2.35	–	–	4.25
	0.32	2.25	4.14	–	–	6.71
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.59	8.56	–	–	11.37
<i>Paid by CKI</i>	0.08	4.20	10.57	–	–	14.85
	0.30	6.79	19.13	–	–	26.22
Edith SHIH ^{(3) (6)}	0.28	4.99	17.84	0.37	–	23.48
Andrew John HUNTER ⁽¹⁰⁾						
<i>Paid by the Company</i>	0.16	–	1.06	–	–	1.22
<i>Paid by CKI</i>	0.08	14.37	17.67	1.44	–	33.56
	0.24	14.37	18.73	1.44	–	34.78
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⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHOW Ching Yee, Cynthia ^{(2) (4) (7)}	0.39	–	–	–	–	0.39
Graeme Allan JACK ^{(4) (7) (11)}	0.02	–	–	–	–	0.02
Philip Lawrence KADOORIE ⁽⁷⁾	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie ^{(1) (7)}	0.25	–	–	–	–	0.25
Paul Joseph TIGHE ^{(1) (4) (7)}						
<i>Paid by the Company</i>	0.37	–	–	–	–	0.37
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.57	–	–	–	–	0.57
TSIM Sin Ling, Ruth ^{(3) (4) (7) (9)}	0.39	–	–	–	–	0.39
WONG Kwai Lam ^{(2) (4) (7)}	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ⁽¹³⁾	0.15	–	–	–	–	0.15
Total	5.66	61.72	353.20	3.15	–	423.73

7 Directors' emoluments (continued)

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

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)}						
<i>Paid by the Company</i>	0.31	5.14	44.70	–	–	50.15
<i>Paid by CKI</i>	0.13	–	30.02	–	–	30.15
	0.44	5.14	74.72	–	–	80.30
FOK Kin Ning, Canning ⁽⁶⁾	0.22	12.28	116.14	1.10	–	129.74
Frank John SIXT ^{(3) (6)}	0.28	9.48	59.36	0.53	–	69.65
LAI Kai Ming, Dominic ⁽⁶⁾	0.22	6.23	57.22	0.51	–	64.18
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.72	8.94	–	–	10.88
<i>Paid by CKI</i>	0.10	1.80	11.79	–	–	13.69
	0.32	3.52	20.73	–	–	24.57
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.52	8.31	–	–	11.05
<i>Paid by CKI</i>	0.08	4.20	10.82	–	–	15.10
	0.30	6.72	19.13	–	–	26.15
Edith SHIH ^{(3) (6)}	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⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
LEE Wai Mun, Rose ⁽¹²⁾	0.33	–	–	–	–	0.33
CHOW Ching Yee, Cynthia ^{(4) (7) (8)}	0.02	–	–	–	–	0.02
Philip Lawrence KADOORIE ⁽⁷⁾	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie ^{(1) (7)}	0.25	–	–	–	–	0.25
Paul Joseph TIGHE ^{(4) (7)}						
<i>Paid by the Company</i>	0.35	–	–	–	–	0.35
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.55	–	–	–	–	0.55
WONG Kwai Lam ^{(2) (4) (7)}	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ^{(1) (2) (3) (7)}	0.37	–	–	–	–	0.37
Total	5.17	48.21	363.52	2.50	–	419.40

- (1) Member of the Nomination Committee.
- (2) Member of the Remuneration Committee.
- (3) Member of the Sustainability Committee.
- (4) Member of the Audit Committee.
- (5) Non-executive Director.
- (6) 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.
- (7) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.63 million (2024: HK\$2.40 million; 2023: HK\$2.15 million).
- (8) Appointed on 14 December 2023.
- (9) Appointed on 2 January 2024.
- (10) Appointed on 1 April 2024.
- (11) Appointed on 13 December 2024.
- (12) Former Independent Non-executive Director and member of the Audit Committee. Resigned on 14 December 2023.
- (13) Former Independent Non-executive Director and member of each of the Nomination Committee, Remuneration Committee and Sustainability Committee. Retired on 23 May 2024.
- (14) Former Non-executive Director. Retired on 21 March 2025.

Notes to the Financial Statements

8 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.

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Cost of goods sold: ^(a)			
included in "Cost of inventories sold"	113,608	106,194	105,739
included in "Expensed customer acquisition and retention costs"	4,848	9,299	9,456
	118,456	115,493	115,195
	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Depreciation and amortisation: ^(b)			
Fixed assets (see note 13)	15,579	17,862	17,550
Right-of-use assets (see note 14(b))	14,725	14,631	14,651
Telecommunications licences (see note 15)	945	907	953
Brand names and other rights (see note 16)	3,418	3,157	3,262
Customer acquisition and retention costs (see note 22(a))	3,724	3,903	3,667
	38,391	40,460	40,083
	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Other expenses and losses:			
Cost of providing services ^(c)	(27,224)	(30,385)	(29,435)
Office and general administrative expenses and others	(9,466)	(9,716)	(7,740)
Expenses relating to short-term leases (see note 14(b))	(729)	(850)	(498)
Expenses relating to leases of low-value assets that are not short-term leases (see note 14(b))	(352)	(491)	(568)
Expenses relating to variable lease payments not included in lease liabilities (see note 14(b))	(2,268)	(2,168)	(2,253)
Advertising and promotion expenses	(4,157)	(4,717)	(4,783)
Legal and professional fees	(2,425)	(2,147)	(2,101)
Auditors' remuneration ^(d)	(443)	(548)	(397)
Impairment loss on telecommunications business in Vietnam ^(e)	–	(1,859)	–
Loss on disposal of subsidiary companies ^(f) (see note 34(d))	(9,463)	–	–
Loss on disposal of associated companies and joint ventures	(262)	(14)	(70)
	(56,789)	(52,895)	(47,845)

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

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Other income and gains:			
Gains on disposals of subsidiary companies (See note 34(d))	–	364	74
Gains on disposals of interests in associated companies and joint ventures	88	–	246
A gain on disposal of financial instruments (see note 6(b)(xviii))	–	–	1,829
Gains on note buybacks	883	–	–
Others	5	160	10
	976	524	2,159

(a) Cost of goods sold

Cost of goods sold for the year amounted to HK\$118,456 million (2024: HK\$115,493 million; 2023: HK\$115,195 million), comprising:

- Retail segment: HK\$101,676 million (2024: HK\$94,091 million; 2023: HK\$92,765 million)
- Infrastructure segment: HK\$1,234 million (2024: HK\$1,505 million; 2023: HK\$1,654 million)
- Telecommunications segment: HK\$8,027 million (2024: HK\$11,889 million; 2023: HK\$12,212 million)
- Finance & Investments and Others segment of HK\$7,519 million (2024: HK\$8,008 million; 2023: HK\$8,564 million)

(b) See note 6(b)(iv) for contribution by segments.

(c) Service provision costs

The Group incurred service provision costs of HK\$27,224 million (2024: HK\$30,385 million; 2023: HK\$29,435 million), comprising:

- Telecommunication network related costs: HK\$16,574 million (2024: HK\$19,653 million; 2023: HK\$19,093 million)
- Repair and maintenance: HK\$3,725 million (2024: HK\$4,145 million; 2023: HK\$4,160 million)
- Other costs: HK\$6,925 million (2024: HK\$6,587 million; 2023: HK\$6,182 million)

By segment, these costs were allocated as follows:

- Ports and Related Services: HK\$7,452 million (2024: HK\$6,974 million; 2023: HK\$6,441 million)
- Retail: HK\$341 million (2024: HK\$313 million; 2023: HK\$277 million)
- Infrastructure: HK\$818 million (2024: HK\$830 million; 2023: HK\$1,164 million)
- Telecommunications: HK\$18,216 million (2024: HK\$21,745 million; 2023: HK\$21,089 million)
- Finance & Investments and Others: HK\$397 million (2024: HK\$523 million; 2023: HK\$464 million)

(d) Auditors' remuneration

Auditors' remuneration of HK\$443 million (2024: HK\$548 million; 2023: HK\$397 million) was charged for audit and audit-related work, and for non-audit work, as set out below:

Audit and audit-related work:

- Performed by the Company's auditor, PricewaterhouseCoopers: HK\$332 million (2024: HK\$407 million; 2023: HK\$262 million)
- Performed by other auditors: HK\$18 million (2024: HK\$76 million; 2023: HK\$14 million)

Non-audit work (including tax compliance, other tax-related services, and other services):

- Performed by the Company's auditor, PricewaterhouseCoopers: HK\$14 million (2024: HK\$22 million; 2023: HK\$71 million)
- Performed by other auditors: HK\$79 million (2024: HK\$43 million; 2023: HK\$50 million)

Notes to the Financial Statements

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

(e) Impairment loss on telecommunications business in Vietnam

For the comparative year ended 31 December 2024, an impairment loss of HK\$1,859 million arose in the telecommunications business in Vietnam, which is included as part of the “Finance & Investments and Others” segment in note 6.

The Group’s telecommunications businesses in Vietnam (disposed in the current year) were principally engage in providing 3G and 4G mobile network services. Heightened competition and a challenging operating environment in the Vietnamese telecommunications market led the Group to perform an impairment test on this business as at 31 December 2024, by comparing the carrying amount of the business with its recoverable amount. As a result, the Group recognised an impairment loss of HK\$1,859 million, comprising HK\$1,236 million against fixed assets, HK\$500 million against right-of-use assets, and HK\$123 million against other assets. The impairment loss was primarily driven by lower-than-expected growth and reduced projected service revenues from 3G and 4G services in the Vietnam businesses.

The recoverable amount of this business was determined based on the value-in-use (“VIU”) calculations. The VIU calculations used discounted cash flow projections derived from the latest financial budget covering a five-year period and business plan approved by the management. Key assumptions and estimates used in preparing the discounted cash flow model include a post-tax discount rate of 10.1% and a growth rate of 0%, reflecting current market conditions and the fact that the business has not yet initiated a plan to invest in commercialisation of 5G services.

(f) Loss on disposal of subsidiaries

The merger transaction to combine the Group’s and Vodafone Group’s respective telecommunications operations in the United Kingdom was completed on 31 May 2025. Immediately following completion, 3 UK and its subsidiaries have ceased to be subsidiaries of the Group and were deconsolidated from the Company’s consolidated financial statements. The combined business, named VodafoneThree, is 51% owned by Vodafone and 49% by the Group.

This transaction is accounted for in these consolidated financial statements as a disposal of the Group’s entire interest in 3 UK and, concurrently, an acquisition of a 49% interest in the combined business. The loss on disposal of subsidiaries for the current year, as reported above, represents mainly the loss arising from the derecognition of 3 UK and its subsidiaries from the Company’s consolidated financial statements. See note 34(d).

9 Interest expenses and other finance costs

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Bank loans and overdrafts	3,390	4,596	4,384
Other loans	3	4	4
Notes and bonds	5,627	5,672	5,057
Interest-bearing loans from non-controlling shareholders	145	159	124
Other finance costs	92	100	234
Amortisation of loan facilities fees and premiums or discounts relating to debts	230	248	237
Other non-cash interest adjustments ^(a)	(132)	(123)	(93)
	9,355	10,656	9,947
Less: interest capitalised	(21)	(21)	(266)
Interest on lease liabilities (see note 14(b))	2,993	2,757	2,546
	12,327	13,392	12,227

- (a) Other non-cash interest adjustments represent the amortisation of acquisition-date fair value adjustments relating to debts of HK\$322 million (2024: HK\$338 million; 2023: HK\$341 million), net of accretion expense associated with the increase in the present value of certain obligations over time.

10 Tax

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Current tax charge			
Hong Kong	341	167	216
Outside Hong Kong	4,944	4,022	3,903
	5,285	4,189	4,119
Deferred tax charge (credit)			
Hong Kong	24	(60)	(37)
Outside Hong Kong	1,928	588	(1,079)
	1,952	528	(1,116)
	7,237	4,717	3,003

Notes to the Financial Statements

10 Tax (continued)

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% (2024: 16.5%; 2023: 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.

The tax charged to the consolidated income statement of HK\$7,237 million (2024: HK\$4,717 million; 2023: HK\$3,003 million) differs from the tax charge of HK\$2,773 million (2024: HK\$3,961 million; 2023: HK\$2,982 million) that would apply if the Group's 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:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	2,773	3,961	2,982
Tax effect of:			
Tax losses not recognised	4,287	1,524	1,824
Income or gains not subject to tax	(1,580)	(1,843)	(1,112)
Expenses not deductible for tax purposes	3,122	3,036	1,847
Recognition of previously unrecognised tax losses	(36)	–	(32)
Utilisation of previously unrecognised tax losses	(1,203)	(440)	(200)
Under (over) provision in prior years	(7)	1,055	(855)
Other temporary differences	(119)	(2,576)	(1,451)
Total tax for the year	7,237	4,717	3,003

The Group is within the scope of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("OECD"). As at 31 December 2025, Pillar Two legislation has been enacted and is in effect in certain jurisdictions where the Group operates. Based on the Group's assessment for the year ended 31 December 2025 and the information currently available, the overall impact of Pillar Two rules on the Group's income tax position, including current tax, is not material. The Group will continue to monitor developments in Pillar Two legislation across relevant jurisdictions and assess the potential future impact on its financial statements.

Furthermore, in accordance with the IAS 12, the Group applies the mandatory exception from recognising, and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

11 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK\$11,841 million (2024: HK\$17,088 million; 2023: HK\$23,839 million) and 3,830,044,500 shares in issue during the year of 2025 (2024: 3,830,044,500 shares; 2023: 3,830,044,500 shares).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2025, 31 December 2024 and 31 December 2023. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2025, 31 December 2024 and 31 December 2023. The employee share options of these associated companies outstanding as at 31 December 2025, 31 December 2024 and 31 December 2023 did not have a dilutive effect on earnings per share.

12 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Distribution paid on perpetual capital securities	–	162	167

(b) Dividends

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Interim dividend, paid of HK\$0.710 per share (2024: HK\$0.688 per share; 2023: HK\$0.756 per share)	2,719	2,635	2,896
Final dividend, proposed of HK\$1.602 per share (2024: HK\$1.514 per share; 2023: HK\$1.775 per share)	6,136	5,799	6,798
	8,855	8,434	9,694

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2025. The amount of the 2025 proposed final dividend is expected to be paid on 11 June 2026 out of retained profit.

Notes to the Financial Statements

13 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 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
Additions	1,404	2,296	16,665	20,365
Relating to subsidiaries acquired (see note 34(c))	–	451	177	628
Disposals	(310)	(5,109)	(6,125)	(11,544)
Relating to subsidiaries disposed (see note 34(d))	(119)	–	(5,096)	(5,215)
Transfer between categories	431	6,118	(6,549)	–
Exchange translation differences	(1,221)	(3,785)	(3,541)	(8,547)
At 31 December 2024	31,124	82,209	94,310	207,643
Additions	1,186	2,611	14,946	18,743
Relating to subsidiaries acquired (see note 34(c))	10	–	6	16
Disposals	(5)	(407)	(2,856)	(3,268)
Relating to subsidiaries disposed (see note 34(d))	(852)	(18,790)	(29,152)	(48,794)
Transfer between categories	110	5,265	(5,375)	–
Exchange translation differences	1,831	9,194	6,722	17,747
At 31 December 2025	33,404	80,082	78,601	192,087
Accumulated depreciation and impairment				
At 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
Charge for the year	1,104	8,991	7,767	17,862
Impairment recognised	–	1,221	15	1,236
Disposals	(308)	(5,047)	(5,946)	(11,301)
Relating to subsidiaries disposed (see note 34(d))	(119)	–	(383)	(502)
Transfer between categories	–	4	(4)	–
Exchange translation differences	(116)	(1,842)	(1,601)	(3,559)
At 31 December 2024	8,927	43,028	43,911	95,866
Charge for the year	1,258	7,468	6,853	15,579
Disposals	(3)	(395)	(2,732)	(3,130)
Relating to subsidiaries disposed (see note 34(d))	(647)	(14,179)	(9,640)	(24,466)
Transfer between categories	(11)	11	–	–
Exchange translation differences	492	4,480	3,186	8,158
At 31 December 2025	10,016	40,413	41,578	92,007
Net book value				
At 31 December 2025	23,388	39,669	37,023	100,080
At 31 December 2024	22,197	39,181	50,399	111,777
At 31 December 2023	22,573	42,537	54,716	119,826
At 1 January 2023	21,771	39,562	51,317	112,650

13 Fixed assets (continued)

(a) Other assets

The net book value of other assets of HK\$37,023 million (31 December 2024: HK\$50,399 million; 31 December 2023: HK\$54,716 million; 1 January 2023: HK\$51,317 million) primarily relates to fixed assets used in the following businesses:

- Ports and related services: HK\$20,293 million (31 December 2024: HK\$17,094 million; 31 December 2023: HK\$21,837 million; 1 January 2023: HK\$18,984 million)
- Telecommunications: HK\$6,350 million (31 December 2024: HK\$23,715 million; 31 December 2023: HK\$23,411 million; 1 January 2023: HK\$23,327 million)
- Infrastructure of HK\$1,372 million (31 December 2024: HK\$1,259 million; 31 December 2023: HK\$1,476 million; 1 January 2023: HK\$1,376 million)

As at 31 December 2025, other assets with a net book value of HK\$6,958 million (31 December 2024: HK\$15,433 million; 31 December 2023: HK\$22,227 million; 1 January 2023: HK\$18,753 million) represent assets under construction.

(b) Operating lease receivable

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Within 1 year	88	81	80	95
Between 1 and 2 years	11	18	13	31
Between 2 and 3 years	4	4	2	11
Between 3 and 4 years	4	2	2	11
Between 4 and 5 years	4	2	6	3
After 5 years	5	4	1	6
	116	111	104	157

14 Leases

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Right-of-use assets				
Container terminals	17,438	14,818	15,312	15,225
Retail stores	20,258	19,924	20,653	20,715
Telecommunications network infrastructure sites	12,158	12,956	14,688	13,085
Leasehold land	5,355	5,443	5,958	6,129
Other assets	3,951	4,448	4,587	4,183
	59,160	57,589	61,198	59,337
Lease liabilities				
Current	14,027	12,142	13,616	12,128
Non-current	52,469	52,377	54,307	53,931
	66,496	64,519	67,923	66,059

Additions to right-of-use assets and lease liabilities during the year ended 31 December 2025 amounted to HK\$11,306 million (2024: HK\$7,567 million; 2023: HK\$8,871 million) and HK\$11,299 million (2024: HK\$7,534 million; 2023: HK\$8,871 million), respectively.

Notes to the Financial Statements

14 Leases (continued)

(b) Group as a lessee – additional disclosures

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")			
Container terminals	1,142	949	1,080
Retail stores	6,418	6,521	6,721
Telecommunications network infrastructure sites	5,641	5,585	5,203
Leasehold land	345	348	348
Other assets	1,179	1,228	1,299
	14,725	14,631	14,651
Interest on lease liabilities (included in "Interest expenses and other finance costs")	2,993	2,757	2,546
Expenses relating to short-term leases (included in "Other expenses and losses")	729	850	498
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	352	491	568
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	2,268	2,168	2,253

The total cash outflow for leases in 2025 was HK\$21,062 million (2024: HK\$20,235 million; 2023: HK\$20,025 million), of which HK\$6,223 million (2024: HK\$6,132 million; 2023: HK\$5,549 million) is included in operating cash flows and HK\$14,839 million (2024: HK\$14,103 million; 2023: HK\$14,476 million) is included in financing cash flows (see note 34(e)).

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 cost 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 and operations in the companies with leases containing variable payment terms linked to sales would increase total lease payments by approximately 0.1% or HK\$16 million (2024: approximately 0.1% or HK\$17 million; 2023: approximately 0.1% or HK\$20 million).

Extension and termination options

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

As at 31 December 2025, in accordance with the applicable provisions of IFRS 16, potential future cash outflows of HK\$10,542 million (2024: HK\$7,021 million; 2023: HK\$8,635 million) (undiscounted) have not been included in the calculation of lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

14 Leases (continued)

(b) Group as a lessee – additional disclosures (continued)

Residual value guarantees

As at 31 December 2025, no residual value guarantee (31 December 2024: nil; 31 December 2023: HK\$15 million; 1 January 2023: HK\$11 million) is expected to be payable and is included in the calculation of lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2025, the Group is committed to leases that have not yet commenced, and the lease payments payable under such leases amounted to HK\$80 million (31 December 2024: HK\$94 million; 31 December 2023: HK\$19 million; 1 January 2023: HK\$87 million). This amount has not been included in the calculation of lease liabilities as at each reporting date.

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.

(c) Group as a lessor

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	150	116	182

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:

	31 December 2025 HK\$ million	31 December 2024 HK\$ million	31 December 2023 HK\$ million	1 January 2023 HK\$ million
Within 1 year	75	87	153	150
Between 1 and 2 years	23	31	70	86
Between 2 and 3 years	16	21	49	60
Between 3 and 4 years	8	16	37	41
Between 4 and 5 years	5	10	33	37
After 5 years	3	9	27	57
	130	174	369	431

In addition, the Group has recognised income of HK\$252 million (2024: HK\$244 million; 2023: HK\$217 million) from leasing of fixed assets for the year ended 31 December 2025.

Notes to the Financial Statements

15 Telecommunications licences

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Net book value			
At 1 January	63,869	64,264	60,689
Additions	–	72	1,956
Relating to subsidiaries acquired (see note 34(c))	–	3,368	–
Amortisation for the year	(945)	(907)	(953)
Relating to subsidiaries disposed (see note 34(d))	(21,121)	–	–
Exchange translation differences	6,929	(2,928)	2,572
At 31 December	48,732	63,869	64,264
Cost	57,827	71,600	71,396
Accumulated amortisation and impairment	(9,095)	(7,731)	(7,132)
	48,732	63,869	64,264

The Group's telecommunications licences in Italy with a carrying value of HK\$39,451 million (31 December 2024: UK and Italy of HK\$19,737 million and HK\$31,704 million respectively; 31 December 2023: UK and Italy of HK\$19,914 million and HK\$33,781 million respectively; 1 January 2023: UK and Italy of HK\$18,924 million and HK\$32,527 million respectively) are considered to have an indefinite useful life. These telecommunications licences have been allocated to the Telecommunications segment.

