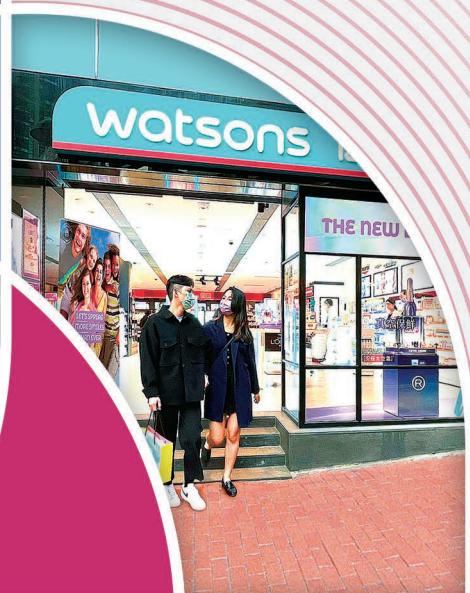
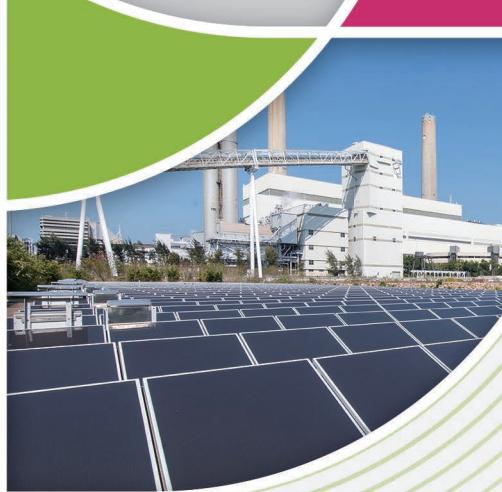




長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1



2022 Annual Report

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kuoi, Victor, BSc, MSc, LLD (Hon)

Grande Ufficiale dell'Ordine della Stella d'Italia
Chairman and Group Co-Managing Director

FOK Kin Ning, Canning, BA, DFM, FCA (ANZ)

Group Co-Managing Director

Frank John SIXT, MA, LLL

Group Finance Director and Deputy Managing Director

IP Tak Chuen, Edmond, BA, MSc

Deputy Managing Director

KAM Hing Lam, BSc, MBA

Deputy Managing Director

LAI Kai Ming, Dominic, BSc, MBA

Deputy Managing Director

Edith SHIH, BSE, MA, MA, EdM, Solicitor,

FCG(CS, CGP), HKFCG(CS, CGP)(PE)

NON-EXECUTIVE DIRECTORS

CHOW Kun Chee, Roland, LLM

LEE Yeh Kwong, Charles, GBM, GBS, OBE, JP

George Colin MAGNUS, OBE, BBS, MA

WOO Mo Fong, Susan, BSc
(alias CHOW WOO Mo Fong, Susan)

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHENG Hoi Chuen, Vincent ⁽¹⁾, GBS, OBE, JP

The Hon Sir Michael David KADOORIE ⁽²⁾, GBS, Hon. LLD, Hon. DSc

Commandeur de la Légion d'Honneur

Commandeur de l'Ordre des Arts et des Lettres

Commandeur de l'Ordre de la Couronne

Commandeur de l'Ordre de Leopold II

Philip Lawrence KADOORIE ⁽³⁾, BSc

LAU Yau Fun, Sophie, GBS, SBS, OBE, JP

(alias LEUNG LAU Yau Fun, Sophie)

LEE Wai Mun, Rose, JP, DSSc (Hon)

William Elkin MOCATTA ⁽⁴⁾, FCA

Alternate to The Hon Sir Michael David Kadoorie

Paul Joseph TIGHE, BSc

WONG Kwai Lam, BA, PhD

WONG Yick-ming, Rosanna, PhD, DBE, JP

Notes:

(1) Passed away on 28 August 2022

(2) Resigned on 16 December 2022

(3) Appointed on 16 December 2022

(4) Ceased as Alternate Director on 16 December 2022

(5) Appointed as Chairman on 29 August 2022

(6) Appointed on 29 August 2022

SENIOR ADVISOR

LI Ka-shing, GBM, KBE, LLD (Hon), DSSc (Hon)

Grande Ufficiale Ordine al Merito della Repubblica Italiana

Commandeur de la Légion d'Honneur

Commandeur de l'Ordre de Léopold

Grand Officer of the Order Vasco Nunez de Balboa

AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent (*Chairman*) ⁽¹⁾

WONG Kwai Lam (*Chairman*) ⁽⁵⁾

LEE Wai Mun, Rose ⁽⁶⁾

Paul Joseph TIGHE

NOMINATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)

LI Tzar Kuoi, Victor

CHENG Hoi Chuen, Vincent ⁽¹⁾

LAU Yau Fun, Sophie ⁽⁶⁾

REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna (*Chairman*)

LI Tzar Kuoi, Victor

CHENG Hoi Chuen, Vincent ⁽¹⁾

WONG Kwai Lam

SUSTAINABILITY COMMITTEE

Frank John SIXT (*Chairman*)

Edith SHIH

WONG Yick-ming, Rosanna

COMPANY SECRETARY

Edith SHIH

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

Contents

Corporate Information

- 1 Contents
- 2 Corporate Profile
- 4 Analyses of Core Business Segments by Geographical Location
- 5 Analyses by Core Business Segments
- 7 Key Financial Information
- 8 Business Highlights
- 10 Chairman's Statement
- 15 Operations Review



- 58 Group Capital Resources and Liquidity
- 64 Risk Factors
- 71 Information on Directors
- 84 Information on Senior Management
- 86 Directors' Report
- 94 Corporate Governance Report
- 121 Independent Auditor's Report
- 126 Consolidated Income Statement
- 127 Consolidated Statement of Comprehensive Income
- 128 Consolidated Statement of Financial Position
- 130 Consolidated Statement of Changes in Equity
- 132 Consolidated Statement of Cash Flows
- 134 Notes to the Financial Statements
- 263 Principal Subsidiary and Associated Companies and Joint Ventures
- 267 Ten Year Summary
Information for Shareholders

Corporate Profile



Hutchison Group (the "Group") is a renowned multinational conglomerate committed to development, innovation and technology in many different sectors.