16 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
Net book value			
At 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
Additions	–	1,913	1,913
Amortisation for the year	(11)	(3,146)	(3,157)
Relating to subsidiaries acquired (see note 34(c))	–	18	18
Exchange translation differences	(1,484)	(1,445)	(2,929)
At 31 December 2024	66,559	12,682	79,241
Additions	–	2,092	2,092
Amortisation for the year	(11)	(3,407)	(3,418)
Relating to subsidiaries acquired (see note 34(c))	–	9	9
Relating to subsidiaries disposed (see note 34(d))	(5,212)	(71)	(5,283)
Exchange translation differences	3,284	1,195	4,479
At 31 December 2025	64,620	12,500	77,120
Cost	64,738	38,451	103,189
Accumulated amortisation and impairment	(118)	(25,951)	(26,069)
	64,620	12,500	77,120

Brand names considered to have an indefinite useful lives are not subject to amortisation. The carrying value of brand names with indefinite useful lives at 31 December 2025 of HK\$50,402 million (31 December 2024: HK\$49,181 million; 31 December 2023: HK\$49,730 million; 1 January 2023: HK\$49,294 million) and HK\$14,081 million (31 December 2024: HK\$17,235 million; 31 December 2023: HK\$18,156 million; 1 January 2023: HK\$17,424 million) has been attributed to the Retail segment and the Telecommunications segment respectively.

Other rights primarily include operating and service content rights, as well as resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2025, the carrying value of these rights amounted to HK\$8,798 million (31 December 2024: HK\$8,423 million; 31 December 2023: HK\$9,773 million; 1 January 2023: HK\$10,433 million) and HK\$3,702 million (31 December 2024: HK\$4,259 million; 31 December 2023: HK\$5,569 million; 1 January 2023: HK\$6,362 million), respectively.

Notes to the Financial Statements

17 Goodwill

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Net book value			
At 1 January	267,325	271,136	268,008
Relating to subsidiaries acquired (see note 34(c))	18	1,451	75
Relating to subsidiaries disposed (see note 34(d))	(3,528)	–	–
Exchange translation differences	10,738	(5,262)	3,053
At 31 December	274,553	267,325	271,136
Cost	302,194	291,757	297,159
Accumulated impairment	(27,641)	(24,432)	(26,023)
	274,553	267,325	271,136

Goodwill is monitored by the management at the level of the operating segments identified (see note 6). As at 31 December 2025, the carrying amount of goodwill is mainly allocated to following segments:

- Telecommunications segment: HK\$88,297 million (31 December 2024: HK\$81,085 million; 31 December 2023: HK\$84,897 million; 1 January 2023: HK\$81,771 million)
- Retail segment: HK\$114,092 million (31 December 2024: HK\$114,095 million; 31 December 2023: HK\$114,099 million; 1 January 2023: HK\$114,098 million)
- Infrastructure segment: HK\$39,148 million (31 December 2024: HK\$39,129 million; 31 December 2023: HK\$39,123 million; 1 January 2023: HK\$39,123 million)

Management tests goodwill and intangible assets with indefinite useful lives (including certain telecommunications licences and brand names as set out in notes 15 and 16) for impairment on an annual basis, or more frequently when there is an indication these assets may be impaired. The annual impairment tests for goodwill and intangible assets with indefinite useful lives were conducted at 31 December 2025. The results of these tests indicated no impairment charge was necessary for the Group.

Set out below is additional information about the estimates used to measure recoverable amounts in the 31 December 2025 annual impairment tests for the Telecommunications and the Retail operations.

17 Goodwill (continued)

Telecommunications operations

The recoverable amounts of the Group's Telecommunications operations at 31 December 2025 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 projections are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared these financial budgets reflecting current and prior year performance and experience, market development expectations (including expected market share and growth momentum), and, where available and appropriate, observable market data.

A number of assumptions and estimates are involved in the preparation of the budgets, the cash flow projections for the period covered by the approved budgets, 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 the 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 applied to the cash flow projections, the growth rate used for extrapolation purposes, and expectations regarding 5G revenue. A pre-tax discount rate ranging from 5.7% to 9.1% (31 December 2024: 4.8% to 9.6%; 31 December 2023: 5.4% to 11.0%; 1 January 2023: 4.8% to 20.6%) has been applied. A growth rate ranging from 1% to 2% per annum (31 December 2024: 1% to 2%; 31 December 2023: 1% to 2%; 1 January 2023: 0% to 2%), which is not expected to exceed the anticipated economic growth for the underlying business units, has been used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

Retail operations

The recoverable amounts of the Group's Retail operations at 31 December 2025 were determined based on fair value less costs of disposal ("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 projections are based on the latest approved financial budgets for the next five years. Management prepared these financial budgets reflecting current and prior year performance and experience, market development expectations (including expected market share and growth momentum), and, where available and appropriate, observable market data.

A number of assumptions and estimates are involved in the preparation of the budgets, the cash flow projections for the period covered by the approved budgets, and the estimated terminal value at the end of the budget period. Key assumptions include expected growth in revenues and gross margin, inventory levels, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and the 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 applied to the discounted cash flow projections and the growth rate used for extrapolation purposes. A post-tax discount rate of 7.0% (31 December 2024: 7.0%; 31 December 2023: 8.4%; 1 January 2023: 8.4%) has been applied. In estimating the terminal value at the end of the five-year period, a growth rate of 2.4% per annum (31 December 2024: 2.6%; 31 December 2023: 3.9%; 1 January 2023: 4.2%), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

Impairment testing conclusion

The results of the impairment tests undertaken as at 31 December 2025, 31 December 2024 and 31 December 2023 indicated that no impairment charge was necessary for the goodwill and intangible assets of the Group. In performing the impairment tests for these assets, management has considered and assessed reasonably possible changes in key assumptions and has not identified any instance that could cause the recoverable amount to fall below the carrying value.

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

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18 Associated companies

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Unlisted shares	51,239	11,193	9,071	9,071
Listed shares, Hong Kong	62,919	62,919	62,919	62,919
Listed shares, outside Hong Kong	73,059	80,612	80,837	81,012
Share of undistributed post acquisition reserves	(6,811)	(16,005)	(12,081)	(15,264)
	180,406	138,719	140,746	137,738
Amounts due from (net with amounts due to) associated companies ^(a)	112	1,136	2,892	2,973
	180,518	139,855	143,638	140,711

The current year balance includes an addition of a 49% interest in VodafoneThree, which the Group received following the completion of the merger transaction to combine the Group's and Vodafone Group's respective telecommunications operations in the United Kingdom on 31 May 2025. The value of the Group's 49% interest in VodafoneThree was determined at HK\$40,766 million, based on the average valuation of five independent midpoint valuation analyses (see note 34(d)).

The market value of the above listed investments at 31 December 2025 was HK\$118,996 million (31 December 2024: HK\$111,361 million; 31 December 2023: HK\$112,390 million; 1 January 2023: HK\$117,220 million), inclusive of HK\$40,438 million (31 December 2024: HK\$37,292 million; 31 December 2023: HK\$41,370 million; 1 January 2023: HK\$47,735 million) for Cenovus Energy and HK\$42,328 million (31 December 2024: HK\$41,598 million; 31 December 2023: HK\$34,614 million; 1 January 2023: HK\$32,811 million) for Power Assets Holdings Limited ("Power Assets").

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

18 Associated companies (continued)

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Amounts due from associated companies ⁽ⁱ⁾				
Interest free	2,076	428	410	398
Interest-bearing at fixed rates ⁽ⁱⁱ⁾	532	839	2,618	2,739
Interest-bearing at floating rates ⁽ⁱⁱⁱ⁾	409	404	407	405
	3,017	1,671	3,435	3,542
Amounts due to associated companies ^(iv)				
Interest free	2,905	535	543	569
Amounts due from (net with amounts due to) associated companies	112	1,136	2,892	2,973

(i) Amounts due from associated companies

At 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, the amounts due from associated companies are unsecured and have no fixed terms of repayment, except for:

HK\$1,608 million which is repayable within one to three years (31 December 2024: nil; 31 December 2023: nil; 1 January 2023: HK\$4 million within one year).

Amounts due from associated companies are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these amounts. The expected credit loss was minimal as the amounts were due from companies over which the Group has significant influence, 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 or forecast future economic conditions existing at the reporting date that require the Group to make a provision for expected credit losses in respect of these assets.

(ii) Amounts due from associated companies – fixed rate

At 31 December 2025, HK\$532 million (31 December 2024: HK\$839 million; 31 December 2023: HK\$2,618 million; 1 January 2023: HK\$2,739 million) bears interest at fixed rates ranging from approximately 10.9% to 11.2% (31 December 2024: 4.7% to 11.2%; 31 December 2023: 4.7% to 11.2%; 1 January 2023: 4.7% to 11.2%) per annum.

(iii) Amounts due from associated companies – floating rate

At 31 December 2025, HK\$409 million (31 December 2024: HK\$404 million; 31 December 2023: HK\$407 million; 1 January 2023: HK\$405 million) bears interest at floating rates ranging from approximately 3.3% to 4.1% (31 December 2024: 5.0% to 5.8%; 31 December 2023: 6.0% to 6.4%; 1 January 2023: 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) Amounts due to associated companies

At 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, the amounts due to associated companies are unsecured and have no fixed terms of repayment, except for:

HK\$1,259 million which is repayable within one to three years (31 December 2024: nil; 31 December 2023: nil; 1 January 2023: nil).

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18 Associated companies *(continued)*

(b) Material associated companies

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

	2025		2024		2023	
	Cenovus Energy	Power Assets	Cenovus Energy	Power Assets	Cenovus Energy	Power Assets
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Dividends received from associated companies	1,366	2,164	1,465	2,164	964	2,164
Gross amount of the following items of the associated companies ^(b) :						
Total revenue	277,860	771	309,396	919	304,130	1,292
EBITDA	57,463	19,858	54,433	18,747	60,278	18,733
EBIT	28,205	12,813	26,321	12,577	33,224	13,077
Other comprehensive income (losses)	1,215	3,353	(17,735)	(1,785)	3,706	1,901
Total comprehensive income (losses)	23,287	9,589	(2,315)	4,334	25,882	7,904
Current assets	55,977	3,019	56,344	3,488	57,898	4,359
Non-current assets	406,413	132,936	347,556	128,219	367,380	128,973
Current liabilities	35,737	5,049	39,755	4,077	36,763	3,249
Non-current liabilities	144,172	2,551	104,803	2,924	112,439	3,701
Net assets (net of preferred shares and non-controlling interests)	281,728	128,355	257,274	124,706	272,773	126,382
Reconciliation to the carrying amount of the Group's interests in associated companies:						
Group's interest	16.4%	36.0%	17.4%	36.0%	16.9%	36.0%
Group's share of net assets	46,085	46,225	44,677	44,912	46,180	45,515
Carrying amount	46,085	46,225	44,677	44,912	46,180	45,515

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\$88,208 million (31 December 2024: HK\$50,266 million; 31 December 2023: HK\$51,943 million).

18 Associated companies (continued)

(b) Material associated companies (continued)

	2025			
	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	3,757	2,246	2,897	8,900
Other comprehensive income	199	1,208	1,415	2,822
Total comprehensive income	3,956	3,454	4,312	11,722
	2024			
	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	3,041	2,204	1,658	6,903
Other comprehensive income (losses)	(3,080)	(643)	(2,030)	(5,753)
Total comprehensive income (losses)	(39)	1,561	(372)	1,150
	2023			
	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
Other comprehensive income	627	685	17	1,329
Total comprehensive income	4,590	2,846	2,031	9,467

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

Particulars regarding the principal associated companies are set forth on pages 343 to 346.

Notes to the Financial Statements

19 Interests in joint ventures

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Unlisted shares	134,667	133,389	127,116	118,039
Share of undistributed post acquisition reserves	19,665	4,136	7,154	1,049
	154,332	137,525	134,270	119,088
Amounts due from (net with amounts due to) joint ventures ^(a)	16,776	16,683	22,067	29,473
	171,108	154,208	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.

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Amounts due from joint ventures ⁽ⁱ⁾				
Interest free	2,275	2,525	2,239	2,764
Interest-bearing at fixed rates ⁽ⁱⁱ⁾	6,309	5,972	7,972	9,650
Interest-bearing at floating rates ⁽ⁱⁱⁱ⁾	8,412	8,456	12,166	17,378
	16,996	16,953	22,377	29,792
Amounts due to joint ventures ^(iv)				
Interest free	220	270	310	319
Amounts due from (net with amounts due to) joint ventures	16,776	16,683	22,067	29,473

(i) Amounts due from joint ventures

At 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, the amounts due from joint ventures are unsecured and have no fixed terms of repayment, except for:

HK\$29 million which is repayable within one year (31 December 2024: HK\$322 million repayable within one year; 31 December 2023: HK\$32 million repayable within one to two years; 1 January 2023: HK\$1,650 million repayable within one to three years).

Amounts due from joint ventures are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these amounts. The expected credit loss was minimal as the amounts were due from companies over which the Group has joint control, 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 or forecast future economic conditions existing at the reporting date that would require the Group to make a provision for expected credit losses in respect of these assets.

19 Interests in joint ventures (continued)

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

(ii) Amounts due from joint ventures – fixed rate

At 31 December 2025, HK\$6,309 million (31 December 2024: HK\$5,972 million; 31 December 2023: HK\$7,972 million; 1 January 2023: HK\$9,650 million) bears interest at fixed rates ranging from approximately 4.2% to 10.0% (31 December 2024: 4.2% to 10.0%; 31 December 2023: 4.4% to 11.0%; 1 January 2023: 4.4% to 11.0%) per annum.

(iii) Amounts due from joint ventures – floating rate

At 31 December 2025, HK\$8,412 million (31 December 2024: HK\$8,456 million; 31 December 2023: HK\$12,166 million; 1 January 2023: HK\$17,378 million) bears interest at floating rates ranging from approximately 3.1% to 6.9% (31 December 2024: 3.7% to 7.7%; 31 December 2023: 4.1% to 8.3%; 1 January 2023: 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) Amounts due to joint ventures

At 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, 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:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Profits less losses after tax	11,074	9,757	7,990
Other comprehensive income (losses)	9,130	(6,256)	3,997
Total comprehensive income	20,204	3,501	11,987
Capital commitments	3,833	3,929	13,880

As at 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 343 to 346.

Notes to the Financial Statements

20 Deferred tax

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Deferred tax assets	7,102	18,140	21,074	18,509
Deferred tax liabilities	17,275	17,974	19,572	19,290
Net deferred tax assets (liabilities)	(10,173)	166	1,502	(781)

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

	2025	2024	2023
	HK\$ million	HK\$ million	HK\$ million
At 1 January	166	1,502	(781)
Relating to subsidiaries acquired	(2)	(354)	3
Relating to subsidiaries disposed	(9,429)	35	–
Transfer to current tax	64	(15)	6
Net credit (charge) to other comprehensive income	117	(85)	380
Net credit (charge) to the consolidated income statement			
Tax losses	(1,246)	(1,184)	1,617
Accelerated depreciation allowances	(329)	(1,005)	(62)
Fair value adjustments arising from acquisitions	(289)	(154)	(551)
Withholding tax on undistributed profits	(16)	49	(48)
Other temporary differences	(72)	1,766	160
Exchange translation differences	863	(389)	778
At 31 December	(10,173)	166	1,502

Analysis of net deferred tax assets (liabilities):

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Tax losses	4,556	15,289	16,865	14,703
Accelerated depreciation allowances	(3,237)	(3,365)	(2,425)	(2,555)
Fair value adjustments arising from acquisitions	(13,908)	(12,492)	(12,268)	(11,625)
Revaluation of investment properties and other investments	30	24	20	16
Withholding tax on undistributed profits	(778)	(842)	(912)	(875)
Other temporary differences	3,164	1,552	222	(445)
	(10,173)	166	1,502	(781)

20 Deferred tax (continued)

Deferred taxation

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. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that such profits are considered to be permanently employed in their businesses and it is probable that these temporary differences will not reverse in the foreseeable future.

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 2025, the Group has recognised accumulated deferred tax assets amounting to HK\$7,102 million (31 December 2024: HK\$18,140 million; 31 December 2023: HK\$21,074 million; 1 January 2023: HK\$18,509 million), of which HK\$3,042 million (31 December 2024: HK\$14,269 million; 31 December 2023: HK\$16,973 million; 1 January 2023: 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.

Unrecognised deferred tax assets

The amounts of unutilised tax losses and deductible temporary differences for which no deferred tax asset has been recognised in the consolidated statement of financial position at 31 December 2025 were HK\$583,937 million (31 December 2024: HK\$502,204 million; 31 December 2023: HK\$531,915 million; 1 January 2023: HK\$504,116 million) and HK\$29,030 million (31 December 2024: HK\$25,794 million; 31 December 2023: HK\$27,472 million; 1 January 2023: HK\$21,289 million), respectively, totalling HK\$612,967 million (31 December 2024: HK\$527,998 million; 31 December 2023: HK\$559,387 million; 1 January 2023: HK\$525,405 million). These amounts included balances that are subject to agreement by relevant tax authorities.

These unutilised tax losses and deductible temporary differences can be carried forward against future taxable income. Of the total amounts unrecognised:

- HK\$160,863 million (31 December 2024: HK\$166,087 million; 31 December 2023: HK\$174,454 million; 1 January 2023: HK\$91,882 million) has no expiry date;
- HK\$5,623 million (31 December 2024: HK\$8,008 million; 31 December 2023: HK\$8,269 million; 1 January 2023: HK\$6,658 million) is expected to expire within 10 years; and
- The remaining balances are expected to expire after 10 years.

Notes to the Financial Statements

21 Liquid funds and other listed investments

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financial assets at amortised cost				
Managed funds – cash and cash equivalents, outside Hong Kong ^(c)	60	34	50	40
Financial assets at fair value through other comprehensive income (“FVOCI”) ^(d)				
Listed equity securities, Hong Kong ^(e)	330	536	608	608
Listed equity securities, outside Hong Kong ^(e)	11	747	8,589	9,096
Managed funds – listed debt securities, outside Hong Kong ^{(b) (f)}	7,161	6,825	6,539	6,359
	7,562	8,142	15,786	16,103

(a) Liquid funds and other listed investments by currency

At 31 December 2025, liquid funds and other listed investments totalling HK\$7,562 million (31 December 2024: HK\$8,142 million; 31 December 2023: HK\$15,786 million; 1 January 2023: HK\$16,103 million) are denominated in the following currencies:

	31 December 2025		31 December 2024	
	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%	–	7%
US dollar	100%	95%	100%	84%
Other currencies	–	1%	–	9%
	100%	100%	100%	100%

	31 December 2023		1 January 2023	
	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 45(a) for further analysis.

(b) Listed debt securities

At 31 December 2025, listed debt securities totalling HK\$7,161 million (31 December 2024: HK\$6,825 million; 31 December 2023: HK\$6,539 million; 1 January 2023: HK\$6,359 million) presented above are analysed as follows:

21 Liquid funds and other listed investments (continued)

(b) Listed debt securities (continued)

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage
Credit ratings				
Aaa / AAA	16%	15%	14%	12%
Aa1 / AA+	84%	85%	86%	87%
Other investment grades	–	–	–	1%
	100%	100%	100%	100%
Sectorial				
US Treasury notes	75%	74%	72%	73%
Government and government guaranteed notes	16%	22%	25%	23%
Others	9%	4%	3%	4%
	100%	100%	100%	100%
Weighted average maturity	3.1 years	1.1 years	1.8 years	2.6 years
Weighted average effective yield	3.04%	2.73%	1.61%	1.54%

(c) Managed funds – cash and cash equivalents

“Managed funds – cash and cash equivalents” are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these amounts. These funds were held with reputable financial institutions. The Group controls the credit risk arising from 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) Fair value measurement

The fair values are based on quoted market prices.

(e) Equity securities

These equity securities are not 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. For the comparative balances as at 31 December 2024, 31 December 2023 and 1 January 2023, the Group had collar agreements with banks to hedge the fair values of certain of these listed equity securities:

- 31 December 2024: fair value surplus of HK\$14 million was included in current assets;
- 31 December 2023: fair value deficits of HK\$297 million and HK\$59 million were included in current and non-current liabilities, respectively; and
- 1 January 2023: fair value surplus of HK\$216 million was included in listed equity securities, outside Hong Kong.

(f) Managed funds – listed debt securities

“Managed funds – listed debt securities” comprised predominately US Treasury notes and government and government-guaranteed notes. At 31 December 2025, all of the carrying amount of these assets (31 December 2024: all; 31 December 2023: all; 1 January 2023: 99%) were rated at Aaa/AAA or Aa1/AA+. These assets are considered to be of low credit risk. As a result, an insignificant provision for credit losses was required at each reporting date in respect of these assets.

Notes to the Financial Statements

22 Other non-current assets

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Investment properties (see note 23)	381	389	408	408
Customer acquisition and retention costs ^(a)	4,127	4,231	4,290	3,660
Contract assets (see note 25(b))	1,739	3,202	3,826	2,095
Unlisted investments				
Financial assets at FVOCI – equity securities ^(b)	6,360	1,933	2,189	2,451
Financial assets at fair value through profit or loss – equity securities	54	366	369	417
Financial assets at fair value through profit or loss – debt securities	326	414	604	555
Pension assets (see note 30)	2,280	2,239	1,428	1,311
Derivative financial instruments				
Cash flow hedges				
Interest rate swaps	22	–	52	84
Cross currency interest rate swaps	–	227	150	132
Other contracts	–	–	–	3,081
Net investment hedges – Cross currency swaps	874	1,281	572	1,164
Other non-current assets ^(c)	832	5,921	5,974	542
	16,995	20,203	19,862	15,900

(a) Customer acquisition and retention costs

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 stated after deducting the amortisation charged to the consolidated income statement for the current year of HK\$3,724 million (31 December 2024: HK\$3,903 million; 31 December 2023: HK\$3,667 million; 1 January 2023: HK\$3,464 million). No impairment loss was recognised in relation to the costs capitalised.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group would otherwise have recognised is one year or less.

(b) Equity securities designated at fair value through other comprehensive income

These equity securities are not 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 considers this fair value through other comprehensive income designation to be appropriate. Fair values for these investments are determined using valuation techniques, including discounted cash flow analysis.

(c) Other non-current assets

The balance included lease receivables of HK\$832 million (31 December 2024: HK\$875 million; 31 December 2023: HK\$507 million; 1 January 2023: HK\$542 million), which are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each 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 or forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit losses in respect of these assets.

The remaining balances for the comparative years ended 31 December 2024 and 31 December 2023 mainly comprise prepayments of telecommunications annual licences fee of 3 UK.

23 Investment properties

Investment properties are included in “Other non-current assets” (see note 22) in the consolidated statement of financial position.

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Valuation			
At 1 January	389	408	408
Decrease in fair value of investment properties	(8)	(19)	–
At 31 December	381	389	408

At 31 December 2025, investment properties amounting to HK\$381 million (31 December 2024: HK\$389 million; 31 December 2023: HK\$408 million; 1 January 2023: HK\$408 million) were measured at fair value based on valuation inputs, other than quoted prices, that are observable either directly or indirectly. The fair values of the investment properties at 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023 were determined based on valuations carried out by Cushman & Wakefield Limited, independent professional valuers. The valuations, which reflect the highest and best use, were arrived at by reference to comparable market transactions and also took into account the capitalising of rental income derived from existing tenancies, with due provision for the reversionary income potential of the properties.

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

At 31 December 2025, 31 December 2024, 31 December 2023 and 1 January 2023, the Group’s aggregate future minimum lease receivable under non-cancellable operating leases were not material.

24 Cash and cash equivalents

	31 December 2025 HK\$ million	31 December 2024 HK\$ million	31 December 2023 HK\$ million	1 January 2023 HK\$ million
Cash at bank and in hand	30,901	26,734	34,000	27,769
Short term bank deposits	112,847	94,569	93,323	110,316
	143,748	121,303	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 arising from non-performance by 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, an insignificant provision for credit losses was made at each reporting date in respect of these assets. See note 45(a) for further analysis.

Notes to the Financial Statements

25 Trade receivables and other current assets

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Trade receivables ^(a)	18,283	18,825	20,264	18,650
Less: loss allowance provision	(3,331)	(3,498)	(3,967)	(3,705)
	14,952	15,327	16,297	14,945
Other current assets				
Derivative financial instruments				
Fair value hedges – collar agreements	–	14	–	–
Cash flow hedges				
Interest rate swaps	–	7	–	153
Cross currency interest rate swaps	–	–	–	622
Forward foreign exchange contracts	–	5	–	1
Other contracts	2	1	26	167
Net investment hedges				
Cross currency interest rate swaps	–	–	–	112
Forward foreign exchange contracts	90	436	201	44
Cross currency swaps	–	79	336	9
Contract assets ^(b)	2,769	3,919	3,754	4,219
Prepayments	12,663	13,908	16,361	22,978
Other receivables ^(c)	11,711	12,169	13,491	13,433
Current tax receivables	120	102	124	128
	42,307	45,967	50,590	56,811

(a) Trade receivables

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 each 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 that are past due at the end of the reporting period are stated at the expected recoverable amount, after deducting of provisions for estimated impairment losses. Given the profile of the Group's customers and the diverse nature of the Group's businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 4% of the Group's revenue for the year ended 31 December 2025 (31 December 2024: less than 5%; 31 December 2023: less than 5%).

25 Trade receivables and other current assets (continued)

(a) Trade receivables (continued)

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Less than 31 days	11,433	11,532	11,996	10,609
Within 31 to 60 days	1,796	1,655	1,874	1,704
Within 61 to 180 days	1,056	1,504	1,523	1,681
Over 180 days	3,998	4,134	4,871	4,656
	18,283	18,825	20,264	18,650

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

	2025	2024	2023
	HK\$ million	HK\$ million	HK\$ million
At 1 January	3,498	3,967	3,705
Additions	601	717	653
Utilisations	(1,011)	(936)	(492)
Write back	(25)	(32)	(41)
Relating to subsidiaries disposed	(154)	–	–
Exchange translation differences	422	(218)	142
At 31 December	3,331	3,498	3,967

The Group applies the simplified approach to provide for expected credit losses as prescribed by IFRS 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 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. The Group considers these adjustments to be reasonable and appropriate.

To measure expected credit losses, trade receivables have been grouped based on the number of days past due. The gross carrying amount of trade receivables and the loss allowance provision, analysed by ageing bands, are set out below.

	31 December 2025		
	Gross carrying amount	Loss allowance provision	Expected loss rate
	HK\$ million	HK\$ million	Percentage
Not past due	9,549	77	1%
Past due less than 31 days	2,782	29	1%
Past due within 31 to 60 days	1,161	36	3%
Past due within 61 to 180 days	926	119	13%
Past due over 180 days	3,865	3,070	79%
	18,283	3,331	

Notes to the Financial Statements

25 Trade receivables and other current assets (continued)

(a) Trade receivables (continued)

	31 December 2024		
	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage
Not past due	9,674	106	1%
Past due less than 31 days	3,114	81	3%
Past due within 31 to 60 days	817	29	4%
Past due within 61 to 180 days	1,215	229	19%
Past due over 180 days	4,005	3,053	76%
	18,825	3,498	

	31 December 2023		
	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage
Not past due	9,965	89	1%
Past due less than 31 days	3,501	67	2%
Past due within 31 to 60 days	787	70	9%
Past due within 61 to 180 days	1,291	380	29%
Past due over 180 days	4,720	3,361	71%
	20,264	3,967	

	1 January 2023		
	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage
Not past due	9,169	95	1%
Past due less than 31 days	2,918	82	3%
Past due within 31 to 60 days	782	79	10%
Past due within 61 to 180 days	1,312	384	29%
Past due over 180 days	4,469	3,065	69%
	18,650	3,705	

25 Trade receivables and other current assets (continued)

(b) Contract assets

As at 31 December 2025, contract assets of HK\$2,769 million (31 December 2024: HK\$3,919 million; 31 December 2023: HK\$3,754 million; 1 January 2023: HK\$4,219 million) and HK\$1,739 million (31 December 2024: HK\$3,202 million; 31 December 2023: HK\$3,826 million; 1 January 2023: HK\$2,095 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 22), respectively. These assets are stated at the expected recoverable amount, net of provisions for estimated impairment losses of HK\$1,535 million (31 December 2024: HK\$1,926 million; 31 December 2023: HK\$1,637 million; 1 January 2023: HK\$1,525 million).

The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movements in the provision for estimated impairment losses are as follows:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
At 1 January	1,926	1,637	1,525
Additions	660	1,018	927
Utilisations	(463)	(595)	(823)
Write back	(43)	(54)	(55)
Relating to subsidiaries disposed	(756)	–	–
Exchange translation differences	211	(80)	63
At 31 December	1,535	1,926	1,637

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices that have not been billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional, which typically occurs upon issuance of an invoice to the customer.

The Group's historical credit loss experience does not indicate a substantially different loss pattern for contract assets as compared to trade receivables for similar customer bases. Accordingly, the Group makes reference to the expected credit loss provision rates for trade receivables to measure expected credit losses on contract assets. These rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount.

(c) Other receivables

Other receivables are considered to be of low credit risk. As a result, an insignificant provision for credit losses was made at each reporting date in respect of these assets.

Notes to the Financial Statements

26 Bank and other debts

	31 December 2025		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Principal amounts			
Bank loans	17,908	80,017	97,925
Other loans	4	68	72
Notes and bonds	20,138	145,228	165,366
	38,050	225,313	263,363
Unamortised fair value adjustments arising from acquisitions	85	1,554	1,639
Subtotal before the following items	38,135	226,867	265,002
Unamortised loan facilities fees and premiums or discounts related to debts	(48)	(1,361)	(1,409)
	38,087	225,506	263,593

	31 December 2024		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Principal amounts			
Bank loans	24,896	62,944	87,840
Other loans	4	64	68
Notes and bonds	6,068	162,072	168,140
	30,968	225,080	256,048
Unamortised fair value adjustments arising from acquisitions	–	1,955	1,955
Subtotal before the following items	30,968	227,035	258,003
Unamortised loan facilities fees and premiums or discounts related to debts	(12)	(1,599)	(1,611)
	30,956	225,436	256,392

26 Bank and other debts (continued)

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

Notes to the Financial Statements

26 Bank and other debts (continued)

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

	31 December 2025		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	17,908	80,017	97,925
Other loans	4	68	72
Notes and bonds			
HK\$260 million notes, 4% due 2027	–	260	260
US\$500 million notes, 1.5% due 2026	3,900	–	3,900
US\$500 million notes, 2.75% due 2026	3,900	–	3,900
US\$309 million notes – Series C, 7.5% due 2027	–	2,410	2,410
US\$500 million notes, 3.25% due 2027	–	3,900	3,900
US\$800 million notes, 3.5% due 2027	–	6,240	6,240
US\$1,250 million notes, 4.75% due 2028	–	9,750	9,750
US\$491 million notes, 2.75% due 2029	–	3,829	3,829
US\$750 million notes, 3.625% due 2029	–	5,850	5,850
US\$1,000 million notes, 5.375% due 2029	–	7,800	7,800
US\$500 million notes, 4.25% due 2030	–	3,900	3,900
US\$500 million notes, 4.375% due 2030	–	3,900	3,900
US\$705 million notes, 2.5% due 2030	–	5,500	5,500
US\$786 million notes, 2.5% due 2031	–	6,127	6,127
US\$1,039 million notes, 7.45% due 2033	–	8,107	8,107
US\$1,250 million notes, 4.875% due 2033	–	9,750	9,750
US\$500 million notes, 4.75% due 2034	–	3,900	3,900
US\$1,000 million notes, 5.5% due 2034	–	7,800	7,800
US\$25 million notes – Series D, 6.988% due 2037	–	196	196
US\$647 million notes, 3.125% due 2041	–	5,044	5,044
US\$741 million notes, 3.375% due 2049	–	5,777	5,777
US\$694 million notes, 3.375% due 2050	–	5,410	5,410
EUR1,000 million notes, 0.75% due 2026	9,160	–	9,160
EUR650 million notes, 2% due 2028	–	5,954	5,954
EUR1,000 million notes, 1.125% due 2028	–	9,160	9,160
EUR500 million notes, 0.75% due 2029	–	4,580	4,580
EUR500 million notes, 2% due 2030	–	4,580	4,580
EUR750 million notes, 1.5% due 2031	–	6,870	6,870
EUR500 million notes, 1% due 2033	–	4,580	4,580
GBP303 million notes, 5.625% due 2026	3,178	–	3,178
GBP223 million notes, 2% due 2027	–	2,344	2,344
GBP92 million notes, 2.625% due 2034	–	964	964
JPY15,000 million notes, 2.6% due 2027	–	746	746
	20,138	145,228	165,366
	38,050	225,313	263,363

26 Bank and other debts (continued)

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

	31 December 2024		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	24,896	62,944	87,840
Other loans	4	64	68
Notes and bonds			
HK\$260 million notes, 4% due 2027	–	260	260
US\$500 million notes, 1.5% due 2026	–	3,900	3,900
US\$500 million notes, 2.75% due 2026	–	3,900	3,900
US\$309 million notes – Series C, 7.5% due 2027	–	2,410	2,410
US\$500 million notes, 3.25% due 2027	–	3,900	3,900
US\$800 million notes, 3.5% due 2027	–	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
US\$750 million notes, 3.625% due 2029	–	5,850	5,850
US\$1,000 million notes, 5.375% due 2029	–	7,800	7,800
US\$500 million notes, 4.375% due 2030	–	3,900	3,900
US\$750 million notes, 2.5% due 2030	–	5,850	5,850
US\$850 million notes, 2.5% due 2031	–	6,630	6,630
US\$1,039 million notes, 7.45% due 2033	–	8,107	8,107
US\$1,250 million notes, 4.875% due 2033	–	9,750	9,750
US\$500 million notes, 4.75% due 2034	–	3,900	3,900
US\$1,000 million notes, 5.5% due 2034	–	7,800	7,800
US\$25 million notes – Series D, 6.988% due 2037	–	196	196
US\$650 million notes, 3.125% due 2041	–	5,070	5,070
US\$750 million notes, 3.375% due 2049	–	5,850	5,850
US\$750 million notes, 3.375% due 2050	–	5,850	5,850
EUR750 million notes, 1.25% due 2025	6,068	–	6,068
EUR1,000 million notes, 0.75% due 2026	–	8,090	8,090
EUR650 million notes, 2% due 2028	–	5,258	5,258
EUR1,000 million notes, 1.125% due 2028	–	8,090	8,090
EUR500 million notes, 0.75% due 2029	–	4,045	4,045
EUR500 million notes, 2% due 2030	–	4,045	4,045
EUR750 million notes, 1.5% due 2031	–	6,068	6,068
EUR500 million notes, 1% due 2033	–	4,045	4,045
GBP303 million notes, 5.625% due 2026	–	2,981	2,981
GBP500 million notes, 2% due 2027	–	4,920	4,920
GBP300 million notes, 2.625% due 2034	–	2,952	2,952
JPY15,000 million notes, 2.6% due 2027	–	765	765
	6,068	162,072	168,140
	30,968	225,080	256,048

Notes to the Financial Statements

26 Bank and other debts (continued)

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

	31 December 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	24,484	65,036	89,520
Other loans	154	72	226
Notes and bonds			
HK\$2,413 million notes, 3-mth HIBOR + 0.32% due 2024	2,413	–	2,413
HK\$260 million notes, 4% due 2027	–	260	260
US\$750 million notes, 3.25% due 2024	5,850	–	5,850
US\$1,500 million notes, 3.625% due 2024	11,700	–	11,700
US\$500 million notes, 1.5% due 2026	–	3,900	3,900
US\$500 million notes, 2.75% due 2026	–	3,900	3,900
US\$309 million notes – Series C, 7.5% due 2027	–	2,410	2,410
US\$500 million notes, 3.25% due 2027	–	3,900	3,900
US\$800 million notes, 3.5% due 2027	–	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
US\$750 million notes, 3.625% due 2029	–	5,850	5,850
US\$750 million notes, 2.5% due 2030	–	5,850	5,850
US\$850 million notes, 2.5% due 2031	–	6,630	6,630
US\$1,039 million notes, 7.45% due 2033	–	8,107	8,107
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
US\$650 million notes, 3.125% due 2041	–	5,070	5,070
US\$750 million notes, 3.375% due 2049	–	5,850	5,850
US\$750 million notes, 3.375% due 2050	–	5,850	5,850
EUR600 million bonds, 1% due 2024	5,172	–	5,172
EUR1,000 million notes, 0.875% due 2024	8,620	–	8,620
EUR750 million notes, 1.25% due 2025	–	6,465	6,465
EUR1,000 million notes, 0.75% due 2026	–	8,620	8,620
EUR650 million notes, 2% due 2028	–	5,603	5,603
EUR1,000 million notes, 1.125% due 2028	–	8,620	8,620
EUR500 million notes, 0.75% due 2029	–	4,310	4,310
EUR500 million notes, 2% due 2030	–	4,310	4,310
EUR750 million notes, 1.5% due 2031	–	6,465	6,465
EUR500 million notes, 1% due 2033	–	4,310	4,310
GBP303 million notes, 5.625% due 2026	–	3,010	3,010
GBP500 million notes, 2% due 2027	–	4,970	4,970
GBP300 million notes, 2.625% due 2034	–	2,982	2,982
JPY15,000 million notes, 2.6% due 2027	–	822	822
	33,755	147,900	181,655
	58,393	213,008	271,401

26 Bank and other debts (continued)

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

	1 January 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	40,697	53,806	94,503
Other loans	4	225	229
Notes and bonds			
HK\$2,413 million notes, 3-mth HIBOR + 0.32% due 2024	–	2,413	2,413
HK\$260 million notes, 4% due 2027	–	260	260
US\$750 million notes, 2.75% due 2023	5,850	–	5,850
US\$750 million notes, 3.25% due 2024	–	5,850	5,850
US\$1,500 million notes, 3.625% due 2024	–	11,700	11,700
US\$500 million notes, 1.5% due 2026	–	3,900	3,900
US\$500 million notes, 2.75% due 2026	–	3,900	3,900
US\$309 million notes – Series C, 7.5% due 2027	–	2,410	2,410
US\$500 million notes, 3.25% due 2027	–	3,900	3,900
US\$800 million notes, 3.5% due 2027	–	6,240	6,240
US\$500 million notes, 2.75% due 2029	–	3,900	3,900
US\$750 million notes, 3.625% due 2029	–	5,850	5,850
US\$750 million notes, 2.5% due 2030	–	5,850	5,850
US\$850 million notes, 2.5% due 2031	–	6,630	6,630
US\$1,039 million notes, 7.45% due 2033	–	8,107	8,107
US\$25 million notes – Series D, 6.988% due 2037	–	196	196
US\$650 million notes, 3.125% due 2041	–	5,070	5,070
US\$750 million notes, 3.375% due 2049	–	5,850	5,850
US\$750 million notes, 3.375% due 2050	–	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	–	4,980	4,980
EUR1,000 million notes, 0.875% due 2024	–	8,300	8,300
EUR750 million notes, 1.25% due 2025	–	6,225	6,225
EUR1,000 million notes, 0.75% due 2026	–	8,300	8,300
EUR650 million notes, 2% due 2028	–	5,395	5,395
EUR1,000 million notes, 1.125% due 2028	–	8,300	8,300
EUR500 million notes, 0.75% due 2029	–	4,150	4,150
EUR500 million notes, 2% due 2030	–	4,150	4,150
EUR750 million notes, 1.5% due 2031	–	6,225	6,225
EUR500 million notes, 1% due 2033	–	4,150	4,150
GBP303 million notes, 5.625% due 2026	–	2,866	2,866
GBP500 million notes, 2% due 2027	–	4,730	4,730
GBP300 million notes, 2.625% due 2034	–	2,837	2,837
JPY15,000 million notes, 2.6% due 2027	–	886	886
	29,505	159,370	188,875
	70,206	213,401	283,607

Notes to the Financial Statements

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

	31 December 2025		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans			
Within a year	17,908	–	17,908
After 1 year, but within 2 years	–	15,177	15,177
After 2 years, but within 5 years	–	64,840	64,840
	17,908	80,017	97,925
Other loans			
Within a year	4	–	4
After 1 year, but within 2 years	–	4	4
After 2 years, but within 5 years	–	12	12
After 5 years	–	52	52
	4	68	72
Notes and bonds			
Within a year	20,138	–	20,138
After 1 year, but within 2 years	–	15,900	15,900
After 2 years, but within 5 years	–	64,803	64,803
After 5 years	–	64,525	64,525
	20,138	145,228	165,366
	38,050	225,313	263,363
	31 December 2024		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans			
Within a year	24,896	–	24,896
After 1 year, but within 2 years	–	22,683	22,683
After 2 years, but within 5 years	–	40,261	40,261
	24,896	62,944	87,840
Other loans			
Within a year	4	–	4
After 1 year, but within 2 years	–	4	4
After 2 years, but within 5 years	–	10	10
After 5 years	–	50	50
	4	64	68
Notes and bonds			
Within a year	6,068	–	6,068
After 1 year, but within 2 years	–	18,871	18,871
After 2 years, but within 5 years	–	63,188	63,188
After 5 years	–	80,013	80,013
	6,068	162,072	168,140
	30,968	225,080	256,048

26 Bank and other debts (continued)

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

(a) By year of repayment (continued)

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

Notes to the Financial Statements

26 Bank and other debts (continued)

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

(a) By year of repayment (continued)

Bank and other debts – covenants

Under the terms of the major bank and other debt facilities, the Group is required to comply with certain financial and non-financial covenants at the end of the reporting period. If the Group were to breach the covenants, the non-current portion of bank and other debts with a principal amount of HK\$225,228 million (31 December 2024: HK\$224,756 million; 31 December 2023: HK\$212,676 million) that are subject to the fulfilment of such covenants would become repayable within twelve months after the reporting period.

The Group has complied with all applicable covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they are next tested within twelve months of the reporting date.