We operate a variety of businesses in about 50 countries/markets across the world with over 300,000 employees. Our operations consist of four core businesses – ports and related services, retail, infrastructure and telecommunications.

The Group has a strong commitment to the highest standards of corporate governance, transparency and accountability. We take environmental and social sustainability responsibilities seriously with programmes and innovations across our businesses to address related challenges.



Ports and Related Services

As the world's leading port investor, developer and operator, the Group's ports division holds interests in 51 ports comprising 293 operational berths in 25 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2022, the division handled a total throughput of 84.8 million twenty-foot equivalent units ("TEU"). It also engages in river trade, cruise terminal operations and ports related logistic services.



Retail

The Group's retail division is the world's largest international health and beauty retailer, with over 16,100 stores in 28 markets worldwide. Its diverse retail portfolio comprises health and beauty products, supermarkets, as well as consumer electronics and electrical appliances. It also manufactures and distributes bottled water and beverage products in Hong Kong and Mainland China.



Infrastructure

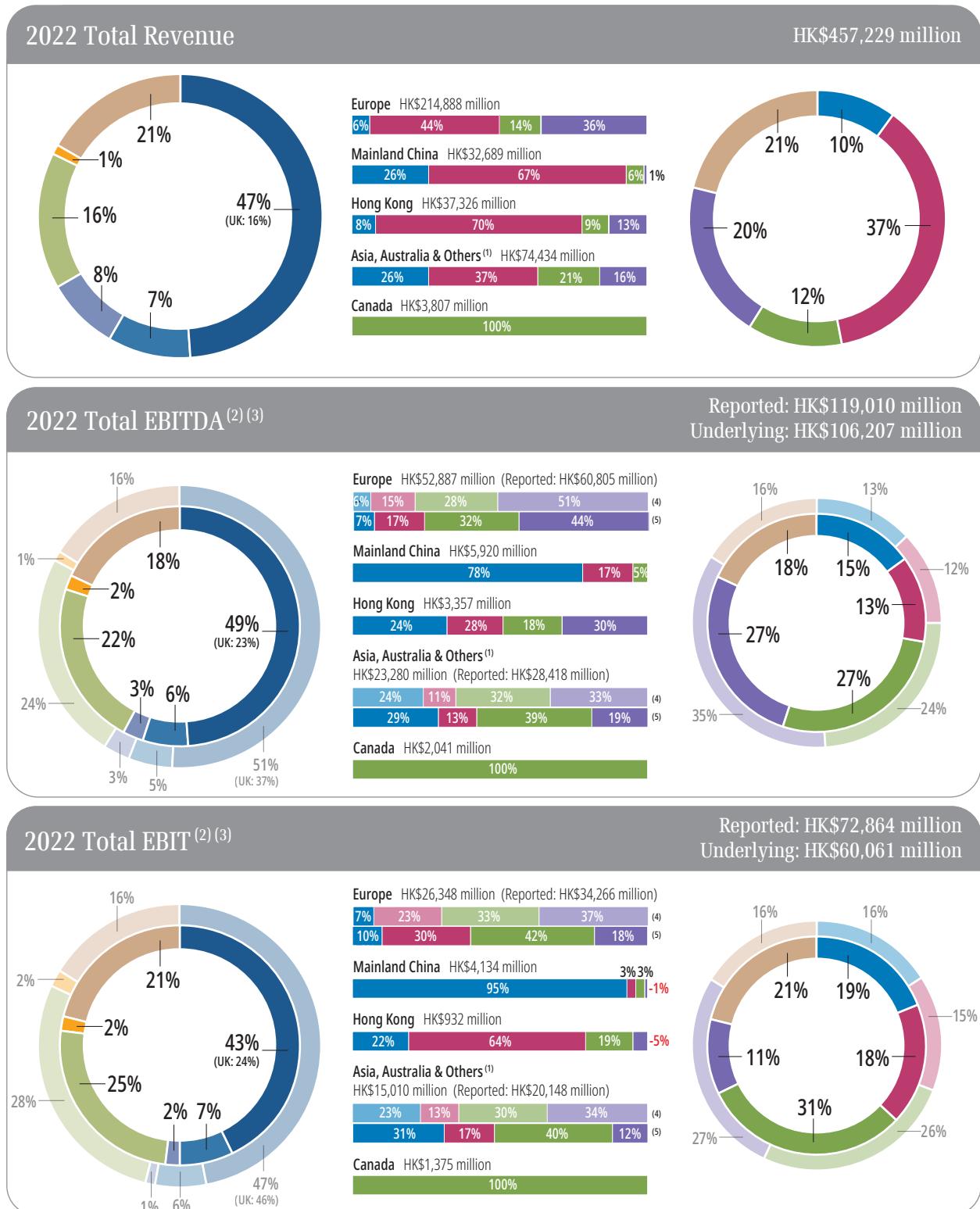
The Group's infrastructure business includes its shareholding in CK Infrastructure Holdings Limited ("CKI") and interests in six infrastructure assets that are co-owned with CKI, which is a global infrastructure company with infrastructure investments and developments in different parts of the world. The company has diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure related businesses. Its investments and operations span across Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand, Canada and the United States.