(b) By secured and unsecured borrowings

	31 December 2025		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1	1,485	1,486
Unsecured borrowings	38,049	223,828	261,877
	38,050	225,313	263,363
	31 December 2024		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1,389	1	1,390
Unsecured borrowings	29,579	225,079	254,658
	30,968	225,080	256,048
	31 December 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1	1,558	1,559
Unsecured borrowings	58,392	211,450	269,842
	58,393	213,008	271,401
	1 January 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1	1,524	1,525
Unsecured borrowings	70,205	211,877	282,082
	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

	31 December 2025		
	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million
Borrowings at fixed rate	20,142	145,295	165,437
Borrowings at floating rate	17,908	80,018	97,926
	38,050	225,313	263,363
	31 December 2024		
	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million
Borrowings at fixed rate	6,071	162,136	168,207
Borrowings at floating rate	24,897	62,944	87,841
	30,968	225,080	256,048
	31 December 2023		
	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million
Borrowings at fixed rate	31,496	147,972	179,468
Borrowings at floating rate	26,897	65,036	91,933
	58,393	213,008	271,401
	1 January 2023		
	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million
Borrowings at fixed rate	29,509	157,183	186,692
Borrowings at floating rate	40,697	56,218	96,915
	70,206	213,401	283,607

Notes to the Financial Statements

26 Bank and other debts (continued)

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

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

	31 December 2025		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	20,142	151,582	171,724
Borrowings at floating rate	17,908	73,731	91,639
	38,050	225,313	263,363

	31 December 2024		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	9,200	162,136	171,336
Borrowings at floating rate	21,768	62,944	84,712
	30,968	225,080	256,048

	31 December 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	31,496	151,433	182,929
Borrowings at floating rate	26,897	61,575	88,472
	58,393	213,008	271,401

	1 January 2023		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	47,449	160,603	208,052
Borrowings at floating rate	22,757	52,798	75,555
	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):

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

Derivative financial instruments

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, primarily to mitigate interest rate exposures associated with certain infrastructure project-related borrowings. At 31 December 2025, the notional amount of outstanding interest rate swap agreements amounted to HK\$6,287 million (31 December 2024: HK\$3,129 million; 31 December 2023: HK\$3,461 million; 1 January 2023: interest rate swap agreements of HK\$11,220 million and cross currency interest rate swap agreements of HK\$10,140 million, respectively) (see note 45(i)(ii)).

- (e) By currency

	31 December 2025		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	3%	43%	46%
Euro	8%	23%	31%
HK dollar	1%	11%	12%
British Pound	1%	2%	3%
Other currencies	1%	7%	8%
	14%	86%	100%

	31 December 2024		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	7%	44%	51%
Euro	2%	28%	30%
HK dollar	–	6%	6%
British Pound	–	5%	5%
Other currencies	3%	5%	8%
	12%	88%	100%

Notes to the Financial Statements

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 (continued)

	31 December 2023		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	8%	41%	49%
Euro	11%	22%	33%
HK dollar	1%	4%	5%
British Pound	1%	4%	5%
Other currencies	1%	7%	8%
	22%	78%	100%

	1 January 2023		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	9%	40%	49%
Euro	12%	23%	35%
HK dollar	1%	1%	2%
British Pound	1%	4%	5%
Other currencies	2%	7%	9%
	25%	75%	100%

26 Bank and other debts *(continued)*

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

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

	31 December 2025		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	3%	43%	46%
Euro	8%	23%	31%
HK dollar	1%	11%	12%
British Pound	1%	2%	3%
Other currencies	1%	7%	8%
	14%	86%	100%

	31 December 2024		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	7%	44%	51%
Euro	2%	30%	32%
HK dollar	–	6%	6%
British Pound	–	3%	3%
Other currencies	3%	5%	8%
	12%	88%	100%

Notes to the Financial Statements

26 Bank and other debts (continued)

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

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

	31 December 2023		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	8%	41%	49%
Euro	11%	23%	34%
HK dollar	1%	4%	5%
British Pound	1%	3%	4%
Other currencies	1%	7%	8%
	22%	78%	100%

	1 January 2023		
	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	4%	39%	43%
Euro	17%	25%	42%
HK dollar	1%	1%	2%
British Pound	1%	3%	4%
Other currencies	2%	7%	9%
	25%	75%	100%

As at 31 December 2025, no currency swap agreement were in place with bank to swap the principal amount of borrowings.

For the comparative periods, the Group had currency swap agreements with banks to swap US dollar or British Pound principal amount of borrowings into Euro principal amount of borrowings, in order to reflect the currency exposures of its underlying businesses:

- 31 December 2024: British Pound principal amount of borrowings equivalent to HK\$4,920 million
- 31 December 2023: British Pound principal amount of borrowings equivalent to HK\$4,970 million
- 1 January 2023: 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

For the comparative amount at 1 January 2023, the Hong Kong dollar equivalent amount of HK\$15,990 million referred to above includes the Hong Kong dollar equivalent amount of HK\$10,140 million disclosed under item (d).

27 Trade payables and other current liabilities

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Trade payables ^(a)	22,632	21,861	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	2	5	113	151
Net investment hedges				
Forward foreign exchange contracts	491	155	1,072	891
Cross currency swaps	–	238	–	–
Other derivative financial instruments	–	–	–	795
Interest free loans from non-controlling shareholders	329	349	438	472
Contract liabilities	5,321	5,500	5,948	6,027
Obligations for telecommunications licences and other rights	477	861	621	680
Provisions (see note 28)	2,326	1,161	1,552	1,341
Expenses and other accruals	33,117	33,411	36,471	35,995
Other payables	16,379	19,104	16,888	21,419
	81,074	82,645	86,419	89,129

(a) The ageing analysis of the trade payables is as follows:

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Less than 31 days	15,567	14,782	15,763	13,566
Within 31 to 60 days	3,403	3,825	3,361	2,912
Within 61 to 90 days	1,665	1,308	1,333	1,427
Over 90 days	1,997	1,946	2,560	3,451
	22,632	21,861	23,017	21,356

(b) The Group's five largest suppliers accounted for less than 15% of the Group's cost of purchases for the year ended 31 December 2025 (31 December 2024: less than 19%; 31 December 2023: less than 17%).

Notes to the Financial Statements

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 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
Additions	–	45	187	227	459
Interest accretion	–	–	33	–	33
Utilisations	(390)	(11)	(65)	(392)	(858)
Write back	–	(49)	–	(28)	(77)
Exchange translation differences	(1,451)	(2)	(33)	(90)	(1,576)
At 31 December 2024	15,314	94	1,369	1,255	18,032
Additions	–	62	94	1,062	1,218
Interest accretion	–	–	35	–	35
Utilisations	(541)	(16)	(45)	(155)	(757)
Write back	–	(56)	–	(38)	(94)
Relating to subsidiaries disposed	–	(7)	(502)	–	(509)
Exchange translation differences	1,286	6	33	153	1,478
At 31 December 2025	16,059	83	984	2,277	19,403

Provisions are analysed as:

	31 December 2025 HK\$ million	31 December 2024 HK\$ million	31 December 2023 HK\$ million	1 January 2023 HK\$ million
Current portion (see note 27)	2,326	1,161	1,552	1,341
Non-current portion (see note 31)	17,077	16,871	18,499	19,777
	19,403	18,032	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 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 in use, and restoring the sites on which they are located.

29 Interest-bearing loans from non-controlling shareholders

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Interest-bearing loans from non-controlling shareholders are analysed as:				
Current portion	–	1,874	–	–
Non-current portion	4,193	1,597	3,245	2,567
	4,193	3,471	3,245	2,567

At 31 December 2025, these loans mainly bear interest at rates of EURIBOR + 2.0%, Stockholm Interbank Offered Rate (“STIBOR”) + 2.0% and STIBOR + 0.7% per annum (31 December 2024 and 31 December 2023: EURIBOR + 2.0%, STIBOR + 2.0% and STIBOR + 0.7%; 1 January 2023: EURIBOR + 2.0% and STIBOR + 0.7%). The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Defined benefit assets (see note 22)	2,280	2,239	1,428	1,311
Defined benefit liabilities	3,490	3,197	3,536	2,730
Net defined benefit liabilities	1,210	958	2,108	1,419

The Group operates several 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 located in Hong Kong, the United Kingdom, and the Netherlands. These plans consists of 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 adopted the purpose of the actuarial valuation were as follows:

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
Discount rates	2.3% – 5.6%	2.8% – 5.5%	3.2% – 4.7%	3.2% – 4.8%
Future salary increases	2.1% – 3.5%	2.2% – 3.5%	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%	5.0% – 6.0%	5.0% – 6.0%

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

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Present value of defined benefit obligations	17,903	16,585	17,965	15,163
Fair value of plan assets	16,693	15,630	15,860	13,750
	1,210	955	2,105	1,413
Restrictions on assets recognised	–	3	3	6
Net defined benefit liabilities	1,210	958	2,108	1,419

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30 Pension plans (continued)

(a) Defined benefit plans (continued)

The following table shows movements in net defined benefit liabilities and its components:

	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 2025	16,585	(15,630)	3	958
Net charge (credit) to the consolidated income statement				
Current service cost	530	25	–	555
Past service cost and gains and losses on settlements	(267)	–	–	(267)
Interest cost (income)	691	(678)	–	13
	954	(653)	–	301
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	307	–	–	307
Actuarial gain arising from change in financial assumptions	(960)	–	–	(960)
Actuarial loss arising from experience adjustment	510	–	–	510
Return on plan assets excluding interest income	–	585	–	585
Change in asset ceiling	–	–	(3)	(3)
Exchange translation differences	1,329	(1,121)	–	208
	1,186	(536)	(3)	647
Contributions paid by the employer	–	(622)	–	(622)
Contributions paid by the employee	133	(133)	–	–
Benefits paid	(880)	880	–	–
Transfer from (to) other liabilities	(75)	1	–	(74)
At 31 December 2025	17,903	(16,693)	–	1,210

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The following table shows movements in net defined benefit liabilities and its components (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 2024	17,965	(15,860)	3	2,108
Net charge (credit) to the consolidated income statement				
Current service cost	514	19	–	533
Past service cost and gains and losses on settlements	2	–	–	2
Interest cost (income)	625	(586)	–	39
	1,141	(567)	–	574
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(77)	–	–	(77)
Actuarial gain arising from change in financial assumptions	(1,143)	–	–	(1,143)
Actuarial loss arising from experience adjustment	118	–	–	118
Return on plan assets excluding interest income	–	419	–	419
Exchange translation differences	(658)	401	–	(257)
	(1,760)	820	–	(940)
Contributions paid by the employer	–	(766)	–	(766)
Contributions paid by the employee	118	(118)	–	–
Benefits paid	(849)	849	–	–
Relating to subsidiaries acquired (see note 34(c))	32	–	–	32
Relating to subsidiaries disposed (see note 34(d))	(45)	–	–	(45)
Transfer from (to) other liabilities	(17)	12	–	(5)
At 31 December 2024	16,585	(15,630)	3	958

Notes to the Financial Statements

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The following table shows movements in net defined benefit liabilities and its components (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 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

The net defined benefit liabilities presented above represent the deficit calculated in accordance with International Accounting Standard 19 *Employee Benefits* (“IAS 19”), being the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out valuations of these pension plans to determine the pension obligation and the fair value of plan assets required to be disclosed and accounted for in the financial statements under IAS 19 (the “accounting actuarial valuations”). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made, which depend on a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purpose of determining funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based on the recommendations of independent qualified actuaries for each of the Group’s pension plans, with the objective of fully funding the relevant schemes on an ongoing basis. The 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: (i) the aggregate of employee and employer vested contributions plus a minimum interest thereon of 6% per annum; and (ii) pension benefits derived from a formula based on final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provisions of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), as at 30 June 2024 reported a funding level of 169% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method, and the main assumptions adopted were an investment return of 5% 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, Director, Retirement Hong Kong (a Fellow of The Institute and Faculty of Actuaries), and Michael Lee, Consultant, Retirement Hong Kong, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2025, vested benefits under this plan were fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$15 million (31 December 2024: HK\$14 million; 31 December 2023: HK\$16 million) were used to reduce the current year's level of contributions, and HK\$1 million of forfeited contributions were available as at 31 December 2025 (31 December 2024: HK\$1 million; 31 December 2023: 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 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 provisions of the Pensions Act 2004, as 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 a further contribution of GBP5.7 million in 2024 to eliminate the shortfall. The valuation used the projected unit credit method, and the main assumptions adopted were 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 benefits 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 operations in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, the accrual of future defined benefits for all active members ceased, and the final salary linkage was also severed. The last triennial valuation was undertaken as at 31 March 2024.

This independent actuarial valuation, undertaken for funding purposes under the provisions of the Pensions Act 2004, as at 31 March 2024 reported a funding level of 107% of the accrued actuarial liabilities on an ongoing basis. The plan was in a surplus position as at 31 March 2024, and as a result, there was no requirement for the trustee to agree a recovery plan. The company will continue to make quarterly contributions to fund the scheme expenses of GBP175,000 per quarter. The valuation used the projected unit credit method, and the main assumptions adopted were investment returns of 3.69% to 5.63% per annum and pension increases of 2.66% to 4.39% per annum for pension tranches increasing at RPI, capped at 5% per annum. However, not all pension tranches are subject to the same level of pension increase; following an exercise completed in 2024, certain other pension tranches increase at either a fixed rate of 4% per annum or a fixed rate of 0% per annum. The valuation was prepared by Tracey McManus, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP.

Notes to the Financial Statements

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	31 December 2025 Percentage	31 December 2024 Percentage	31 December 2023 Percentage	1 January 2023 Percentage
Equity instruments				
Consumer markets and manufacturing	4%	5%	4%	6%
Energy and utilities	1%	1%	1%	2%
Financial institutions and insurance	4%	4%	3%	4%
Telecommunications and information technology	5%	5%	5%	6%
Units trust and equity instrument funds	5%	3%	4%	4%
Others	6%	7%	6%	8%
	25%	25%	23%	30%
Debt instruments				
US Treasury notes	1%	–	–	1%
Government and government guaranteed notes	25%	22%	22%	19%
Financial institutions notes	7%	6%	5%	7%
Others	7%	5%	7%	8%
	40%	33%	34%	35%
Qualifying insurance policies	29%	30%	31%	26%
Other assets	6%	12%	12%	9%
	100%	100%	100%	100%

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

	31 December 2025 Percentage	31 December 2024 Percentage	31 December 2023 Percentage	1 January 2023 Percentage
Aaa / AAA	10%	7%	6%	7%
Aa1 / AA+	13%	16%	12%	20%
Aa2 / AA	45%	48%	52%	41%
Aa3 / AA–	5%	2%	1%	2%
A1 / A+	2%	3%	2%	3%
A2 / A	7%	5%	4%	4%
Other investment grades	15%	16%	18%	17%
No investment grades	3%	3%	5%	6%
	100%	100%	100%	100%

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

The fair value of plan assets amounting to HK\$16,693 million (31 December 2024: HK\$15,630 million; 31 December 2023: HK\$15,860 million; 1 January 2023: HK\$13,750 million) includes investments in the Company's ordinary shares with a fair value of HK\$7 million (31 December 2024: HK\$7 million; 31 December 2023: HK\$10 million; 1 January 2023: 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.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2025 is 17 years (31 December 2024: 17 years; 31 December 2023: 18 years; 1 January 2023: 17 years).

The Group expects to make contributions of HK\$741 million (31 December 2024: HK\$819 million; 31 December 2023: HK\$958 million) to the defined benefit plans in the coming year.

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

The effects disclosed in the following assume that:

- (a) a hypothetical change in the relevant actuarial assumption had occurred at the end of the reporting period and been applied to the relevant actuarial assumption in existence on that date; and
- (b) the sensitivity analysis for each assumption does not reflect interdependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with IAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations resulting from hypothetical instantaneous changes in one actuarial assumption (e.g., discount rate or future salary increase). The amounts generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis is 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. Therefore, it is important to note that the hypothetical amounts generated do not present a projection of likely future events or profits or losses.

If the discount rate were 0.25% higher or lower, the defined benefit obligation would decrease by 3.7% or increase by 4.0%, respectively (31 December 2024: decrease by 3.5% or increase by 3.8%, respectively; 31 December 2023: decrease by 2.9% or increase by 3.1%, respectively; 1 January 2023: decrease by 2.8% or increase by 3.0%, respectively).

If the future salary increase were 0.25% higher or lower, the defined benefit obligation would increase by 0.4% or decrease by 0.4%, respectively (31 December 2024: increase by 0.5% or decrease by 0.5%, respectively; 31 December 2023: increase by 0.6% or decrease by 0.5%, respectively; 1 January 2023: increase by 0.8% or decrease by 0.5%, respectively).

In presenting the above sensitivity analysis, the present value of the defined benefit obligation was calculated using the projected unit credit method at the end of the reporting period, the same method applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

(b) Defined contribution plans

The Group's costs in respect of defined contribution plans for the year amounted to HK\$1,328 million (31 December 2024: HK\$1,354 million; 31 December 2023: HK\$1,505 million), which have been charged to the profit or loss for the year. Forfeited contributions of HK\$14 million (31 December 2024: HK\$15 million; 31 December 2023: HK\$15 million) were used to reduce the current year's level of contributions, and no forfeited contribution were available at 31 December 2025 (31 December 2024: nil; 31 December 2023: nil) to reduce future years' contributions.

Notes to the Financial Statements

31 Other non-current liabilities

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Derivative financial instruments				
Fair value hedges – collar agreements	–	–	59	–
Cash flow hedges				
Interest rate swaps	9	–	–	–
Other contracts	–	–	1	–
Net investment hedges				
Cross currency swaps	368	2	465	314
Other derivative financial instruments	148	91	–	–
Obligations for telecommunications licences and other rights	2,932	3,122	3,994	3,309
Other non-current liabilities	6,249	6,132	6,387	6,333
Liabilities relating to the economic benefits agreements	2,166	2,166	2,166	2,166
Provisions (see note 28)	17,077	16,871	18,499	19,777
	28,949	28,384	31,571	31,899

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 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	3,830,044,500	3,830	242,972	246,802

(b) Perpetual capital securities

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
EUR500 million issued in 2018	–	–	4,566	4,561

In December 2018, a wholly-owned subsidiary company of the Group issued perpetual capital securities with a nominal amount of EUR500 million for cash. The Group fully redeemed these perpetual capital securities in June 2024.

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

(c) Capital management

The Group's primary objectives in managing capital are to safeguard its ability to continue to provide returns for shareholders and to support its stability and growth. The Group regularly reviews and manages its capital structure to ensure an optimal capital structure that maintains 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. Adjustments are made to the capital structure in light of changes in economic conditions.

As at 31 December 2025, total equity amounted to HK\$688,392 million (31 December 2024: HK\$652,592 million; 31 December 2023: HK\$670,549 million; 1 January 2023: 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\$113,692 million (31 December 2024: HK\$128,558 million; 31 December 2023: HK\$130,585 million; 1 January 2023: HK\$132,042 million). The Group's net debt to net total capital ratio decreased to 14.1% from 16.4% at the end of the prior 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 2025	31 December 2024	31 December 2023	1 January 2023
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	14.1%	16.4%	16.2%	16.9%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	14.9%	17.5%	18.0%	18.4%
B1 – including interest-bearing loans from non-controlling shareholders as debt	14.6%	16.8%	16.6%	17.2%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	15.4%	18.0%	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 the "Net debt" calculation, as the total principal amount of bank and other debts, plus 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.

Notes to the Financial Statements

33 Reserves

	2025				
	Retained profit	Attributable to ordinary shareholders			Total
		Exchange reserve	Hedging reserve	Others ^(a)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2025	636,053	(6,019)	2,611	(344,732)	287,913
Profit for the year	11,841	–	–	–	11,841
Other comprehensive income (losses) ^(b)					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	193	193
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	170	170
Remeasurement of defined benefit obligations	(523)	–	–	–	(523)
Exchange gains on translation of foreign operations	–	23,131	–	–	23,131
Reserves reclassified to profit or loss	–	(6,392)	40	–	(6,352)
Gains on cash flow hedges	–	–	44	–	44
Losses on net investment hedges	–	(2,232)	–	–	(2,232)
Share of other comprehensive income of associated companies	44	2,147	44	63	2,298
Share of other comprehensive income of joint ventures	254	6,607	131	2	6,994
Tax relating to components of other comprehensive income (losses)	87	–	2	–	89
Other comprehensive income (losses), net of tax	(138)	23,261	261	428	23,812
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(769)	–	–	769	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2024	(5,799)	–	–	–	(5,799)
Dividends paid relating to 2025	(2,719)	–	–	–	(2,719)
Unclaimed dividends written back	9	–	–	–	9
Acquisition of non-controlling interests	–	–	–	555	555
Partial disposal / disposal of subsidiaries	1,378	(8)	–	(1,012)	358
At 31 December 2025	639,856	17,234	2,872	(343,992)	315,970

33 Reserves (continued)

	2024				Total HK\$ million
	Attributable to ordinary shareholders				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others ^(a) HK\$ million	
At 1 January 2024	629,309	10,604	2,618	(345,298)	297,233
Profit for the year	17,088	–	–	–	17,088
Other comprehensive income (losses) ^(b)					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	(528)	(528)
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	126	126
Remeasurement of defined benefit obligations	646	–	–	–	646
Exchange losses on translation of foreign operations	–	(8,156)	–	–	(8,156)
Losses on cash flow hedges	–	–	(122)	–	(122)
Gains on net investment hedges	–	1,123	–	–	1,123
Losses in other reserves related to subsidiaries disposed during the year transferred directly to retained profits	(24)	–	–	24	–
Share of other comprehensive income (losses) of associated companies	(68)	(5,101)	(130)	(21)	(5,320)
Share of other comprehensive income (losses) of joint ventures	(721)	(4,489)	241	–	(4,969)
Tax relating to components of other comprehensive income (losses)	(71)	–	4	–	(67)
Other comprehensive income (losses), net of tax	(238)	(16,623)	(7)	(399)	(17,267)
Transfer of losses on disposal of equity securities at FVOCI to retained profit	(682)	–	–	682	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2023	(6,798)	–	–	–	(6,798)
Dividends paid relating to 2024	(2,635)	–	–	–	(2,635)
Unclaimed dividends written back	9	–	–	–	9
Acquisition of non-controlling interests	–	–	–	(37)	(37)
Partial disposal of subsidiaries	–	–	–	320	320
At 31 December 2024	636,053	(6,019)	2,611	(344,732)	287,913

Notes to the Financial Statements

33 Reserves (continued)

	2023				
	Retained profit	Attributable to ordinary shareholders			Total
		Exchange reserve	Hedging reserve	Others ^(a)	
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
At 1 January 2023	617,240	–	5,332	(345,861)	276,711
Profit for the year	23,839	–	–	–	23,839
Other comprehensive income (losses) ^(b)					
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
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)	10,604	(2,714)	964	7,646
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 over non-controlling interests	–	–	–	(148)	(148)
Unclaimed dividends written back	15	–	–	–	15
Acquisition of non-controlling interests	–	–	–	(34)	(34)
Partial disposal of subsidiaries	–	–	–	7	7
At 31 December 2023	629,309	10,604	2,618	(345,298)	297,233

(a) Other reserves comprise a revaluation reserve and other capital reserves.

The revaluation reserve deficit amounted to HK\$1,312 million as at 31 December 2025 (1 January 2025: HK\$2,526 million; 1 January 2024: HK\$2,835 million; 1 January 2023: HK\$3,472 million). This reserve includes surpluses and deficits arising from market value revaluations of debt securities and equity securities.

The other capital reserves deficit amounted to HK\$342,680 million as at 31 December 2025 (1 January 2025: HK\$342,206 million; 1 January 2024: HK\$342,463 million; 1 January 2023: HK\$342,389 million). This includes a deficit of HK\$341,336 million relating to the fair value of shares of Cheung Kong (Holdings) Limited (the Group's former holding company), which were cancelled as part of the 2015 reorganisation.

33 Reserves (continued)

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

	2025		
	Before-tax amount	Tax effect	Net-of-tax amount
	HK\$ million	HK\$ million	HK\$ million
Changes in fair value of equity instruments at fair value through other comprehensive income	217	–	217
Changes in fair value of debt instruments at fair value through other comprehensive income	170	–	170
Remeasurement of defined benefit obligations	(695)	114	(581)
Exchange gains on translation of foreign operations	24,711	–	24,711
Reserves reclassified to profit or loss	(6,350)	–	(6,350)
Gains on cash flow hedges	46	3	49
Losses on net investment hedges	(2,949)	–	(2,949)
Share of other comprehensive income of associated companies	2,822	–	2,822
Share of other comprehensive income of joint ventures	9,130	–	9,130
	27,102	117	27,219
	2024		
	Before-tax amount	Tax effect	Net-of-tax amount
	HK\$ million	HK\$ million	HK\$ million
Changes in fair value of equity instruments at fair value through other comprehensive income	(528)	–	(528)
Changes in fair value of debt instruments at fair value through other comprehensive income	126	–	126
Remeasurement of defined benefit obligations	810	(90)	720
Exchange losses on translation of foreign operations	(9,543)	–	(9,543)
Losses on cash flow hedges	(132)	5	(127)
Gains on net investment hedges	1,484	–	1,484
Share of other comprehensive income (losses) of associated companies	(5,753)	–	(5,753)
Share of other comprehensive income (losses) of joint ventures	(6,256)	–	(6,256)
	(19,792)	(85)	(19,877)
	2023		
	Before-tax amount	Tax effect	Net-of-tax amount
	HK\$ million	HK\$ million	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
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
	8,030	380	8,410

Notes to the Financial Statements

34 Notes to the consolidated statement of cash flows

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

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Profit after tax	19,370	23,853	30,551
Less: share of profits less losses of			
Associated companies	(8,900)	(6,903)	(8,138)
Joint ventures	(11,074)	(9,757)	(7,990)
	(604)	7,193	14,423
Adjustments for:			
Current tax charge	5,285	4,189	4,119
Deferred tax charge (credit)	1,952	528	(1,116)
Interest expenses and other finance costs	12,327	13,392	12,227
Depreciation and amortisation	38,391	40,460	40,083
EBITDA of Company and subsidiaries ⁽ⁱ⁾	57,351	65,762	69,736
Dividends received from associated companies and joint ventures	12,303	11,509	11,388
Impairment loss on telecommunications business in Vietnam (see note 8(e))	–	1,859	–
Loss on disposal of fixed assets	60	97	169
Gains on disposals of unlisted investments	–	(78)	–
Gains on disposals of interests in associated companies and joint ventures	(88)	–	(246)
Losses on disposals of associated companies and joint ventures (see note 8)	262	14	70
A gain on disposal of financial instruments (see note 8)	–	–	(1,829)
Losses (gains) on disposal of subsidiaries (see note 34(d))			
3 UK	9,462	–	–
Italian network business	–	–	(74)
Vietnamese network business	1	–	–
Ports businesses	–	(364)	–
Customer acquisition and retention costs capitalised in the year	(3,992)	(4,057)	(4,143)
Other non-cash items	1,286	388	345
	76,645	75,130	75,416

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, other finance costs, tax paid, and changes in working capital (continued)

(i) Reconciliation of EBITDA:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
EBITDA of Company and subsidiaries	57,351	65,762	69,736
Share of EBITDA of associated companies and joint ventures			
Share of profits less losses of			
Associated companies	8,900	6,903	8,138
Joint ventures	11,074	9,757	7,990
Adjustments for:			
Depreciation and amortisation	33,381	26,159	24,724
Interest expenses and other finance costs	12,645	10,658	11,973
Current tax charge	4,962	4,594	3,582
Deferred tax charge	1,192	1,613	1,806
Non-controlling interests	576	571	482
	72,730	60,255	58,695
EBITDA (see note 6(b)(ii))	130,081	126,017	128,431

(b) Changes in working capital

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Increase in inventories	(685)	(1,536)	(1,005)
Decrease (increase) in trade receivables and other current assets	(925)	1,128	(5,022)
Decrease in trade payables and other current liabilities	(2,289)	(1,535)	(3,767)
Other non-cash items	7,621	(1,040)	1,829
	3,722	(2,983)	(7,965)

Notes to the Financial Statements

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 reporting periods:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Purchase consideration transferred:			
Cash and cash equivalents paid	41	4,167	127
Fair value			
Fixed assets	16	628	6
Right-of-use assets	–	559	3
Telecommunications licences	–	3,368	–
Brand names and other rights	9	18	9
Deferred tax assets	–	4	3
Cash and cash equivalents	–	53	72
Trade receivables and other current assets	–	341	52
Inventories	–	67	13
Trade payables and other current liabilities and current tax liabilities	–	(683)	(57)
Bank and other debts	–	–	(2)
Lease liabilities	–	(1,249)	(3)
Deferred tax liabilities	(2)	(358)	–
Pension obligations	–	(32)	(1)
Net identifiable assets acquired	23	2,716	95
Non-controlling interests	–	–	(43)
Goodwill	18	1,451	75
Total consideration	41	4,167	127
Net cash outflow (inflow) arising from acquisition:			
Cash and cash equivalents paid	41	4,167	127
Cash and cash equivalents acquired	–	(53)	(72)
Total net cash outflow	41	4,114	55

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

For the years ended 31 December 2025, 31 December 2024 and 31 December 2023, the acquisition-related costs and the contributions to the Group's revenue and profit before tax from the subsidiaries acquired during the respective year since the date of acquisition were not material.

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

(d) Disposal of subsidiary companies

On 31 May 2025, the Group completed the merger of its UK telecommunications operations, **3** UK, with Vodafone Group's corresponding UK operations to form the combined entity, VodafoneThree. As a result of the transaction, **3** UK and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Group's financial statements. The Group now holds a 49% interest in VodafoneThree, which is accounted for as an associated company under the equity method, while Vodafone holds a 51% ownership stake.

This transaction has been accounted for as a disposal of the Group's entire interest in **3** UK, coupled with the concurrent acquisition of a 49% stake in VodafoneThree. The fair value of the Group's 49% interest in VodafoneThree was determined to be HK\$40,766 million, derived from the average of five independent midpoint valuation analyses. The fair value assessment incorporated a comparable companies analysis (using EBITDA after leases ("EBITDAaL") and adjusted free cash flow) and a discounted cash flow ("DCF") analysis, based on the combined business's forward-looking financial plan, including projections for revenue, operating costs, capital expenditures, and terminal value. The five valuations yielded the following estimated fair values for the Group's 49% interest: HK\$35.8 billion, HK\$38.5 billion, HK\$39.4 billion, HK\$44.1 billion, and HK\$46.1 billion, with the final fair value reflecting the average of these outcomes.

In addition to the disposal of **3** UK, the amounts presented for the year ended 31 December 2025 also include the disposal of a 48% interest in the telecommunications business in Vietnam in September 2025.

The comparative amount for the year ended 31 December 2024 mainly related to the disposal of the Group's former non-wholly-owned subsidiary, Abu Qir Container Terminal Company S.A.E., which became a 41%-owned associated company following the disposal. The comparative amount for the year ended 31 December 2023 mainly related to the disposal of Zefiro Net S.r.l., which became a 50%-owned joint venture following the transaction.

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Total considerations	54,582	1,200	5,126
Cash and cash equivalents received	15,142	464	2,563
Closing cash and working capital adjustments and others	(1,326)	–	–
The portion of the consideration consisting of cash and cash equivalents	13,816	464	2,563
Cash and cash equivalents received, net with cash and cash equivalents in the subsidiaries over which control was lost	14,798	333	2,563
Net assets other than cash or cash equivalents in the subsidiaries over which control was lost	70,158	705	5,052
Cash and cash equivalents in the subsidiaries over which control was lost	344	131	–
Net assets in the subsidiaries over which control was lost	70,502	836	5,052
Disposal gain (loss) before reclassification of reserves	(15,920)	364	74
Reserves reclassified to profit or loss	6,457	–	–
Disposal gain (loss)	(9,463)	364	74

Notes to the Financial Statements

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

(d) Disposal of subsidiary companies (continued)

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Analysis of assets and liabilities over which control was lost:			
Fixed assets	24,328	4,713	–
Right-of-use assets	5,414	730	–
Telecommunications licences	21,121	–	–
Goodwill	3,528	–	–
Brand names and other rights	5,283	–	–
Deferred tax assets	9,429	–	–
Other non-current assets	6,136	–	–
Trade receivables and other current assets	8,132	91	–
Inventories	386	43	–
Cash and cash equivalents	344	131	–
Assets classified as held for sale	–	–	6,202
Trade payables and other current liabilities and current tax liabilities	(7,725)	(513)	–
Bank and other debts	–	(2,824)	–
Interest free loans from non-controlling shareholders	–	(92)	–
Lease liabilities	(5,651)	(820)	–
Deferred tax liabilities	–	(35)	–
Pension obligations	–	(45)	–
Other non-current liabilities	(2,719)	–	–
Liabilities directly associated with assets classified as held for sale	–	–	(1,150)
Non-controlling interests	2,496	(543)	–
Net assets disposed	70,502	836	5,052

Cash flows of 3 UK disposed of during current year:

	2025 HK\$ million
Net cash outflow from operating activities	(7,210)
Net cash outflow from investing activities	(1,898)
Net cash inflow from financing activities	8,341

Cash flows of subsidiary companies disposed of during the comparative years are not material for the comparative years.

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 flow changes in liabilities arising from financing activities:

	Bank and other debts	Lease liabilities	Interest- bearing loans from non- controlling shareholders	Interest free loans from non- controlling shareholders	Liabilities relating to the economic benefits agreements	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 1 January 2023	284,326	66,059	2,567	472	2,166	355,590
Financing cash flows						
New borrowings	58,211	–	–	–	–	58,211
Repayment of borrowings	(75,361)	–	–	–	–	(75,361)
Principal elements of lease payments (see note 14(b))	–	(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 9)	237	–	–	–	–	237
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 9(a))	(341)	–	–	–	–	(341)
Increase in lease liabilities from entering into new leases (see note 14(a))	–	8,871	–	–	–	8,871
Interest on lease liabilities (see note 9)	–	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 and 1 January 2024	271,922	67,923	3,245	438	2,166	345,694
Financing cash flows						
New borrowings	54,594	–	–	–	–	54,594
Repayment of borrowings	(60,201)	–	–	–	–	(60,201)
Principal elements of lease payments (see note 14(b))	–	(14,103)	–	–	–	(14,103)
Net loans from (to) non-controlling shareholders	–	–	485	(19)	–	466
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 9)	248	–	–	–	–	248
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 9(a))	(338)	–	–	–	–	(338)
Increase in lease liabilities from entering into new leases (see note 14(a))	–	7,534	–	–	–	7,534
Interest on lease liabilities (see note 9)	–	2,757	–	–	–	2,757
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(2,739)	–	–	–	(2,739)
Remeasurement / write off of lease liabilities	–	6,087	–	–	–	6,087
Acquisition of non-controlling interests	–	–	–	22	–	22
Relating to subsidiaries acquired (see note 34(c))	–	1,249	–	–	–	1,249
Relating to subsidiaries disposed (see note 34(d))	(2,824)	(820)	–	(92)	–	(3,736)
Exchange translation differences	(7,009)	(3,369)	(259)	–	–	(10,637)
At 31 December 2024 and 1 January 2025	256,392	64,519	3,471	349	2,166	326,897

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

(e) Changes in liabilities arising from financing activities (continued)

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

	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 31 December 2024 and 1 January 2025	256,392	64,519	3,471	349	2,166	326,897
Financing cash flows						
New borrowings	35,907	-	-	-	-	35,907
Repayment of borrowings	(41,415)	-	-	-	-	(41,415)
Principal elements of lease payments (see note 14(b))	-	(14,839)	-	-	-	(14,839)
Net loans from (to) non-controlling shareholders	-	-	193	(20)	-	173
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 9)	230	-	-	-	-	230
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 9(a))	(322)	-	-	-	-	(322)
Increase in lease liabilities from entering into new leases (see note 14(a))	-	11,299	-	-	-	11,299
Interest on lease liabilities (see note 9)	-	2,993	-	-	-	2,993
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	(3,025)	-	-	-	(3,025)
Remeasurement / write off of lease liabilities	-	5,510	-	-	-	5,510
Relating to subsidiaries disposed (see note 34(d))	-	(5,651)	-	-	-	(5,651)
Exchange translation differences	12,801	5,690	529	-	-	19,020
At 31 December 2025	263,593	66,496	4,193	329	2,166	336,777

35 Share-based payments

Neither the Company nor its subsidiary companies had a share option scheme as at 31 December 2025, 31 December 2024, 31 December 2023, and 1 January 2023. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of such share-based payments recognised by these companies during the current and comparative years is not material to the Group's results.

36 Pledge of assets

As at 31 December 2025, assets of the Group totalling HK\$1,571 million (31 December 2024: HK\$1,449 million; 31 December 2023: HK\$1,533 million; 1 January 2023: HK\$1,442 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

As at 31 December 2025, the Company and its subsidiaries provided guarantees in respect of bank and other borrowing facilities to their associated companies and joint ventures totalling HK\$6,263 million (31 December 2024: HK\$10,753 million; 31 December 2023: HK\$4,560 million; 1 January 2023: HK\$4,856 million). The amounts utilised by these associated companies and joint ventures were as follows:

	31 December 2025 HK\$ million	31 December 2024 HK\$ million	31 December 2023 HK\$ million	1 January 2023 HK\$ million
To associated companies	5,975	8,444	3,661	3,527
To joint ventures	–	–	–	1,096

As at 31 December 2025, the Group had provided performance and other guarantees of HK\$5,849 million (31 December 2024: HK\$4,860 million; 31 December 2023: HK\$4,115 million; 1 January 2023: HK\$5,033 million).

38 Commitments

The Group's material outstanding commitments contracted for as at 31 December 2025, and not provided for in the consolidated financial statements, were as follows:

Capital commitments

- Ports and Related Services: HK\$171 million (31 December 2024: HK\$235 million; 31 December 2023: HK\$462 million; 1 January 2023: HK\$582 million)
- 3 Group Europe: HK\$117 million (31 December 2024: HK\$155 million; 31 December 2023: HK\$181 million; 1 January 2023: HK\$183 million)
- Telecommunications, Hong Kong and Asia: HK\$748 million (31 December 2024: HK\$769 million; 31 December 2023: HK\$149 million; 1 January 2023: HK\$308 million)

39 Related parties transactions

Except as disclosed elsewhere in these financial statements, transactions between the Group and other related parties during the year were not significant to the Group. The outstanding balances with associated companies and joint ventures are disclosed in notes 18 and 19. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in these financial statements.

Other than emoluments paid to the directors of the Company (who are the key management personnel), no transactions were entered into with them during the year.

40 Legal proceedings

As at 31 December 2025, 31 December 2024, 31 December 2023, and 1 January 2023, the Group was not engaged in any material litigation or arbitration proceedings, and no material litigation or claim was known by the Group to be pending or threatened against it.

Notes to the Financial Statements

41 Events after the reporting period

Divestment of infrastructure investments

In January 2026, the Group completed the divestment of its entire 70% interest in UK Rails.

In February 2026, CKI, Power Assets, and CK Asset Holdings entered into an agreement to dispose of their respective 40%, 40%, and 20% interests in UK Power Networks. Completion of the transaction is subject to the satisfaction of conditions set out in the sale and purchase agreement.

Ports in Panama

On 23 February 2026, the official gazette of Panama published a ruling of the Supreme Court of Justice of Panama regarding Law No. 5 of 16 January 1997, more than 3 weeks after the announcement was made on 29 January 2026 (the "Ruling"), which determined that the relevant law pursuant to which the Group's concession to operate terminals at Balboa and Cristóbal was granted was unconstitutional and that the Group's concession was accordingly terminated. Also on 23 February 2026, the President of Panama issued an executive decree (the "Executive Decree") ordering the occupation by the Panama State of the two terminals and the confiscation of all property of the Group's subsidiary, Panama Ports Company, S.A. ("PPC") at the two terminals.

Representatives of the Panama State subsequently made direct physical entry into the terminals at Balboa and Cristóbal operated by PPC and took over administrative and operational control of the terminals.

As a consequence of the Ruling, the Executive Decree and the actions of the Panama State, PPC ceased all operations at the terminals at the two ports on 23 February 2026.

PPC has been advised that the Ruling, the Executive Decree and corresponding actions taken by the Panama State relating to the operations of PPC's terminals at the two ports are inconsistent with the relevant legal framework and the law of Panama that approved the concession contract.

The Group strongly disagrees with the Ruling, the Executive Decree and corresponding actions in Panama State. The Group is working with its legal counsel, has reserved all its rights, and is, and will continue, taking all legal steps properly available to it against Panama and any third parties colluding with Panama to protect the Group's interests including the commencement by PPC of international arbitration in New York against the Republic of Panama under the terms of the Balboa and Cristóbal concession, and a claim by the Company against the Republic of Panama under the UK-Panama bi-lateral investment treaty.

The Group will also continue to work to resolve its legal disputes with the Panamanian State and others relating to the Group's container terminal operations in Panama in a way that is fair and protects the interests of our shareholders.

Except as disclosed above, no other event occurring up to the date of approval of the 2025 Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

42 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these consolidated financial statements as at, and for the year ended, 31 December 2025, is for convenience purposes 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 dollars amounts represented have been, or could be, converted into US dollars at that or any other rate.

43 Rounding of amounts

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

44 Statement of financial position of the Company, as at 31 December 2025

	31 December 2025	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Non-current assets				
Subsidiary companies – Unlisted shares ^(a)	368,139	368,139	355,164	355,164
Current assets				
Amounts due from subsidiary companies ^(b)	25,731	21,216	17,660	15,575
Other receivables	1	1	1	1
Cash	7	7	12	8
Current liabilities				
Other payables and accruals	134	99	97	101
Net current assets	25,605	21,125	17,576	15,483
Net assets	393,744	389,264	372,740	370,647
Capital and reserves				
Share capital (see note 32(a))	3,830	3,830	3,830	3,830
Share premium (see note 32(a))	242,972	242,972	242,972	242,972
Reserves – Retained profit ^(c)	146,942	142,462	125,938	123,845
Shareholders' funds	393,744	389,264	372,740	370,647

Frank John Sixt
Director

Lai Kai Ming, Dominic
Director

Notes to the Financial Statements

44 Statement of financial position of the Company, as at 31 December 2025 (continued)

- (a) Particulars regarding the principal subsidiary companies are set forth on pages 343 to 346.
- (b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.
- (c) Reserves – Retained profit

	HK\$ million
At 1 January 2023	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
Profit for the year	25,948
Unclaimed dividends write back	9
Dividends paid relating to 2023	(6,798)
Dividends paid relating to 2024	(2,635)
At 31 December 2024	142,462
Profit for the year	12,989
Unclaimed dividends write back	9
Dividends paid relating to 2024	(5,799)
Dividends paid relating to 2025	(2,719)
At 31 December 2025	146,942

- (d) The Company did not have an option scheme for the purchase of ordinary shares in the Company as at 31 December 2025, 31 December 2024, 31 December 2023 or 1 January 2023.
- (e) The net profit of the Company for the year ended 31 December 2025 was HK\$12,989 million (31 December 2024: HK\$25,948 million; 31 December 2023: HK\$12,963 million), which is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.
- (f) As at 31 December 2025, the Company's share premium account and retained earnings amounted to HK\$242,972 million (31 December 2024: HK\$242,972 million; 31 December 2023: HK\$242,972 million; 1 January 2023: HK\$242,972 million) and HK\$146,942 million (31 December 2024: HK\$142,462 million; 31 December 2023: HK\$125,938 million; 1 January 2023: HK\$123,845 million), respectively. Subject to a solvency test, these amounts are available for distribution to shareholders.