Telecommunications

A pioneer in mobile data communication technologies, the Group's telecommunications division is a leading global operator and innovator of converged telecommunication and digital services around the world, implementing innovative technologies in international interconnectivity.

Analyses of Core Business Segments by Geographical Location



Reported Underlying

- Europe
- Mainland China
- Hong Kong
- Asia, Australia & Others⁽¹⁾
- Canada
- Finance & Investments and Others

- Note 1: Includes Panama, Mexico and the Middle East
 Note 2: Prepared under Pre-IFRS 16 basis which is set out in note 1 on page 6
 Note 3: The outer pie chart represents EBITDA and EBIT %-mix on a reported basis. The inner pie chart represents underlying EBITDA and EBIT %-mix, which excludes the gain on disposal of tower assets completed in 2022 of HK\$19.0 billion and disposal gain from the Group's Indonesia telecommunication business merger of HK\$6.1 billion, partly offset by non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$(11.0) billion, non-cash impairment of the Group's Sri Lankan telecommunication business of HK\$(1.0) billion, the share of Cenovus' impairment charge of HK\$(0.3) billion
 Note 4: Represents respective EBITDA and EBIT %-mix for Europe and Asia, Australia & Others on a reported basis
 Note 5: Represents respective EBITDA and EBIT %-mix for Europe and Asia, Australia & Others on an underlying basis

- Reported Underlying
- Ports & Related Services
 - Retail
 - Infrastructure
 - Telecommunications
 - Finance & Investments and Others

Analyses by Core Business Segments

	Post-IFRS 16 ⁽¹⁾ 2022		Post-IFRS 16 ⁽¹⁾ 2021		Change
	HK\$ million	%	HK\$ million	%	%
Revenue⁽²⁾					
Ports and Related Services ⁽²⁾	44,141	10%	42,285	9%	4%
Retail	169,645	37%	173,601	39%	-2%
Infrastructure	54,441	12%	56,100	13%	-3%
CK Hutchison Group Telecom	83,289	18%	92,575	21%	-10%
Hutchison Asia Telecommunications	11,628	2%	8,786	2%	32%
Finance & Investments and Others	94,085	21%	72,036	16%	31%
Total Revenue	457,229	100%	445,383	100%	3%
EBITDA⁽²⁾					
Ports and Related Services ⁽²⁾	19,007	13%	18,008	13%	6%
Retail	23,359	16%	26,119	19%	-11%
Infrastructure	29,109	21%	29,938	22%	-3%
CK Hutchison Group Telecom	39,002	27%	50,892	38%	-23%
Hutchison Asia Telecommunications	12,478	9%	4,232	3%	195%
Finance & Investments and Others	19,177	14%	6,464	5%	197%
Total EBITDA	142,132	100%	135,653	100%	5%
EBIT⁽²⁾					
Ports and Related Services ⁽²⁾	13,024	17%	11,946	17%	9%
Retail	11,831	15%	13,370	20%	-12%
Infrastructure	18,872	24%	19,139	28%	-1%
CK Hutchison Group Telecom	14,216	18%	24,530	36%	-42%
Hutchison Asia Telecommunications	8,582	11%	979	1%	777%
Finance & Investments and Others	11,736	15%	(1,146)	-2%	1124%
Total EBIT	78,261	100%	68,818	100%	14%
Interest Expenses and Other Finance Costs ⁽²⁾	(18,398)		(18,841)		2%
Profit Before Tax	59,863		49,977		20%
Tax ⁽²⁾					
Current tax	(9,418)		(7,629)		-23%
Deferred tax	(6,762)		(1,932)		-250%
	(16,180)		(9,561)		-69%
Profit after tax	43,683		40,416		8%
Non-controlling interests and perpetual capital securities holders' interests	(7,003)		(6,932)		-1%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	36,680		33,484		10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