45 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. These 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 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, as well as its exposure to interest rate, foreign currency and credit risks. 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, specifically for hedging transactions and managing exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings, and no derivative instruments to hedge the Group's earnings were entered into during the year or remained 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\$151,310 million at 31 December 2025 (31 December 2024: HK\$129,445 million; 31 December 2023: HK\$143,109 million; 1 January 2023: HK\$154,188 million). The increase was mainly reflecting proceeds received from disposal of subsidiary companies, cash arising from positive funds from operations of the Group's businesses and cash from new borrowings, partly offset by dividend payments to ordinary and non-controlling shareholders, repayment and early repayment of certain borrowings, capital expenditure and investment spending. Liquid assets were denominated as to 4% in HK dollar, 47% in US dollar, 3% in Renminbi, 29% in Euro, 8% in British Pound and 9% in other currencies (31 December 2024: 16% were denominated in HK dollar, 45% in US dollar, 3% in Renminbi, 23% in Euro, 5% in British Pound and 8% in other currencies; 31 December 2023: 17% were denominated in HK dollar, 45% in US dollar, 3% in Renminbi, 23% in Euro, 5% in British Pound and 7% in other currencies; 1 January 2023: 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 95% (31 December 2024: 94%; 31 December 2023: 89%; 1 January 2023: 90%) of the liquid assets, US Treasury notes and other listed debt securities 5% (31 December 2024: 5%; 31 December 2023: 5%; 1 January 2023: 4%) and listed equity securities of less than 1% (31 December 2024: 1%; 31 December 2023: 6%; 1 January 2023: 6%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 75% (31 December 2024: 74%; 31 December 2023: 72%; 1 January 2023: 73%), government and government guaranteed notes of 16% (31 December 2024: 22%; 31 December 2023: 25%; 1 January 2023: 23%) and others of 9% (31 December 2024: 4%; 31 December 2023: 3%; 1 January 2023: 4%). All of these US Treasury notes and other listed debt securities (31 December 2024: All; 31 December 2023: All; 1 January 2023: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 3.1 years (31 December 2024: 1.1 years; 31 December 2023: 1.8 years; 1 January 2023: 2.6 years) on the overall portfolio. The Group has no exposure to mortgage-backed securities, collateralised debt obligations, or similar asset classes.

Notes to the Financial Statements

45 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 2025, approximately 37% (31 December 2024: approximately 34%; 31 December 2023: approximately 34%; 1 January 2023: approximately 34%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 63% (31 December 2024: approximately 66%; 31 December 2023: approximately 66%; 1 January 2023: approximately 66%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$6,287 million (31 December 2024: HK\$3,129 million; 31 December 2023: HK\$3,461 million; 1 January 2023: 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 35% (31 December 2024: approximately 33%; 31 December 2023: approximately 32%; 1 January 2023: approximately 27%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 65% (31 December 2024: approximately 67%; 31 December 2023: approximately 68%; 1 January 2023: approximately 73%) were at fixed rates at 31 December 2025. 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 2025, 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\$50,717 million (31 December 2024: HK\$48,426 million; 31 December 2023: HK\$50,730 million; 1 January 2023: 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 2025, the Group's total principal amount of bank and other debts are denominated as follows: 46% in US dollar, 31% in Euro, 12% in HK dollar, 3% in British Pound and 8% in other currencies (31 December 2024: 51% in US dollar, 30% in Euro; 6% in HK dollar, 5% in British Pound and 8% in other currencies; 31 December 2023: 49% in US dollar, 33% in Euro, 5% in HK dollar, 5% in British Pound and 8% in other currencies; 1 January 2023: 49% in US dollar, 35% in Euro, 2% in HK dollar, 5% in British Pound and 9% in other currencies). As at 31 December 2025, no currency swap agreement is arranged with bank to swap the principal amount of borrowings. For the comparative years, the Group had currency swap arrangements with banks to swap US dollar or British Pound principal amount of borrowings (31 December 2024: British Pound principal amount of borrowings equivalent to HK\$4,920 million; 31 December 2023: British Pound principal amount of borrowings equivalent to HK\$4,970 million; 1 January 2023: 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 for the comparative years, after the above swaps, were denominated as follows: 31 December 2024: 51% in US dollar, 32% in Euro, 6% in HK dollar, 3% in British Pound and 8% in other currencies; 31 December 2023: 49% in US dollar, 34% in Euro, 5% in HK dollar, 4% in British Pound and 8% in other currencies; 1 January 2023: 43% in US dollar, 42% in Euro, 2% in HK dollar, 4% in British Pound and 9% in other currencies.

45 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 5% (31 December 2024: approximately 6%; 31 December 2023: approximately 11%; 1 January 2023: 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, IFRS 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 IFRS 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.

Notes to the Financial Statements

45 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by IFRS 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 IFRS 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 IFRS 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 24)
- some of the listed debt securities and managed funds (see note 21) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 21) 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 (31 December 2024: 100 basis points; 31 December 2023: 100 basis points) increase in market interest rate at 31 December 2025, with all other variables held constant:

- profit for the year would increase by HK\$441 million (31 December 2024: HK\$327 million; 31 December 2023: HK\$334 million) due to increased interest income offset with increased interest expense;
- total equity would increase by HK\$441 million (31 December 2024: HK\$327 million; 31 December 2023: HK\$334 million) due to increased interest income offset with increased interest expense; and
- total equity would increase by HK\$205 million (31 December 2024: HK\$4 million; 31 December 2023: HK\$45 million) due to the change in fair value of derivative financial instruments.

45 Financial risk management *(continued)*

(f) Market risks sensitivity analysis *(continued)*

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by IFRS 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 IFRS 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 24)
- some of the liquid funds and other listed investments (see note 21)
- 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:

Notes to the Financial Statements

45 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

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

	31 December 2025	
	Hypothetical increase (decrease) in profit for the year	Hypothetical increase (decrease) in total equity
	HK\$ million	HK\$ million
Euro	150	(325)
British Pound	459	(797)
Australian dollar	38	(368)
Renminbi	13	13
US dollar	2,559	2,559
Japanese Yen	(38)	(38)

	31 December 2024	
	Hypothetical increase (decrease) in profit for the year	Hypothetical increase (decrease) in total equity
	HK\$ million	HK\$ million
Euro	159	(264)
British Pound	83	(1,118)
Australian dollar	40	(335)
Renminbi	45	45
US dollar	2,133	2,133
Japanese Yen	(39)	(39)

	31 December 2023	
	Hypothetical increase (decrease) in profit for the year	Hypothetical increase (decrease) in total equity
	HK\$ million	HK\$ million
Euro	172	(264)
British Pound	144	(1,078)
Australian dollar	43	(368)
Renminbi	68	68
US dollar	2,182	2,182
Japanese Yen	(83)	(83)

45 Financial risk management *(continued)*

(f) Market risks sensitivity analysis *(continued)*

(iii) Other price sensitivity analysis

Other price risk as defined by IFRS 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 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 IFRS 7.

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

- financial assets at FVOCI (see note 21)

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 (31 December 2024: nil; 31 December 2023: nil), and consequently no impact to total equity for the year (31 December 2024: nil; 31 December 2023: nil); and
- other comprehensive income would increase by HK\$375 million (31 December 2024: HK\$405 million; 31 December 2023: HK\$787 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for all years.

Notes to the Financial Statements

45 Financial risk management *(continued)*

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

	Contractual maturities					Carrying amounts HK\$ million
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows	Difference from carrying amounts	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
At 31 December 2025						
Trade payables	22,632	–	–	22,632	–	22,632
Expenses and other accruals	33,117	–	–	33,117	–	33,117
Other payables	16,379	–	–	16,379	–	16,379
Interest free loans from non-controlling shareholders	329	–	–	329	–	329
Lease liabilities	15,485	33,080	35,814	84,379	(17,883)	66,496
Bank loans	17,908	80,017	–	97,925	(204)	97,721
Other loans	4	16	52	72	–	72
Notes and bonds	20,138	80,703	64,525	165,366	434	165,800
Interest-bearing loans from non-controlling shareholders	–	4,180	13	4,193	–	4,193
Obligations for telecommunications licences and other rights	480	1,569	1,610	3,659	(250)	3,409
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	2,066	839	–	2,905	–	2,905
Amounts due to joint ventures	220	–	–	220	–	220
	128,758	202,570	102,014	433,342	(17,903)	415,439

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$8,393 million in “within 1 year” maturity band, HK\$18,963 million in “after 1 year, but within 5 years” maturity band, and HK\$14,062 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.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year	After 1 year, but within 5 years	After 5 years	Total undiscounted cash flows
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 31 December 2025				
Cash flow hedges				
Interest rate swaps				
Outflow	(5)	(7)	–	(12)
Other contracts				
Outflow	(10)	(3)	–	(13)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	28,839	–	–	28,839
Outflow	(29,264)	–	–	(29,264)
Cross currency swaps				
Inflow	–	4,917	7,500	12,417
Outflow	–	(5,017)	(7,827)	(12,844)

45 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
	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 2024						
Trade payables	21,861	–	–	21,861	–	21,861
Expenses and other accruals	33,411	–	–	33,411	–	33,411
Other payables	19,104	–	–	19,104	–	19,104
Interest free loans from non-controlling shareholders	349	–	–	349	–	349
Lease liabilities	13,649	32,658	34,922	81,229	(16,710)	64,519
Bank loans	24,896	62,944	–	87,840	(150)	87,690
Other loans	4	14	50	68	–	68
Notes and bonds	6,068	82,059	80,013	168,140	494	168,634
Interest-bearing loans from non-controlling shareholders	1,874	1,591	6	3,471	–	3,471
Obligations for telecommunications licences and other rights	864	1,527	1,890	4,281	(298)	3,983
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	535	–	–	535	–	535
Amounts due to joint ventures	270	–	–	270	–	270
	122,885	182,959	116,881	422,725	(16,664)	406,061

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$8,484 million in “within 1 year” maturity band, HK\$22,549 million in “after 1 year, but within 5 years” maturity band, and HK\$17,587 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.

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 2024				
Cash flow hedges				
Other contracts				
Outflow	(14)	–	–	(14)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	1,914	–	–	1,914
Outflow	(1,969)	–	–	(1,969)
Cross currency swaps				
Inflow	45	3,427	564	4,036
Outflow	–	(3,641)	(540)	(4,181)

Notes to the Financial Statements

45 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
	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						
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.

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)

45 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities				Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
	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 1 January 2023						
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.

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 1 January 2023				
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)

Notes to the Financial Statements

45 Financial risk management (continued)

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

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
Dividends from equity securities at FVOCI – related to investments held at the end of the reporting period	146	114	142
Interest from debt securities at FVOCI	180	111	104
Interest from cash and cash equivalents held at amortised cost	4,277	5,834	5,616
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	(385)	–	(103)
Fair value gains (losses) on debt securities at FVPL	(95)	(15)	13
Net impairment expense recognised on trade receivables	(576)	(685)	(612)

(i) Hedge accounting

- (i) Fair value hedges

31 December 2024				
Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	Line item in the statement of financial position in which the hedging instrument is included
Collar agreements	3.0	14	69	Trade receivables and other current assets

31 December 2024			
Hedged items	Carrying amount of the hedged item HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	Line item in the statement of financial position in which the hedged item is included
Listed equity securities, outside Hong Kong	741	(120)	Liquid funds and other listed investments

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

31 December 2023				
Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	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

31 December 2023				
Hedged items	Carrying amount of the hedged item HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	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	

1 January 2023				
Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	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

1 January 2023				
Hedged items	Carrying amount of the hedged item HK\$ million	Change in value used for calculating hedge ineffectiveness HK\$ million	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	

Notes to the Financial Statements

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

31 December 2025								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2028	3.62%	3.99%	NZD 175	791	–	–	–	(9)
2029	2.63%	2.78%	EUR 600	5,496	–	22	–	–
				6,287	–	22	–	(9)

31 December 2025							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Forward foreign exchange contracts maturing in							
2026	1.17	US\$ 178	1,391	–	–	–	–
			1,391	–	–	–	–

31 December 2025			
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	(6)	(13)	–
Foreign exchange risk	85	(2)	–

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

31 December 2024								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2025	5.15%	3.58%	AUD 509	2,469	7	–	–	–
2025	5.68%	5.30%	NZD 150	660	–	–	–	–
				3,129	7	–	–	–
Cross currency interest rate swaps								
– receive fixed and pay fixed maturing in								
2027	2.00%	0.05%	GBP 500	4,920	–	227	–	–
				4,920	–	227	–	–

31 December 2024							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Forward foreign exchange contracts maturing in							
2025	1.08	US\$ 18	144	5	–	–	–
			144	5	–	–	–

31 December 2024			
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	46	5	–
Foreign exchange risk	(84)	(87)	–

Notes to the Financial Statements

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

31 December 2023								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
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	–	–
31 December 2023								
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in				
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million	
Forward foreign exchange contracts maturing in								
2024	1.08	US\$ 13	98	–	–	(2)	–	
			98	–	–	(2)	–	
31 December 2023								
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					
			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)	–				

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

1 January 2023								
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
					Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
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	–	–
1 January 2023								
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in				
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million	
Forward foreign exchange contracts maturing in								
2023	0.94	EUR 85	709	1	–	–	–	
2023	1.01	US\$ 4	35	–	–	(2)	–	
			744	1	–	(2)	–	
1 January 2023								
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)		–			

Notes to the Financial Statements

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

31 December 2025

Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Forward foreign exchange contracts maturing in							
2026	5.68	CAD 417	2,358	18	–	(34)	–
2026	5.19	AUD 159	827	–	–	(3)	–
2026	4.66	NZD 280	1,266	41	–	–	–
2026	10.31	GBP 2,414	25,326	31	–	(448)	–
2026	9.16	EUR 82	754	–	–	(6)	–
			30,531	90	–	(491)	–
Cross currency swaps maturing in							
2026 – 2031	5.48	CAD 708	4,004	–	–	–	(87)
2026 – 2031	8.85	EUR 965	8,839	–	–	–	(281)
2027	5.86	AUD 1,415	7,343	–	874	–	–
			20,186	–	874	–	(368)

31 December 2025

Hedged items	Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve / exchange reserve for continuing hedges HK\$ million	Surplus (deficit) in hedging reserve / exchange reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million
Foreign investments	2,947	(5,481)	(716)

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

31 December 2024							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Forward foreign exchange contracts maturing in							
2025	5.69	CAD 992	5,355	209	–	(25)	–
2025	5.05	AUD 159	773	31	–	–	–
2025	4.66	NZD 280	1,232	–	–	(73)	–
2025	9.87	GBP 2,487	24,476	195	–	(49)	–
2025	8.29	EUR 82	666	1	–	(8)	–
			32,502	436	–	(155)	–
Cross currency swaps maturing in							
2025 – 2031	5.83	CAD 233	1,255	79	–	–	(2)
2025 – 2031	8.15	EUR 965	7,807	–	82	(238)	–
2027	5.86	AUD 1,415	6,862	–	1,199	–	–
			15,924	79	1,281	(238)	(2)

31 December 2024			
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	(1,458)	(8,428)	(716)

Notes to the Financial Statements

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

31 December 2023							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
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)

31 December 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)

45 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

1 January 2023							
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Carrying amount of derivatives included in			
				Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
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)

1 January 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	(4,333)	(8,703)	(716)

Notes to the Financial Statements

45 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:

			31 December 2025	
	Note	Classification under IFRS 9	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets				
Liquid funds and other listed investments				
Cash and cash equivalents (included in Managed funds)	21	Amortised cost	60	60
Listed equity securities, Hong Kong	21	FVOCI	330	330
Listed equity securities, outside Hong Kong	21	FVOCI	11	11
Listed debt securities (included in Managed funds)	21	FVOCI	7,161	7,161
Unlisted investments				
Unlisted equity securities	22	FVOCI	6,360	6,360
Unlisted equity securities	22	FVPL	54	54
Unlisted debt securities	22	FVPL	326	326
Derivative financial instruments				
Cash flow hedges				
Interest rate swaps	22	Fair value – hedges	22	22
Other contracts	25	Fair value – hedges	2	2
Net investment hedges				
Forward foreign exchange contracts	25	Fair value – hedges	90	90
Cross currency swaps	22	Fair value – hedges	874	874
Lease receivables	22	Amortised cost	832	832
Cash and cash equivalents	24	Amortised cost	143,748	143,748
Trade receivables	25	Amortised cost	14,952	14,952
Other receivables	25	Amortised cost	11,711	11,711
Amounts due from associated companies	18	Amortised cost	3,017	3,017
Amounts due from joint ventures	19	Amortised cost	16,996	16,996
			206,546	206,546

45 Financial risk management (continued)

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

			31 December 2025	
	Note	Classification under IFRS 9	Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities				
Bank and other debts ⁽ⁱ⁾	26	Amortised cost	263,593	257,112
Trade payables	27	Amortised cost	22,632	22,632
Derivative financial instruments				
Cash flow hedges				
Interest rate swaps	31	Fair value – hedges	9	9
Other contracts	27	Fair value – hedges	2	2
Net investment hedges				
Forward foreign exchange contracts	27	Fair value – hedges	491	491
Cross currency swaps	31	Fair value – hedges	368	368
Other derivative financial instruments	31	FVPL	148	148
Interest free loans from non-controlling shareholders	27	Amortised cost	329	329
Expenses and other accruals	27	Amortised cost	33,117	33,117
Other payables	27	Amortised cost	16,379	16,379
Lease liabilities	14	Amortised cost	66,496	66,496
Interest-bearing loans from non-controlling shareholders	29	Amortised cost	4,193	4,193
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	3,409	3,409
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166
Amounts due to associated companies	18	Amortised cost	2,905	2,905
Amounts due to joint ventures	19	Amortised cost	220	220
			416,457	409,976

- (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.

			31 December 2025	
			Carrying amounts HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost			191,316	191,316
FVOCI			13,862	13,862
FVPL			380	380
Fair value – hedges			988	988
			206,546	206,546
Financial liabilities measured at				
Amortised cost			415,439	408,958
FVPL			148	148
Fair value – hedges			870	870
			416,457	409,976

Notes to the Financial Statements

45 Financial risk management (continued)

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

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

			31 December 2024	
	Note	Classification under IFRS 9	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets				
Liquid funds and other listed investments				
Cash and cash equivalents (included in Managed funds)	21	Amortised cost	34	34
Listed equity securities, Hong Kong	21	FVOCI	536	536
Listed equity securities, outside Hong Kong	21	FVOCI	747	747
Listed debt securities (included in Managed funds)	21	FVOCI	6,825	6,825
Unlisted investments				
Unlisted equity securities	22	FVOCI	1,933	1,933
Unlisted equity securities	22	FVPL	366	366
Unlisted debt securities	22	FVPL	414	414
Derivative financial instruments				
Fair value hedges – collar agreements	25	Fair value – hedges	14	14
Cash flow hedges				
Interest rate swaps	25	Fair value – hedges	7	7
Cross currency interest rate swaps	22	Fair value – hedges	227	227
Forward foreign exchange contracts	25	Fair value – hedges	5	5
Other contracts	25	Fair value – hedges	1	1
Net investment hedges				
Forward foreign exchange contracts	25	Fair value – hedges	436	436
Cross currency swaps	22 & 25	Fair value – hedges	1,360	1,360
Lease receivables	22	Amortised cost	875	875
Cash and cash equivalents	24	Amortised cost	121,303	121,303
Trade receivables	25	Amortised cost	15,327	15,327
Other receivables	25	Amortised cost	12,169	12,169
Amounts due from associated companies	18	Amortised cost	1,671	1,671
Amounts due from joint ventures	19	Amortised cost	16,953	16,953
			181,203	181,203

45 Financial risk management (continued)

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

	Note	Classification under IFRS 9	31 December 2024	
			Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities				
Bank and other debts ⁽ⁱ⁾	26	Amortised cost	256,392	239,786
Trade payables	27	Amortised cost	21,861	21,861
Derivative financial instruments				
Cash flow hedges				
Other contracts	27	Fair value – hedges	5	5
Net investment hedges				
Forward foreign exchange contracts	27	Fair value – hedges	155	155
Cross currency swaps	27 & 31	Fair value – hedges	240	240
Other derivative financial instruments	31	FVPL	91	91
Interest free loans from non-controlling shareholders	27	Amortised cost	349	349
Expenses and other accruals	27	Amortised cost	33,411	33,411
Other payables	27	Amortised cost	19,104	19,104
Lease liabilities	14	Amortised cost	64,519	64,519
Interest-bearing loans from non-controlling shareholders	29	Amortised cost	3,471	3,471
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	3,983	3,983
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166
Amounts due to associated companies	18	Amortised cost	535	535
Amounts due to joint ventures	19	Amortised cost	270	270
			406,552	389,946

- (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.

	31 December 2024	
	Carrying amounts HK\$ million	Fair values HK\$ million
Representing:		
Financial assets measured at		
Amortised cost	168,332	168,332
FVOCI	10,041	10,041
FVPL	780	780
Fair value – hedges	2,050	2,050
	181,203	181,203
Financial liabilities measured at		
Amortised cost	406,061	389,455
FVPL	91	91
Fair value – hedges	400	400
	406,552	389,946

Notes to the Financial Statements

45 Financial risk management (continued)

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

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 IFRS 9	31 December 2023	
			Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets				
Liquid funds and other listed investments				
Cash and cash equivalents (included in Managed funds)	21	Amortised cost	50	50
Listed equity securities, Hong Kong	21	FVOCI	608	608
Listed equity securities, outside Hong Kong	21	FVOCI	8,589	8,589
Listed equity securities (included in Managed funds)	21	FVOCI	6,539	6,539
Unlisted investments				
Unlisted equity securities	22	FVOCI	2,189	2,189
Unlisted equity securities	22	FVPL	369	369
Unlisted debt securities	22	FVPL	604	604
Derivative financial instruments				
Cash flow hedges				
Interest rate swaps	22	Fair value – hedges	52	52
Cross currency interest rate swaps	22	Fair value – hedges	150	150
Other contracts	25	Fair value – hedges	26	26
Net investment hedges				
Forward foreign exchange contracts	25	Fair value – hedges	201	201
Cross currency swaps	22 & 25	Fair value – hedges	908	908
Lease receivables	22	Amortised cost	507	507
Cash and cash equivalents	24	Amortised cost	127,323	127,323
Trade receivables	25	Amortised cost	16,297	16,297
Other receivables	25	Amortised cost	13,491	13,491
Amounts due from associated companies	18	Amortised cost	3,435	3,435
Amounts due from joint ventures	19	Amortised cost	22,377	22,377
			203,715	203,715

45 Financial risk management (continued)

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

	Note	Classification under IFRS 9	31 December 2023	
			Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities				
Bank and other debts ⁽ⁱ⁾	26	Amortised cost	271,922	258,853
Trade payables	27	Amortised cost	23,017	23,017
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
Other contracts	27 & 31	Fair value – hedges	114	114
Net investment hedges				
Forward foreign exchange contracts	27	Fair value – hedges	1,072	1,072
Cross currency swaps	31	Fair value – hedges	465	465
Interest free loans from non-controlling shareholders	27	Amortised cost	438	438
Expenses and other accruals	27	Amortised cost	36,471	36,471
Other payables	27	Amortised cost	16,888	16,888
Lease liabilities	14	Amortised cost	67,923	67,923
Interest-bearing loans from non-controlling shareholders	29	Amortised cost	3,245	3,245
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	4,615	4,615
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166
Amounts due to associated companies	18	Amortised cost	543	543
Amounts due to joint ventures	19	Amortised cost	310	310
			429,547	416,478

- (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.