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

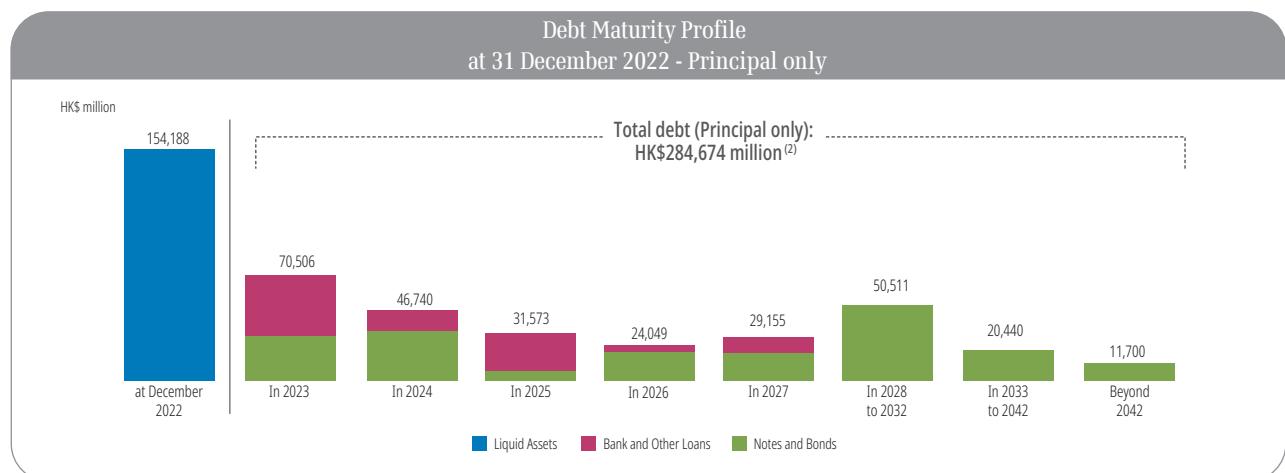
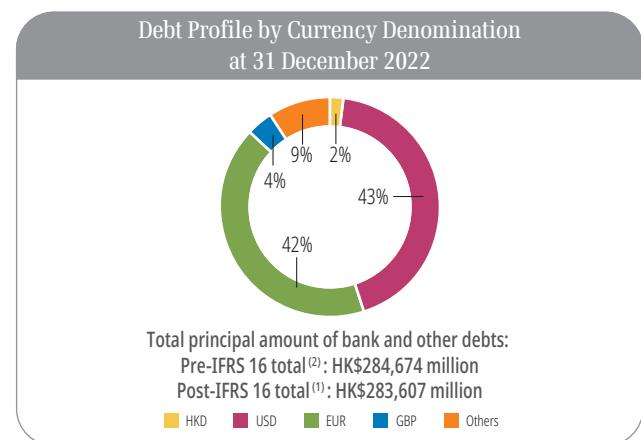
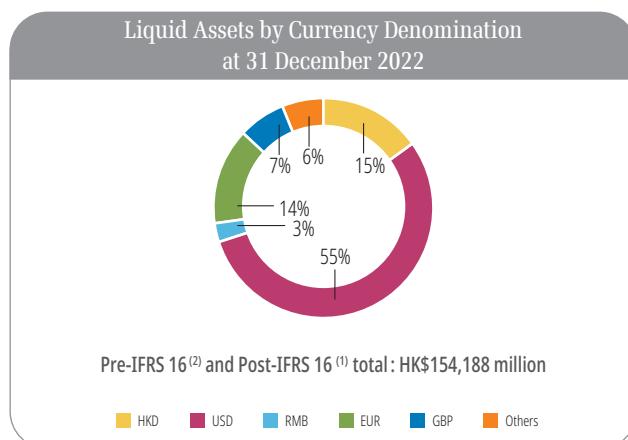
	Pre-IFRS 16 ⁽¹⁾ 2022		Pre-IFRS 16 ⁽¹⁾ 2021		Change	Local currencies change
	HK\$ million	%	HK\$ million	%	%	%
Revenue⁽²⁾						
Ports and Related Services ⁽²⁾	44,141	10%	42,285	9%	4%	10%
Retail	169,645	37%	173,601	39%	-2%	6%
Infrastructure	54,441	12%	56,100	13%	-3%	4%
CK Hutchison Group Telecom	83,289	18%	92,575	21%	-10%	-
Hutchison Asia Telecommunications	11,628	2%	8,786	2%	32%	38%
Finance & Investments and Others	94,085	21%	72,036	16%	31%	35%
Total Revenue	457,229	100%	445,383	100%	3%	10%
EBITDA⁽²⁾						
Ports and Related Services ⁽²⁾	15,805	13%	15,157	13%	4%	8%
Retail	14,309	12%	16,034	14%	-11%	-2%
Infrastructure	28,815	24%	29,636	27%	-3%	5%
CK Hutchison Group Telecom	32,192	27%	43,052	39%	-25%	-19%
Hutchison Asia Telecommunications	9,420	8%	2,036	2%	363%	373%
Finance & Investments and Others	18,469	16%	5,312	5%	248%	254%
Total EBITDA	119,010	100%	111,227	100%	7%	14%
EBIT⁽²⁾						
Ports and Related Services ⁽²⁾	11,426	16%	10,737	17%	6%	10%
Retail	11,048	15%	12,460	19%	-11%	-2%
Infrastructure	18,833	26%	19,095	30%	-1%	6%
CK Hutchison Group Telecom	12,803	18%	23,462	36%	-45%	-42%
Hutchison Asia Telecommunications	6,745	9%	209	-	3127%	3189%
Finance & Investments and Others	12,009	16%	(1,219)	-2%	1085%	1094%
Total EBIT	72,864	100%	64,744	100%	13%	19%
Interest Expenses and Other Finance Costs ⁽²⁾	(14,860)		(14,659)		-1%	
Profit Before Tax	58,004		50,085		16%	
Tax ⁽²⁾						
Current tax	(9,421)		(7,631)		-23%	
Deferred tax	(6,670)		(1,947)		-243%	
	(16,091)		(9,578)		-68%	
Profit after tax	41,913		40,507		3%	
Non-controlling interests and perpetual capital securities holders' interests	(7,044)		(7,007)		-1%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	34,869		33,500		4%	10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

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

Key Financial Information

	Post-IFRS 16 ⁽¹⁾ 2022 HK\$ million	Pre-IFRS 16 ⁽²⁾ 2022 HK\$ million	Post-IFRS 16 ⁽¹⁾ 2021 HK\$ million	Pre-IFRS 16 ⁽²⁾ 2021 HK\$ million
Profit attributable to ordinary shareholders of the Company	36,680	34,869	33,484	33,500
Earnings per share (HK\$) ⁽³⁾	9.57		8.70	
Full year dividend per share (HK\$)	2,926		2,660	
Total assets	1,148,437	1,097,940	1,213,526	1,147,742
Net assets	647,309	660,554	644,255	659,850
Net assets attributable to shareholders of the Company per ordinary share (HK\$)	136.7	139.2	133.8	136.9
Total principal amount of bank and other debts	283,607	284,674	325,081	326,357
Total cash, liquid funds and other listed investments ("liquid assets")	154,188	154,188	161,360	161,360
Total principal amount of bank and other debts including unamortised fair value adjustments from acquisitions	286,230	287,297	328,253	329,529
Net debt	132,042	133,109	166,893	168,169
Net debt to net total capital ratio ⁽⁴⁾	16.9%	16.7%	20.5%	20.3%
Credit rating:				
Moody's	A2			A2
Standard & Poor's	A			A
Fitch	A-			A-



Note 1: Prepared under Post-IFRS 16 basis as set out in note 1 on page 6.

Note 2: Prepared under Pre-IFRS 16 basis as set out in note 1 on page 6.

Note 3: Earnings per share is calculated based on profit attributable to ordinary shareholders. For the year ended 31 December 2022, the earnings per share is calculated based on CKHH's weighted average number of 3,834,106,390 shares outstanding during the year (2021: weighted average number of 3,847,582,641 shares outstanding).

Note 4: Net debt represents net debt (excluding interest bearing loans from non-controlling shareholders), as defined on the Consolidated Statement of Cash Flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net total capital is defined as total bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

Business Highlights

- Watsons expands into the Middle East and opens 12 new stores in the Gulf Cooperation Council countries, including Saudi Arabia, Qatar and the United Arab Emirates.
- HUTCHMED receives approval to commercialise ELUNATE® and SULANDA® in Macau. The company also receives Breakthrough Therapy Designation in China for sovleplenib for the treatment of immune thrombocytopenia.
- UK Power Networks wins a contract to supply new electrical technology for Port of Felixstowe to reduce reliance on diesel, reduce emissions and increase resilience of the port's electricity network.
- 3 Hong Kong activates the 700MHz spectrum band on its commercial 5G network.
- Guangzhou Aircraft Maintenance Engineering Company signs a five-year Integrated Materials Management Agreement with The Boeing Company in Mainland China.
- Watsons China launches a Health Care Zone both online and in over 1,200 physical stores across 270 cities in the Mainland, to cater to a surge in consumer interest in health and wellness and provide a seamless Offline plus Online shopping experience.
- HUTCHMED's fruquintinib global Phase III FRESCO-2 study meets its primary endpoint and the company initiates rolling submission of a New Drug Application to the U.S. Food and Drug Administration for fruquintinib for the treatment of refractory metastatic colorectal cancer.





- Hutchison Ports expands its cooperation with the Egyptian Government through the initialing of concession agreements for two new concessions to operate two world-class container terminals in Ain Sokhna Port and El Dekheila Port.



- Hutchison Ports announces the intention of a collaboration with Terminal Investment Limited Sàrl to develop a new container terminal consisting of five deep-sea berths with a total length of 2.6 km in Port of Rotterdam, the Netherlands. The first phase of operation is expected to commence in 2027.

- Cenovus Energy acquires the remaining 50% interest in the Sunrise oil sands project in northern Alberta from BP p.l.c. Group.

- UK Rails enters into an agreement with Varamis Rail for the leasing of a Class 321 Swift Express Freight train for the delivery of light goods running on electric traction.

- CK Hutchison closes the UK tower deal with Cellnex, which is the last in a series of agreements between the Group and Cellnex in Austria, Denmark, Ireland, Italy, Sweden, and the UK for a total consideration of €10 billion.

- CK Life Sciences collaborates with XtalPi to jointly develop a novel AI tumour vaccine R&D platform to improve the discovery and design capabilities of tumour vaccines.

- Indosat Ooredoo Hutchison reaches the milestone of 100 million customers in 2022.

- Hong Kong Offshore LNG Terminal, which HK Electric has established in partnership with CLP Power, is targeted for commercial operation in mid-2023 and will enhance the reliability of HK Electric's natural gas supply.



Chairman's Statement

In 2022, most of the world outside of Mainland China and Hong Kong put the COVID pandemic behind and resumed a path to normality. This had attendant positive impacts on growth in many countries and sectors in which the Group conducts business. However, rapidly strengthening demand, tight labour markets and supply chain constraints as economies rapidly opened, together with the conflict in Ukraine resulted in strong inflationary pressures that have led to robust monetary responses and the steepest and fastest rises in rates in over 40 years. This has also led to the strongest US dollar exchange rate in over 20 years, particularly against the British Pound, the Euro and the Renminbi. In addition, the continuation of severe COVID restrictions created considerable headwinds for our businesses in the Mainland and Hong Kong. Lastly, growth remained challenged in the Group's telecom businesses. Nonetheless, the Group was able to report a 10% net earnings growth for 2022 due to the strong contribution from Cenovus Energy and successful completion of several key strategic transactions during the year.

On a pre-IFRS 16 basis, EBITDA and EBIT increased by 7% and 13% respectively in reported currency compared to last year. Excluding the adverse translation impact on major foreign currencies, EBITDA and EBIT increased by 14% and 19% respectively against last year in local currencies. This substantial growth was attributable to improvements in the Ports division, higher contribution from Cenovus Energy, accretive contribution from the merger of the Indonesia telecommunication business since January 2022, as well as the steady performance of the Infrastructure businesses. **3** Group Europe continue to operate in challenging environments exacerbated by the energy crisis experienced in the second half. **3** Group Europe financial performances were also burdened by higher depreciation and amortisation from prior period network investment to maintain competitiveness in its markets. Retail operations in the Mainland also faced challenges with the prolonged pandemic lockdowns, which significantly reduced their contribution to the Group. The recent removal of COVID restrictions, along with border re-opening and increased mobility are expected to provide a constructive path to recovery for these operations in 2023.