	31 December 2023	
	Carrying amounts HK\$ million	Fair values HK\$ million
Representing:		
Financial assets measured at		
Amortised cost	183,480	183,480
FVOCI	17,925	17,925
FVPL	973	973
Fair value – hedges	1,337	1,337
	203,715	203,715
Financial liabilities measured at		
Amortised cost	427,538	414,469
Fair value – hedges	2,009	2,009
	429,547	416,478

Notes to the Financial Statements

45 Financial risk management (continued)

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

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

			1 January 2023	
	Note	Classification under IFRS 9	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets				
Liquid funds and other listed investments				
Cash and cash equivalents (included in Managed funds)	21	Amortised cost	40	40
Listed equity securities, Hong Kong	21	FVOCI	608	608
Listed equity securities, outside Hong Kong	21	FVOCI	8,880	8,880
Fair value hedges – collar agreements	21	Fair value – hedges	216	216
Listed equity securities (included in Managed funds)	21	FVOCI	6,359	6,359
Unlisted investments				
Unlisted equity securities	22	FVOCI	2,451	2,451
Unlisted equity securities	22	FVPL	417	417
Unlisted debt securities	22	FVPL	555	555
Derivative financial instruments				
Cash flow hedges				
Interest rate swaps	22 & 25	Fair value – hedges	237	237
Cross currency interest rate swaps	22 & 25	Fair value – hedges	754	754
Forward foreign exchange contracts	25	Fair value – hedges	1	1
Other contracts	22 & 25	Fair value – hedges	3,248	3,248
Net investment hedges				
Cross currency interest rate swaps	25	Fair value – hedges	112	112
Forward foreign exchange contracts	25	Fair value – hedges	44	44
Cross currency swaps	22 & 25	Fair value – hedges	1,173	1,173
Lease receivables	22	Amortised cost	542	542
Cash and cash equivalents	24	Amortised cost	138,085	138,085
Trade receivables	25	Amortised cost	14,945	14,945
Other receivables	25	Amortised cost	13,433	13,433
Amounts due from associated companies	18	Amortised cost	3,542	3,542
Amounts due from joint ventures	19	Amortised cost	29,792	29,792
			225,434	225,434

45 Financial risk management (continued)

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

			1 January 2023	
	Note	Classification under IFRS 9	Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities				
Bank and other debts ⁽ⁱ⁾	26	Amortised cost	284,326	265,418
Trade payables	27	Amortised cost	21,356	21,356
Derivative financial instruments				
Cash flow hedges				
Forward foreign exchange contracts	27	Fair value – hedges	2	2
Other contracts	27	Fair value – hedges	151	151
Net investment hedges				
Forward foreign exchange contracts	27	Fair value – hedges	891	891
Cross currency swaps	31	Fair value – hedges	314	314
Other derivative financial instruments	27	FVPL	795	795
Interest free loans from non-controlling shareholders	27	Amortised cost	472	472
Expenses and other accruals	27	Amortised cost	35,995	35,995
Other payables	27	Amortised cost	21,419	21,419
Lease liabilities	14	Amortised cost	66,059	66,059
Interest-bearing loans from non-controlling shareholders	29	Amortised cost	2,567	2,567
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	3,989	3,989
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166
Amounts due to associated companies	18	Amortised cost	569	569
Amounts due to joint ventures	19	Amortised cost	319	319
			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.

			1 January 2023	
			Carrying amounts HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost			200,379	200,379
FVOCI			18,298	18,298
FVPL			972	972
Fair value – hedges			5,785	5,785
			225,434	225,434
Financial liabilities measured at				
Amortised cost			439,237	420,329
FVPL			795	795
Fair value – hedges			1,358	1,358
			441,390	422,482

Notes to the Financial Statements

45 Financial risk management (continued)

(k) Fair value measurements

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

Fair value hierarchy

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

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

		31 December 2025			
		Level 1	Level 2	Level 3	Total
		Note	HK\$ million	HK\$ million	HK\$ million
Financial assets					
Liquid funds and other listed investments					
		21	330	–	330
		21	11	–	11
		21	7,161	–	7,161
Unlisted investments					
		22	–	6,360	6,360
		22	–	46	54
		22	–	326	326
Derivative financial instruments					
Cash flow hedges					
		22	–	22	22
		25	–	2	2
Net investment hedges					
		25	–	90	90
		22	–	874	874
			7,502	1,034	6,694
					15,230
Financial liabilities					
Derivative financial instruments					
Cash flow hedges					
		31	–	9	9
		27	–	2	2
Net investment hedges					
		27	–	491	491
		31	–	368	368
		31	–	148	148
			–	1,018	–
					1,018

45 Financial risk management *(continued)*

(k) Fair value measurements *(continued)*

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

Fair value hierarchy (continued)

		31 December 2024			
	Note	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	21	536	–	–	536
Listed equity securities, outside Hong Kong	21	747	–	–	747
Listed debt securities (included in Managed funds)	21	6,825	–	–	6,825
Unlisted investments					
Unlisted equity securities – FVOCI	22	–	–	1,933	1,933
Unlisted equity securities – FVPL	22	–	46	320	366
Unlisted debt securities	22	–	–	414	414
Derivative financial instruments					
Fair value hedges – collar agreements	25	–	–	14	14
Cash flow hedges					
Interest rate swaps	25	–	7	–	7
Cross currency interest rate swaps	22	–	227	–	227
Forward foreign exchange contracts	25	–	5	–	5
Other contracts	25	–	1	–	1
Net investment hedges					
Forward foreign exchange contracts	25	–	436	–	436
Cross currency swaps	22 & 25	–	1,360	–	1,360
		8,108	2,082	2,681	12,871
Financial liabilities					
Derivative financial instruments					
Cash flow hedges					
Other contracts	27	–	5	–	5
Net investment hedges					
Forward foreign exchange contracts	27	–	155	–	155
Cross currency swaps	27 & 31	–	240	–	240
Other derivative financial instruments	31	–	91	–	91
		–	491	–	491

Notes to the Financial Statements

45 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

		31 December 2023			
	Note	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	21	608	–	–	608
Listed equity securities, outside Hong Kong	21	8,589	–	–	8,589
Listed debt securities (included in Managed funds)	21	6,539	–	–	6,539
Unlisted investments					
Unlisted equity securities – FVOCI	22	–	–	2,189	2,189
Unlisted equity securities – FVPL	22	–	46	323	369
Unlisted debt securities	22	–	–	604	604
Derivative financial instruments					
Cash flow hedges					
Interest rate swaps	22	–	52	–	52
Cross currency interest rate swaps	22	–	150	–	150
Other contracts	25	–	26	–	26
Net investment hedges					
Forward foreign exchange contracts	25	–	201	–	201
Cross currency swaps	22 & 25	–	908	–	908
		15,736	1,383	3,116	20,235
Financial liabilities					
Derivative financial instruments					
Fair value hedges – collar agreement	27 & 31	–	–	356	356
Cash flow hedges					
Forward foreign exchange contracts	27	–	2	–	2
Other contracts	27 & 31	–	114	–	114
Net investment hedges					
Forward foreign exchange contracts	27	–	1,072	–	1,072
Cross currency swaps	31	–	465	–	465
		–	1,653	356	2,009

45 Financial risk management *(continued)*

(k) Fair value measurements *(continued)*

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

Fair value hierarchy (continued)

		1 January 2023			
	Note	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	21	608	–	–	608
Listed equity securities, outside Hong Kong	21	8,880	–	–	8,880
Fair value hedges – collar agreement	21	–	–	216	216
Listed debt securities (included in Managed funds)	21	6,359	–	–	6,359
Unlisted investments					
Unlisted equity securities – FVOCI	22	–	–	2,451	2,451
Unlisted equity securities – FVPL	22	–	46	371	417
Unlisted debt securities	22	–	–	555	555
Derivative financial instruments					
Cash flow hedges					
Interest rate swaps	22 & 25	–	237	–	237
Cross currency interest rate swaps	22 & 25	–	754	–	754
Forward foreign exchange contracts	25	–	1	–	1
Other contracts	22 & 25	–	3,248	–	3,248
Net investment hedges					
Cross currency interest rate swaps	25	–	112	–	112
Forward foreign exchange contracts	25	–	44	–	44
Cross currency swaps	22 & 25	–	1,173	–	1,173
		15,847	5,615	3,593	25,055
Financial liabilities					
Derivative financial instruments					
Cash flow hedges					
Forward foreign exchange contracts	27	–	2	–	2
Other contracts	27	–	151	–	151
Net investment hedges					
Forward foreign exchange contracts	27	–	891	–	891
Cross currency swaps	31	–	314	–	314
Other derivative financial instruments	27	–	795	–	795
		–	2,153	–	2,153

Notes to the Financial Statements

45 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 2025, 31 December 2024 and 31 December 2023, 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:

	2025 HK\$ million	2024 HK\$ million	2023 HK\$ million
At 1 January	2,681	2,760	3,593
Total gains (losses) recognised in			
Income statement	(103)	(15)	(90)
Other comprehensive income	(12)	79	(796)
Additions	4,594	43	75
Disposals	(502)	(187)	(74)
Exchange translation differences	36	1	52
At 31 December	6,694	2,681	2,760
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(103)	(15)	(90)

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.

45 Financial risk management *(continued)*

(k) Fair value measurements *(continued)*

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

Except for bank and other debts as detailed in the table 45(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 2025				
Bank and other debts	158,283	98,829	–	257,112
At 31 December 2024				
Bank and other debts	155,857	83,929	–	239,786
At 31 December 2023				
Bank and other debts	165,755	93,098	–	258,853
At 1 January 2023				
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.

Notes to the Financial Statements

45 Financial risk management (continued)

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

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

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

	Gross amounts of recognised financial assets (liabilities) HK\$ million	Gross amounts offset in the consolidated statement of financial position HK\$ million	Net amounts presented in the consolidated statement of financial position HK\$ million	Related amounts not offset in the consolidated statement of financial position		Net amounts HK\$ million
				Financial assets (liabilities) HK\$ million	Cash collateral pledged (received) HK\$ million	
At 31 December 2025						
Financial assets						
Trade receivables	38	(38)	–	–	–	–
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	90	–	90	(90)	–	–
Other receivables and prepayments	214	(190)	24	–	–	24
	342	(228)	114	(90)	–	24
Financial liabilities						
Trade payables	(3,096)	38	(3,058)	–	–	(3,058)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(412)	–	(412)	90	–	(322)
Other payables and accruals	(190)	190	–	–	–	–
	(3,698)	228	(3,470)	90	–	(3,380)
At 31 December 2024						
Financial assets						
Trade receivables	47	(47)	–	–	–	–
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	130	–	130	(130)	–	–
Other receivables and prepayments	269	(160)	109	–	–	109
	446	(207)	239	(130)	–	109
Financial liabilities						
Trade payables	(3,062)	47	(3,015)	–	–	(3,015)
Derivative financial instruments						
Net investment hedges						
Cross currency swaps	(240)	–	(240)	130	–	(110)
Other payables and accruals	(160)	160	–	–	–	–
	(3,462)	207	(3,255)	130	–	(3,125)

45 Financial risk management (continued)

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

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
At 31 December 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 1 January 2023						
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)

Notes to the Financial Statements

46 Significant judgements, estimates and assumptions

In applying the Group's accounting policies which are disclosed on note 47, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical 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.

(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 to 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:

46 Significant judgements, estimates and assumptions *(continued)*

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

(iii) Determination of lease term *(continued)*

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

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

(iv) Business combinations

As disclosed in note 47(a)(iv), the Group applies the provisions of IFRS 3 to transactions and other events that meet the definition of a business combination within the scope of IFRS 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.

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunications 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.

Notes to the Financial Statements

46 Significant judgements, estimates and assumptions *(continued)*

(b) Key sources of estimation uncertainty *(continued)*

(i) Impairment of goodwill and long-lived assets *(continued)*

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 IFRS 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.

(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 IAS 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 IAS 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 IFRS 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.

46 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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.

(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 IAS 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 IFRS 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.

Notes to the Financial Statements

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 IFRS 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.

(ix) Estimation of fair value of the Group's 49% interest in VodafoneThree at the time of its constitution

On 31 May 2025, the Group completed the merger of its UK telecommunications operations, **3 UK**, with Vodafone Group's corresponding UK operations to form the combined entity, VodafoneThree. As a result of the transaction, **3 UK** and its subsidiaries ceased to be subsidiaries of the Group and were deconsolidated from the Group's financial statements. The Group now holds a 49% interest in VodafoneThree, which is accounted for as an associated company under the equity method, while Vodafone holds a 51% ownership stake.

This transaction has been accounted for as a disposal of the Group's entire interest in **3 UK**, coupled with the concurrent acquisition of a 49% stake in VodafoneThree. The fair value of the Group's 49% interest in VodafoneThree was determined to be HK\$40,766 million, derived from the average of five independent midpoint valuation analyses. The fair value assessment incorporated a comparable company analysis (using EBITDA_AL and adjusted free cash flow) and DCF analysis, based on the combined business's forward-looking financial plan, including projections for revenue, operating costs, capital expenditures, and terminal value. The five valuations yielded the following estimated fair values for the Group's 49% interest: HK\$35.8 billion, HK\$38.5 billion, HK\$39.4 billion, HK\$44.1 billion, and HK\$46.1 billion, with the final fair value reflecting the average of these outcomes.

The valuation process required significant judgement, particularly in selecting appropriate peer companies for benchmarking, considering factors such as market position, growth profile, and geographic focus, and determining key assumptions in the DCF model, including discount rates, long-term growth rates, and cash flow projections. Given the inherent uncertainties in these estimates, alternative judgements or assumptions could result in a materially different fair value, which would impact the gain or loss recognised on the disposal of **3 UK**.

In accordance with the requirements for business combinations, a notional purchase price allocation ("PPA") for this investment has been substantially completed. This process involves attributing the fair value of the investment to the identifiable assets and liabilities of VodafoneThree at the acquisition date. While this work is expected to be finalised within the permitted one-year measurement period from the date of acquisition, the accounting for the investment is currently determined on a provisional basis. Although some reclassifications between asset and liability line items are anticipated as the PPA is finalised, the overall net asset value of the investment at the acquisition date is expected to remain unchanged at HK\$40,766 million.

(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.

Notes to the Financial Statements

47 Summary of material accounting policies

(a) Summary of material accounting policies

Set out below is a summary of the Company's material accounting policies applicable in the preparation of 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.

47 Summary of material accounting policies *(continued)*

(a) Summary of material accounting policies *(continued)*

(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 IFRS.

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.

(iv) Business combinations

The Group applies the provisions of IFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of IFRS 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.

Notes to the Financial Statements

47 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(iv) Business combinations (continued)

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

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

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

(v) Goodwill

Goodwill is initially recognised and measured as set out in note 47(a)(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(a)(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.

47 Summary of material accounting policies *(continued)*

(a) Summary of material accounting policies *(continued)*

(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.

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 to 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).

Notes to the Financial Statements

47 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(vii) Leases (continued)

(II) Group as a lessor

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

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

(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 telecommunications 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.

47 Summary of material accounting policies *(continued)*

(a) Summary of material accounting policies *(continued)*

(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 derecognised on the date the Group commits to purchase or sell the investments or when they expire.

(I) Measurement

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

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

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

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

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

(II) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under IFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under IFRS 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.

Notes to the Financial Statements

47 Summary of material accounting policies *(continued)*

(a) Summary of material accounting policies *(continued)*

(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)*

(a) 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.

All other exchange differences are recognised in the consolidated income statement.

In line with IFRS 1 exemption guidance, the cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS.

(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.

Notes to the Financial Statements

47 Summary of material accounting policies (continued)

(a) Summary of material accounting policies (continued)

(xvii) Revenue recognition (continued)

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 telecommunications 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)*

(b) 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.

Notes to the Financial Statements

47 Summary of material accounting policies *(continued)*

(b) 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 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)*

(b) 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.

Notes to the Financial Statements

47 Summary of material accounting policies *(continued)*

(b) 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 2025, 31 December 2024, 31 December 2023 and 1 January 2023 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.

47 Summary of material accounting policies *(continued)*

(c) 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.

(i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(ii) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments clarify the application of the own-use exception requirements for in-scope contracts, amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts and add new disclosure requirements on the effect of these contracts on a company's financial performance and cash flows. As a result of the amendments, entities will be able to apply the own-use exception to certain contracts referencing nature-dependent electricity ("CRNE") which are contracts to purchase electricity from nature-dependent sources such as wind energy or solar energy; and designate a variable nominal volume of electricity as a hedged item, facilitating application of hedge accounting to CRNEs.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

(iii) Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB issued narrow-scope amendments to IFRS that include clarifications, simplifications, corrections, and changes intended to improve consistency in:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

These amendments will be effective for annual periods beginning on or after 1 January 2026. The Group does not expect these amendments to have a material impact on its operations or financial statements.

Notes to the Financial Statements

47 Summary of material accounting policies *(continued)*

(c) New standards and interpretations not yet adopted *(continued)*

(iv) Presentation and Disclosure in Financial Statements – IFRS 18

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

(v) Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

The IASB issue amendments to IAS 21 to specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2027. The Group does not expect these amendments to have a material impact on its operations or financial statements.

48 Reconciliations between IFRS and Previous GAAP (see note 4)

Reconciliations between amounts reported under IFRS and Previous GAAP as presented below.

(a) Total Equity

	31 December 2024	31 December 2023	1 January 2023
	HK\$ million	HK\$ million	HK\$ million
Total equity under Previous GAAP	652,592	670,549	647,309
Transition to IFRS:			
Effect on exchange reserve at date of transition	+ 40,203	+ 40,203	+ 40,203
Effect on exchange reserve – 2023	- 339	- 339	-
	+ 39,864	+ 39,864	+ 40,203
Effect on retained profit at date of transition	- 40,203	- 40,203	- 40,203
Effect on retained profit – 2023	+ 339	+ 339	-
	- 39,864	- 39,864	- 40,203
Total equity under IFRS	652,592	670,549	647,309

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(b) Consolidated Statement of Financial Position at 1 January 2023

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Non-current assets			
Fixed assets	112,650	–	112,650
Right-of-use assets	59,337	–	59,337
Telecommunications licences	60,689	–	60,689
Brand names and other rights	83,694	–	83,694
Goodwill	268,008	–	268,008
Associated companies	140,711	–	140,711
Interests in joint ventures	148,561	–	148,561
Deferred tax assets	18,509	–	18,509
Liquid funds and other listed investments	16,103	–	16,103
Other non-current assets	15,900	–	15,900
	924,162	–	924,162
Current assets			
Cash and cash equivalents	138,085	–	138,085
Inventories	23,283	–	23,283
Trade receivables and other current assets	56,811	–	56,811
	218,179	–	218,179
Assets classified as held for sale	6,096	–	6,096
	224,275	–	224,275
Current liabilities			
Bank and other debts	70,130	–	70,130
Current tax liabilities	4,001	–	4,001
Lease liabilities	12,128	–	12,128
Trade payables and other current liabilities	89,129	–	89,129
	175,388	–	175,388
Liabilities directly associated with assets classified as held for sale	1,127	–	1,127
	176,515	–	176,515
Net current assets	47,760	–	47,760
Total assets less current liabilities	971,922	–	971,922
Non-current liabilities			
Bank and other debts	214,196	–	214,196
Interest-bearing loans from non-controlling shareholders	2,567	–	2,567
Lease liabilities	53,931	–	53,931
Deferred tax liabilities	19,290	–	19,290
Pension obligations	2,730	–	2,730
Other non-current liabilities	31,899	–	31,899
	324,613	–	324,613
Net assets	647,309	–	647,309
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	276,711	–	276,711
Total ordinary shareholders' funds	523,513	–	523,513
Perpetual capital securities	4,561	–	4,561
Non-controlling interests	119,235	–	119,235
Total equity	647,309	–	647,309

48 Reconciliations between IFRS and Previous GAAP (continued)

(c) Consolidated Income Statement for the year ended 31 December 2024

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Revenue	281,351	–	281,351
Cost of inventories sold	(106,194)	–	(106,194)
Staff costs	(41,591)	–	(41,591)
Expensed customer acquisition and retention costs	(15,433)	–	(15,433)
Depreciation and amortisation	(40,460)	–	(40,460)
Other expenses and losses	(52,895)	–	(52,895)
Other income and gains	524	–	524
Share of profits less losses of:			
Associated companies	6,903	–	6,903
Joint ventures	9,757	–	9,757
	41,962	–	41,962
Interest expenses and other finance costs	(13,392)	–	(13,392)
Profit before tax	28,570	–	28,570
Current tax charge	(4,189)	–	(4,189)
Deferred tax charge	(528)	–	(528)
Profit after tax	23,853	–	23,853
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,765)	–	(6,765)
Profit attributable to ordinary shareholders	17,088	–	17,088