The Group's results in 2022 included a net gain attributable to shareholders of HK\$9.7 billion from one-off items comprising HK\$15.8 billion ⁽¹⁾ gain from the disposal of the Group's interest in the UK tower asset to Cellnex completed in November 2022 and a net gain of HK\$6.1 billion ⁽²⁾ from the completion of the merger of the Indonesian telecommunication business in the first half, but was partly offset by a non-cash impairment of goodwill on the Group's telecommunication businesses in Italy and Sri Lanka totalling HK\$12.0 billion. In 2021, the Group had included a one-time net earnings benefit of HK\$4.9 billion, comprising the disposal gains from tower asset sales in Italy and Sweden, partly offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business, the recognition of a non-cash foreign exchange reserve loss arising from the merger with Cenovus Energy and the Group's share of Cenovus Energy's non-cash impairment. Profit attributable to ordinary shareholders on a pre-IFRS 16 basis of HK\$34,869 million was an increase of 4% in reported currency and 10% in local currencies when compared to 2021.

On a post-IFRS 16 basis, profit attributable to ordinary shareholders for 2022 was HK\$36,680 million, a 10% increase compared to 2021. This result included a net gain attributable to shareholders of HK\$10.9 billion from one-time items mentioned above, which was HK\$6.0 billion higher than the one-time items reported in 2021.

Reported earnings per share were HK\$9.57 for the year ended 31 December 2022, an increase of 10% from HK\$8.70 for last year.

Dividend

The Board of Directors recommends a final dividend of HK\$2.086 per share (2021 final dividend – HK\$1.860 per share), payable on Thursday, 8 June 2023, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24 May 2023, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK\$0.84 per share, the full year dividend amounts to HK\$2.926 per share (2021 full year dividend – HK\$2.660 per share).

Ports and Related Services

The Ports and Related Services division handled 84.8 million twenty-foot equivalent units ("TEU") through 295 operating berths in 2022, a 4% drop compared to 2021, mainly due to pandemic restrictions in Shanghai during the first half, reduced volumes of HPH Trust resulting from cross border restrictions in Hong Kong, continued global supply chain disruptions affecting vessel schedules, as well as weak global demand and subdued production volumes, partly offset by new volumes from newly acquired Delta II terminal in the Netherlands and strong performances in Mexico.

Note 1: Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK\$15.9 billion. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Annual Report.

Note 2: Under Post-IFRS 16 basis, the net gain attributable to shareholders was HK\$7.2 billion. For further information, please see Note 5(b)(xvii) to the Financial Statements of this Annual Report.

Despite the lower throughput, this division benefited from longer container dwelling time which resulted in higher storage income across all major ports. With the strong performance in Mexico from increased vessel calls and the favourable performance of an associated company in the container shipping business during 2022, this division reported total revenue of HK\$44,141 million, EBITDA⁽³⁾ of HK\$15,805 million and EBIT⁽³⁾ of HK\$11,426 million, which increased by 4%, 4% and 6% respectively in reported currency and in local currencies an increase of 10%, 8% and 10% respectively.

Looking ahead to 2023, the easing of supply chain pressure and the Mainland border re-opening will provide a better operating environment for this division. However, softening global trade and demand, together with inflationary risks, high energy prices, much lower container shipping rates and expected lower storage revenues will limit earnings growth. Nevertheless, this division will continue to organically expand existing markets to enhance its future profitability. In August, the division announced it will co-invest with certain major shipping liners and operate two new world-class container terminals in Ain Sokhna Port and El Dekheila Port in Egypt with expanded handling capabilities to cater for future growth within the region. With the operational start-up of the new container facility at Abu Qir, Egypt in late 2023, as well as expansion of current port and yard facilities in Mexico, Pakistan and Thailand, this division is expecting good growth from its diversified asset portfolio in the coming years.

As part of its newly formalised decarbonisation strategy in order to achieve net-zero emissions by 2050, the Ports division has mandated that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy. In 2022, the Ports division also committed to setting near-term and long-term targets to be validated by the Science Based Targets initiative.

Retail

The Retail division had 16,142 stores across 28 markets at the end of 2022, a 2% decrease compared to last year, reflecting the rationalisation of loss making stores, particularly in the Mainland with the prolonged pandemic related restrictions.

The division's total revenue, EBITDA⁽⁴⁾ and EBIT⁽⁴⁾ of HK\$169,645 million, HK\$14,309 million and HK\$11,048 million decreased by 2%, 11% and 11% respectively in reported currency against last year. In local currencies, total revenue increased by 6%, while EBITDA and EBIT both decreased by 2%. The decreases were primarily due to the adverse performance of Mainland operations due to the COVID restrictions and lockdowns throughout the year. Excluding Health and Beauty China, the division's EBITDA and EBIT grew 9% and 13% respectively in local currencies as almost all other regions delivered strong performances and have mostly returned to pre-pandemic trading levels.

Health and Beauty China was severely affected by ongoing pandemic related restriction measures in 2022. Temporary store closures peaked at over 1,000 in late November. Following the easing of lockdown restrictions at the end of 2022, the operation is preparing for a strong recovery in 2023 from the increased activities and mobility in the Mainland. In this regard early 2023 performance is encouraging. The European businesses delivered robust performances and the Asian operations also showed further recovery in the second half of 2022, driven primarily by recovery of sales from increase in store traffic. Health and Beauty Asia reported 33% and 42% increase in EBITDA and EBIT in local currencies, with healthy EBITDA growth recorded in Malaysia, Thailand, the Philippines and Turkey. Health and Beauty operations in Europe reported 6% and 9% increase in EBITDA and EBIT in local currencies respectively, primarily from the UK and the luxury retail businesses, while the Benelux countries delivered more modest results in 2022 following an exceptionally strong year in 2021.

Looking ahead, the European businesses and Asian operations should deliver steady performances while the Mainland operation should be well-positioned to benefit from the full re-opening of the economy. This division will continue to drive the key strategic pillars of its "O + O" strategy and 141 million loyalty customer base serving to enhance customer engagement and lifetime value.

To enable long term sustainability, this division's Greener Stores Global Framework, launched in April 2022, strives for high levels of sustainability integration in the way its business units design, construct, operate and maintain stores. During the year, the Retail division also had its scope 1, 2 and 3 emissions reduction targets validated by the Science Based Targets initiative.

Note 3: Under Post-IFRS 16 basis, EBITDA was HK\$19,007 million (2021: HK\$18,008 million); EBIT was HK\$13,024 million (2021: HK\$11,946 million).

Note 4: Under Post-IFRS 16 basis, EBITDA was HK\$23,359 million (2021: HK\$26,119 million); EBIT was HK\$11,831 million (2021: HK\$13,370 million).

Chairman's Statement

Infrastructure

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

CKI

CKI announced a net profit attributable to shareholders under Post-IFRS 16 basis of HK\$7,748 million, 3% higher than last year. The result was significantly impacted by higher finance costs due to rising interest rates and higher index linked finance costs, as well as adverse foreign exchange translation against US dollars. Included in this year's results was a gain on partial disposal of a 13% interest in Northumbrian Water completed in December 2022. Excluding corporate items, CKI's portfolio of quality infrastructure assets showed continued resilience and generated good contributions to the division, with a year-on-year growth of 7% and 16% in reported currency and local currencies respectively.

This division operates in a steady regulatory environment with no regulatory resets in 2022. Regulated returns also mitigate cost inflation risks to this division.

As part of its overall business development strategy, CKI continued to invest in innovations and technologies to support the energy transition, as well as actively pursuing new investment opportunities in the arena of environmental sustainability. This division's electricity distribution networks are all supporting their respective Governments in achieving their net-zero objectives. Initiatives such as electric vehicle charging facilities, smart grid schemes and technologies to facilitate grid solar power integration are being trialled and launched. Energy Developments, an owner and operator of a portfolio of power generation facilities, has successfully generated energy via wind, solar, as well as waste gases from landfills and underground coal mines. HK Electric is in the process of building an offshore liquefied natural gas terminal, and plans for its smart meter rollout are on schedule. The gas distribution companies in the UK and Australia are leading the hydrogen transition in gas networks in their respective markets. The waste management division not only converts waste into energy, but also operates material recovery facilities for household and commercial recycling.

CK Hutchison Group Telecom

Revenue of this division was HK\$83,289 million (€10,084 million), 10% lower than 2021 due to adverse foreign currency exchange translation impact and EBITDA⁽⁵⁾ and EBIT⁽⁵⁾ of HK\$32,192 million (€3,986 million) and HK\$12,803 million (€1,640 million) were 25% and 45% lower than 2021 respectively in reported currency, primarily due to the net impact of one-off items in 2022 being lower than last year, lower performance in Italy, as well as adverse foreign currency exchange translation.

During the year, this division reported one-off net gain of HK\$7,918 million comprising HK\$18,957 million disposal gain⁽⁶⁾ (after tax gain of HK\$15,823 million) on the sale of tower assets in the UK which was completed in November 2022, partly offset by a non-cash goodwill impairment on the Group's Italian business of HK\$11,039 million reflecting the continuing challenging business environment in Italy. In 2021, the division had reported net one-time gain of HK\$9,787 million, comprising tower asset disposal gain in Italy and Sweden, partly offset by a non-cash goodwill impairment in Italy.

3 Group Europe

As at 31 December 2022, the active customer base of 3 Group Europe stands at 39.7 million, 3% higher against last year mainly due to the UK, where the customer base increased 6% year-on-year driven by notable contract customer growth through the enhanced network and customer experience improvements, as well as continuous growth in the business segment, with better or relatively stable customer base reported by all the other operations.

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$39,002 million (2021: HK\$50,892 million); EBIT was HK\$14,216 million (2021: HK\$24,530 million).

Note 6: Under Post-IFRS 16 basis, the disposal gain and net gain attributable to shareholders were HK\$19,060 million and HK\$15,926 million respectively. For further information, please see Note 5(b)(xvi) to the Financial Statements of this Annual Report.

Revenue of HK\$77,925 million is flat against last year in local currencies as the healthy growth in net customer services revenue due to an increase in the customer base coupled with higher roaming income across all operations following travel resumption in Europe, were fully offset by lower wholesale revenues in Italy of HK\$1.4 billion. At operational level, underlying EBITDA was 11% lower than last year in local currencies, as performances were adversely impacted by the incremental tower service fees in Italy and the UK totalling HK\$0.7 billion following the tower assets disposals, the higher energy costs and other inflationary impacts of around HK\$0.8 billion, as well as higher network costs from the expanded networks. EBIT was further impacted by the higher depreciation and amortisation arising from prior year investments in network expansion, 5G rollout and digitalisation, resulting in a 44% decrease against 2021 in local currencies. The 5G network rollout is progressing well with population coverage reaching 60% to 90% for most 3 Group Europe operations. Accordingly, the network investment cycle is nearing the peak across the footprint and the escalating depreciation impact seen in the last two years is expected to gradually tail off in the coming years.