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(d) Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Profit after tax	23,853	–	23,853
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	(528)	–	(528)
Remeasurement of defined benefit obligations	810	–	810
Share of other comprehensive income (losses) of associated companies	(83)	–	(83)
Share of other comprehensive income (losses) of joint ventures	(945)	–	(945)
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(90)	–	(90)
	(836)	–	(836)
Items that may be reclassified to profit or loss			
Changes in fair value of debt instruments at fair value through other comprehensive income	126	–	126
Exchange losses on translation of foreign operations	(9,543)	–	(9,543)
Losses on cash flow hedges	(132)	–	(132)
Gains on net investment hedges	1,484	–	1,484
Share of other comprehensive income (losses) of associated companies	(5,670)	–	(5,670)
Share of other comprehensive income (losses) of joint ventures	(5,311)	–	(5,311)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	5	–	5
	(19,041)	–	(19,041)
Other comprehensive income (losses), net of tax	(19,877)	–	(19,877)
Total comprehensive income	3,976	–	3,976
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(4,155)	–	(4,155)
Total comprehensive income (losses) attributable to ordinary shareholders	(179)	–	(179)

48 Reconciliations between IFRS and Previous GAAP (continued)

(e) Consolidated Statement of Financial Position at 31 December 2024

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Non-current assets			
Fixed assets	111,777	–	111,777
Right-of-use assets	57,589	–	57,589
Telecommunications licences	63,869	–	63,869
Brand names and other rights	79,241	–	79,241
Goodwill	267,325	–	267,325
Associated companies	139,855	–	139,855
Interests in joint ventures	154,208	–	154,208
Deferred tax assets	18,140	–	18,140
Liquid funds and other listed investments	8,142	–	8,142
Other non-current assets	20,203	–	20,203
	920,349	–	920,349
Current assets			
Cash and cash equivalents	121,303	–	121,303
Inventories	24,923	–	24,923
Trade receivables and other current assets	45,967	–	45,967
	192,193	–	192,193
Current liabilities			
Bank and other debts	30,956	–	30,956
Interest bearing loan from a non-controlling shareholder	1,874	–	1,874
Current tax liabilities	3,368	–	3,368
Lease liabilities	12,142	–	12,142
Trade payables and other current liabilities	82,645	–	82,645
	130,985	–	130,985
Net current assets	61,208	–	61,208
Total assets less current liabilities	981,557	–	981,557
Non-current liabilities			
Bank and other debts	225,436	–	225,436
Interest bearing loans from non-controlling shareholders	1,597	–	1,597
Lease liabilities	52,377	–	52,377
Deferred tax liabilities	17,974	–	17,974
Pension obligations	3,197	–	3,197
Other non-current liabilities	28,384	–	28,384
	328,965	–	328,965
Net assets	652,592	–	652,592
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	287,913	–	287,913
Total ordinary shareholders' funds	534,715	–	534,715
Non-controlling interests	117,877	–	117,877
Total equity	652,592	–	652,592

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(f) Consolidated Statement of Changes in Equity for the year ended 31 December 2024

	Attributable to					
	Ordinary shareholders			Holders of perpetual capital securities	Non-controlling interests	Total equity
	Share capital and share premium	Reserves	Total ordinary shareholders' funds			
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
At 1 January 2024 under Previous GAAP	246,802	297,233	544,035	4,566	121,948	670,549
Effect on adoption of IFRS	-	-	-	-	-	-
At 1 January 2024 under IFRS	246,802	297,233	544,035	4,566	121,948	670,549
Profit for the year under Previous GAAP	-	17,088	17,088	71	6,694	23,853
Effect on adoption of IFRS	-	-	-	-	-	-
Profit for the year under IFRS	-	17,088	17,088	71	6,694	23,853
Other comprehensive income (losses) under Previous GAAP						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	(528)	(528)	-	-	(528)
Changes in fair value of debt instruments at fair value through other comprehensive income	-	126	126	-	-	126
Remeasurement of defined benefit obligations	-	646	646	-	164	810
Exchange losses on translation of foreign operations	-	(8,156)	(8,156)	-	(1,387)	(9,543)
Losses on cash flow hedges	-	(122)	(122)	-	(10)	(132)
Gains on net investment hedges	-	1,123	1,123	-	361	1,484
Share of other comprehensive income (losses) of associated companies	-	(5,320)	(5,320)	-	(433)	(5,753)
Share of other comprehensive income (losses) of joint ventures	-	(4,969)	(4,969)	-	(1,287)	(6,256)
Tax relating to components of other comprehensive income (losses)	-	(67)	(67)	-	(18)	(85)
Other comprehensive income (losses), net of tax, under Previous GAAP	-	(17,267)	(17,267)	-	(2,610)	(19,877)
Effect on adoption of IFRS	-	-	-	-	-	-
Other comprehensive income (losses), net of tax, under IFRS	-	(17,267)	(17,267)	-	(2,610)	(19,877)
Total comprehensive income (losses) under IFRS	-	(179)	(179)	71	4,084	3,976
Transactions with owners in their capacity as owners under Previous GAAP / IFRS:						
Dividends paid relating to 2023	-	(6,798)	(6,798)	-	-	(6,798)
Dividends paid relating to 2024	-	(2,635)	(2,635)	-	-	(2,635)
Dividends paid to non-controlling interests	-	-	-	-	(7,932)	(7,932)
Distributions paid on perpetual capital securities	-	-	-	(162)	-	(162)
Redemption of perpetual capital securities	-	-	-	(4,475)	-	(4,475)
Equity contribution from non-controlling interests	-	-	-	-	624	624
Unclaimed dividends written back	-	9	9	-	-	9
Acquisition of non-controlling interests	-	(37)	(37)	-	16	(21)
Partial disposal / disposal of subsidiary companies	-	320	320	-	(863)	(543)
	-	(9,141)	(9,141)	(4,637)	(8,155)	(21,933)
At 31 December 2024 under IFRS	246,802	287,913	534,715	-	117,877	652,592

48 Reconciliations between IFRS and Previous GAAP (continued)

(g) Consolidated Statement of Cash Flows for the year ended 31 December 2024

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	75,130	–	75,130
Interest expenses and other finance costs paid (net of capitalisation)	(13,267)	–	(13,267)
Tax paid	(4,652)	–	(4,652)
Funds from operations (before principal elements of lease payments)	57,211	–	57,211
Changes in working capital	(2,983)	–	(2,983)
Net cash from operating activities	54,228	–	54,228
Investing activities			
Purchase of fixed assets	(20,365)	–	(20,365)
Additions to telecommunications licences	(72)	–	(72)
Additions to brand names and other rights	(1,913)	–	(1,913)
Purchase of subsidiary companies, net of cash acquired	(4,114)	–	(4,114)
Additions to unlisted investments	(44)	–	(44)
Repayments of loans from associated companies and joint ventures	1,242	–	1,242
Purchase of and advances to associated companies and joint ventures	(2,470)	–	(2,470)
Proceeds from disposal of fixed assets	146	–	146
Proceeds from disposal of subsidiary companies, net of cash disposed	333	–	333
Proceeds from partial disposal / disposal of associated companies and joint ventures	179	–	179
Proceeds from disposal of other unlisted investments	266	–	266
Cash flows used in investing activities before disposal of / additions to liquid funds and other listed investments	(26,812)	–	(26,812)
Disposal of liquid funds and other listed investments	7,172	–	7,172
Additions to liquid funds and other listed investments	(262)	–	(262)
Cash flows used in investing activities	(19,902)	–	(19,902)
Net cash inflow before financing activities	34,326	–	34,326
Financing activities			
New borrowings	54,594	–	54,594
Repayment of borrowings	(60,201)	–	(60,201)
Principal elements of lease payments	(14,103)	–	(14,103)
Net loans from non-controlling shareholders	466	–	466
Issue of equity securities by subsidiary companies to non-controlling shareholders	624	–	624
Redemption of perpetual capital securities	(4,180)	–	(4,180)
Dividends paid to ordinary shareholders	(9,433)	–	(9,433)
Dividends paid to non-controlling interests	(7,951)	–	(7,951)
Distributions paid on perpetual capital securities	(162)	–	(162)
Cash flows used in financing activities	(40,346)	–	(40,346)
Decrease in cash and cash equivalents	(6,020)	–	(6,020)
Cash and cash equivalents at 1 January 2024	127,323	–	127,323
Cash and cash equivalents at 31 December 2024	121,303	–	121,303

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP *(continued)*

(h) Consolidated Income Statement for the year ended 31 December 2023

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Revenue	275,575	–	275,575
Cost of inventories sold	(105,739)	–	(105,739)
Staff costs	(39,226)	–	(39,226)
Expensed customer acquisition and retention costs	(15,188)	–	(15,188)
Depreciation and amortisation	(40,083)	–	(40,083)
Other expenses and losses	(48,095)	250	(47,845)
Other income and gains	2,067	92	2,159
Share of profits less losses of:			
Associated companies	8,138	–	8,138
Joint ventures	7,990	–	7,990
	45,439	342	45,781
Interest expenses and other finance costs	(12,227)	–	(12,227)
Profit before tax	33,212	342	33,554
Current tax charge	(4,119)	–	(4,119)
Deferred tax credit	1,116	–	1,116
Profit after tax	30,209	342	30,551
Profit attributable to non-controlling interests and holders of perpetual capital securities	(6,709)	(3)	(6,712)
Profit attributable to ordinary shareholders	23,500	339	23,839

48 Reconciliations between IFRS and Previous GAAP (continued)

(i) Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Profit after tax	30,209	342	30,551
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
Remeasurement of defined benefit obligations	(1,470)	–	(1,470)
Share of other comprehensive income (losses) of associated companies	(560)	–	(560)
Share of other comprehensive income of joint ventures	269	–	269
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	376	–	376
	(667)	–	(667)
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
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)	–	(1,059)
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	1,889	–	1,889
Share of other comprehensive income of joint ventures	3,728	–	3,728
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	4	–	4
	9,419	(342)	9,077
Other comprehensive income, net of tax	8,752	(342)	8,410
Total comprehensive income	38,961	–	38,961
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(7,476)	–	(7,476)
Total comprehensive income attributable to ordinary shareholders	31,485	–	31,485

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(j) Consolidated Statement of Financial Position at 31 December 2023

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Non-current assets			
Fixed assets	119,826	–	119,826
Right-of-use assets	61,198	–	61,198
Telecommunications licences	64,264	–	64,264
Brand names and other rights	83,396	–	83,396
Goodwill	271,136	–	271,136
Associated companies	143,638	–	143,638
Interests in joint ventures	156,337	–	156,337
Deferred tax assets	21,074	–	21,074
Liquid funds and other listed investments	15,786	–	15,786
Other non-current assets	19,862	–	19,862
	956,517	–	956,517
Current assets			
Cash and cash equivalents	127,323	–	127,323
Inventories	24,473	–	24,473
Trade receivables and other current assets	50,590	–	50,590
	202,386	–	202,386
Current liabilities			
Bank and other debts	58,324	–	58,324
Current tax liabilities	4,166	–	4,166
Lease liabilities	13,616	–	13,616
Trade payables and other current liabilities	86,419	–	86,419
	162,525	–	162,525
Net current assets	39,861	–	39,861
Total assets less current liabilities	996,378	–	996,378
Non-current liabilities			
Bank and other debts	213,598	–	213,598
Interest bearing loans from non-controlling shareholders	3,245	–	3,245
Lease liabilities	54,307	–	54,307
Deferred tax liabilities	19,572	–	19,572
Pension obligations	3,536	–	3,536
Other non-current liabilities	31,571	–	31,571
	325,829	–	325,829
Net assets	670,549	–	670,549
Capital and reserves			
Share capital	3,830	–	3,830
Share premium	242,972	–	242,972
Reserves	297,233	–	297,233
Total ordinary shareholders' funds	544,035	–	544,035
Perpetual capital securities	4,566	–	4,566
Non-controlling interests	121,948	–	121,948
Total equity	670,549	–	670,549

48 Reconciliations between IFRS and Previous GAAP (continued)

(k) Consolidated Statement of Changes in Equity for the year ended 31 December 2023

	Attributable to					
	Ordinary shareholders			Holders of perpetual capital securities	Non-controlling interests	Total equity
	Share capital and share premium	Reserves	Total ordinary shareholders' funds			
HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
At 1 January 2023 under Previous GAAP	246,802	276,711	523,513	4,561	119,235	647,309
Effect on adoption of IFRS	-	-	-	-	-	-
At 1 January 2023 under IFRS	246,802	276,711	523,513	4,561	119,235	647,309
Profit for the year under Previous GAAP	-	23,500	23,500	172	6,537	30,209
Effect on adoption of IFRS	-	339	339	-	3	342
Profit for the year under IFRS	-	23,839	23,839	172	6,540	30,551
Other comprehensive income (losses) under Previous GAAP						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	718	718	-	-	718
Changes in fair value of debt instruments at fair value through other comprehensive income	-	120	120	-	-	120
Remeasurement of defined benefit obligations	-	(1,108)	(1,108)	-	(362)	(1,470)
Exchange gains on translation of foreign operations	-	7,457	7,457	-	314	7,771
Exchange losses reclassified to profit or loss	-	339	339	-	3	342
Losses on cash flow hedges	-	(1,033)	(1,033)	-	(26)	(1,059)
Losses on net investment hedges	-	(1,308)	(1,308)	-	(333)	(1,641)
Reclassification adjustments for hedging gains included in profit or loss	-	(1,735)	(1,735)	-	-	(1,735)
Share of other comprehensive income of associated companies	-	1,183	1,183	-	146	1,329
Share of other comprehensive income of joint ventures	-	3,065	3,065	-	932	3,997
Tax relating to components of other comprehensive income (losses)	-	287	287	-	93	380
Other comprehensive income, net of tax, under Previous GAAP	-	7,985	7,985	-	767	8,752
Effect on adoption of IFRS:						
Exchange losses reclassified to profit or loss	-	(339)	(339)	-	(3)	(342)
Other comprehensive income, net of tax, under IFRS	-	7,646	7,646	-	764	8,410
Total comprehensive income under IFRS	-	31,485	31,485	172	7,304	38,961
Impact of hyperinflation under Previous GAAP / IFRS	-	82	82	-	21	103
Transactions with owners in their capacity as owners under Previous GAAP / IFRS:						
Dividends paid relating to 2022	-	(7,989)	(7,989)	-	-	(7,989)
Dividends paid relating to 2023	-	(2,896)	(2,896)	-	-	(2,896)
Dividends paid to non-controlling interests	-	-	-	-	(4,744)	(4,744)
Distributions paid on perpetual capital securities	-	-	-	(167)	-	(167)
Recognition of put option liabilities over non-controlling interests	-	(148)	(148)	-	-	(148)
Unclaimed dividends written back	-	15	15	-	-	15
Acquisition of a subsidiary	-	-	-	-	8	8
Acquisition of non-controlling interests	-	(34)	(34)	-	70	36
Partial disposal of subsidiaries	-	7	7	-	54	61
	-	(10,963)	(10,963)	(167)	(4,591)	(15,721)
At 31 December 2023 under IFRS	246,802	297,233	544,035	4,566	121,948	670,549

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(1) Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Under Previous GAAP HK\$ million	Remeasurements and reclassifications HK\$ million	Under IFRS HK\$ million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	75,416	–	75,416
Interest expenses and other finance costs paid (net of capitalisation)	(12,083)	–	(12,083)
Tax paid	(3,931)	–	(3,931)
Funds from operations (before principal elements of lease payments)	59,402	–	59,402
Changes in working capital	(7,965)	–	(7,965)
Net cash from operating activities	51,437	–	51,437
Investing activities			
Purchase of fixed assets	(21,670)	–	(21,670)
Additions to telecommunications licences	(1,956)	–	(1,956)
Additions to brand names and other rights	(1,675)	–	(1,675)
Purchase of subsidiary companies, net of cash acquired	(55)	–	(55)
Additions to unlisted investments	(74)	–	(74)
Repayments of loans from associated companies and joint ventures	2,829	–	2,829
Purchase of and advances to associated companies and joint ventures	(819)	–	(819)
Proceeds from disposal of fixed assets	168	–	168
Proceeds from disposal of subsidiary companies, net of cash disposed	2,563	–	2,563
Proceeds from disposal of financial instruments	2,451	–	2,451
Proceeds from partial disposal / disposal of associated companies and joint ventures	734	–	734
Proceeds from disposal of other unlisted investments	74	–	74
Cash flows used in investing activities before disposal of / additions to liquid funds and other listed investments	(17,430)	–	(17,430)
Disposal of liquid funds and other listed investments	2,088	–	2,088
Additions to liquid funds and other listed investments	(73)	–	(73)
Cash flows used in investing activities	(15,415)	–	(15,415)
Net cash inflow before financing activities	36,022	–	36,022
Financing activities			
New borrowings	58,211	–	58,211
Repayment of borrowings	(75,361)	–	(75,361)
Principal elements of lease payments	(14,476)	–	(14,476)
Net loans from non-controlling shareholders	527	–	527
Proceeds from partial disposal of subsidiary companies (without loss of control)	61	–	61
Dividends paid to ordinary shareholders	(10,885)	–	(10,885)
Dividends paid to non-controlling interests	(4,694)	–	(4,694)
Distributions paid on perpetual capital securities	(167)	–	(167)
Cash flows used in financing activities	(46,784)	–	(46,784)
Decrease in cash and cash equivalents	(10,762)	–	(10,762)
Cash and cash equivalents at 1 January 2023	138,085	–	138,085
Cash and cash equivalents at 31 December 2023	127,323	–	127,323

48 Reconciliations between IFRS and Previous GAAP (continued)

(m) Consolidated reserves at 31 December 2024

	Attributable to ordinary shareholders				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others HK\$ million	Total HK\$ million
At 1 January 2024 under Previous GAAP	669,173	(29,260)	2,618	(345,298)	297,233
Effect on adoption of IFRS	(39,864)	39,864	–	–	–
At 1 January 2024 under IFRS	629,309	10,604	2,618	(345,298)	297,233
Profit for the year under Previous GAAP	17,088	–	–	–	17,088
Effect on adoption of IFRS	–	–	–	–	–
Profit for the year under IFRS	17,088	–	–	–	17,088
Other comprehensive income (losses) under Previous GAAP					
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	–	(528)	(528)
Changes in fair value of debt instruments at fair value through other comprehensive income	–	–	–	126	126
Remeasurement of defined benefit obligations	646	–	–	–	646
Exchange losses on translation of foreign operations	–	(8,156)	–	–	(8,156)
Losses on cash flow hedges	–	–	(122)	–	(122)
Gains on net investment hedges	–	1,123	–	–	1,123
Losses in other reserves related to subsidiaries disposed during the year transferred directly to retained profit	(24)	–	–	24	–
Share of other comprehensive income (losses) of associated companies	(68)	(5,101)	(130)	(21)	(5,320)
Share of other comprehensive income (losses) of joint ventures	(721)	(4,489)	241	–	(4,969)
Tax relating to components of other comprehensive income (losses)	(71)	–	4	–	(67)
Other comprehensive income (losses), net of tax, under Previous GAAP	(238)	(16,623)	(7)	(399)	(17,267)
Effect on adoption of IFRS	–	–	–	–	–
Other comprehensive income (losses), net of tax, under IFRS	(238)	(16,623)	(7)	(399)	(17,267)
Transfer of losses on disposal of equity securities at FVOCI to retained profit under Previous GAAP / IFRS	(682)	–	–	682	–
Transactions with owners in their capacity as owners under Previous GAAP / IFRS:					
Dividends paid relating to 2023	(6,798)	–	–	–	(6,798)
Dividends paid relating to 2024	(2,635)	–	–	–	(2,635)
Unclaimed dividends written back	9	–	–	–	9
Acquisition of non-controlling interests	–	–	–	(37)	(37)
Partial disposal of subsidiaries	–	–	–	320	320
At 31 December 2024 under IFRS	636,053	(6,019)	2,611	(344,732)	287,913

Notes to the Financial Statements

48 Reconciliations between IFRS and Previous GAAP (continued)

(n) Consolidated reserves at 31 December 2023

	Attributable to ordinary shareholders				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others HK\$ million	Total HK\$ million
At 1 January 2023 under Previous GAAP	657,443	(40,203)	5,332	(345,861)	276,711
Effect on adoption of IFRS	(40,203)	40,203	–	–	–
At 1 January 2023 under IFRS	617,240	–	5,332	(345,861)	276,711
Profit for the year under Previous GAAP	23,500	–	–	–	23,500
Effect on adoption of IFRS	339	–	–	–	339
Profit for the year under IFRS	23,839	–	–	–	23,839
Other comprehensive income (losses) under Previous GAAP					
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, under Previous GAAP	(1,208)	10,943	(2,714)	964	7,985
Effect on adoption of IFRS:					
Exchange losses reclassified to profit or loss	–	(339)	–	–	(339)
Other comprehensive income (losses), net of tax, under IFRS	(1,208)	10,604	(2,714)	964	7,646
Impact of hyperinflation under Previous GAAP / IFRS	82	–	–	–	82
Transfer of gains on disposal of equity securities at FVOCI to retained profit under Previous GAAP / IFRS	226	–	–	(226)	–
Transactions with owners in their capacity as owners under Previous GAAP / IFRS:					
Dividends paid relating to 2022	(7,989)	–	–	–	(7,989)
Dividends paid relating to 2023	(2,896)	–	–	–	(2,896)
Recognition of put option liabilities over non- controlling interests	–	–	–	(148)	(148)
Unclaimed dividends written back	15	–	–	–	15
Acquisition of non-controlling interests	–	–	–	(34)	(34)
Partial disposal of subsidiaries	–	–	–	7	7
At 31 December 2023 under IFRS	629,309	10,604	2,618	(345,298)	297,233