Looking ahead to 2023, while 3 Group Europe's total revenue is expected to grow steadily, the incremental tower service fees, inflationary impacts of energy cost as well as other operating expenses are expected to continue to put pressure on 3 Group Europe's underlying operating performances. 3 Group Europe will continue to monetise its 5G investments through new revenue streams, to focus on exploring in-market consolidation opportunities, as well as pursuing initiatives to effect an asset-light strategy, including network sharing, in order to enhance profitability.

CK Hutchison Group Telecom has developed its science based targets and during 2022 these were validated by the Science Based Targets initiative, including: reducing scope 1 and 2 emissions by 50% by 2030 and reducing scope 3 emissions by 42% by 2030 versus a 2020 baseline.

Hutchison Asia Telecommunications

Hutchison Asia Telecommunications ("HAT") includes the Group's telecommunication businesses in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison, remains listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia. As a result of the merger, HAT's active customer accounts increased by 119% compared to last year to reach approximately 123.1 million as of 31 December 2022.

For 2022, in reported currency, total revenue, EBITDA⁽⁷⁾ and EBIT⁽⁷⁾ of HK\$11,628 million, HK\$9,420 million and HK\$6,745 million increased by 32%, 363% and 3,127% respectively when compared to last year, mainly due to the net gain of HK\$5.1 billion⁽⁸⁾ from the completion of the merger transaction, partly offset by a non-cash impairment in the Group's telecommunication business in Sri Lanka. Excluding these one-off items, underlying EBITDA and EBIT were HK\$4,282 million and HK\$1,607 million, respectively, which increased by 110% and 669%, mainly due to accretive contribution arising from the Indonesian merger with strong growth in data traffic from the enlarged customer base, realisation of synergies following the merger and certain gains arising from disposal of non-core assets by the operation during the year.

Finance & Investments and Others

Following the merger of the Group's energy business with Cenovus Energy in January 2021, the share of Cenovus Energy's results forms part of the Finance & Investments and Others segment. The Group's 16.6% interest in Cenovus Energy contributed materially to the Group's profitability in 2022. The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$13,751 million, HK\$9,424 million and HK\$6,333 million, an increase of 111%, 308% and 1,073% compared to last year respectively.

The Group's liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK\$154,188 million and consolidated total bank and other debts⁽⁹⁾ amounted to HK\$287,297 million, resulting in consolidated net debt⁽⁹⁾ of HK\$133,109 million (31 December 2021 – HK\$168,169 million) and net debt to net total capital ratio⁽⁹⁾ of 16.7% (31 December 2021 – 20.3%).

Following the gradual completion of the tower sales, the Group has deployed part of the tower sales proceeds amounting to approximately HK\$1.4 billion in on-market share repurchases since 2021. This is expected to continue in 2023 at the opportune time when market condition permits.

Note 7: Under Post-IFRS 16 basis, EBITDA was HK\$12,478 million (2021: HK\$4,232 million); EBIT was HK\$8,582 million (2021: HK\$979 million).

Note 8: Under Post-IFRS 16 basis, the net gain was HK\$6.2 billion. For further information, please see Note 5(b)(xvii) to the Financial Statements of this Annual Report.

Note 9: Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 16.9% (31 December 2021: 20.5%).

Chairman's Statement

Sustainability

The Group continued to make progress on its climate action strategy in 2022.

During the year, the Retail division and CK Hutchison Group Telecom had their near-term scope 1, 2 and 3 emissions reduction targets validated by the Science Based Target initiative and the Ports division has also formally committed to setting both near-term and net-zero targets for validation during 2023. In the Infrastructure division, major business units are continuing to develop and communicate their strategies towards net-zero.

With the Group's core businesses having set emissions reduction targets, underpinned by expansive action plans, the Group has established its own Group-wide commitment of reducing scope 1 and 2 emissions by 50% by 2035 versus a 2020 baseline, as well as committing to the long-term pursuit of net-zero carbon emissions across its value chain by 2050.

The Group also published its first standalone Task Force on Climate-related Financial Disclosures ("TCFD") report, alongside its 2021 Sustainability Report. During 2022 and 2023 it has continued to strengthen its approaches by analysing the resilience of the Group's climate strategy through applying a range of climate-related scenarios.

Outlook

Looking forward into 2023, considerable uncertainty remains as to externalities ranging from potential inflationary and/or recessionary outcomes, energy prices, geopolitical risks, and monetary and fiscal policy developments, coupled with a protracted higher interest rate environment. Each has presented headwinds to our businesses in late 2022 and into early 2023 to varying degrees, and may continue to do so through the year. That said, border re-opening and recovery trajectories will most likely be supportive for our businesses in Hong Kong and the Mainland.

The Group has recognised a net gain, under post-IFRS 16 basis, of over HK\$10 billion, which included gains arising from various strategic M&A transactions completed during 2022. Although the Group's operating performances continue to be steady and solid, looking at the Group's M&A pipeline for the coming year, as one-off gains of similar magnitude may not materialise and, coupled with the numerous headwinds and externalities that the Group has limited control over, the Group's reported results in 2023 is expected to be affected. However, the Group has and will continue to explore long term value accretive transactions for our shareholders, strengthen our balance sheet and overall financial profile in order to ensure the Group's continued resilience to challenges as they present themselves. The Group will continue to aim to achieve growth in recurring earnings and increase shareholder return while maintaining a strong financial position and ensuring disciplined execution of prudent financial, liquidity and cash flow management. The Group will also continue to seek sustainable business opportunities which align with our core strategy of increasing long term shareholder value.

I would like to thank the Board of Directors and all our dedicated employees around the world for their continued loyalty, diligence, professionalism and contributions to the Group.

Victor T K Li

Chairman

Hong Kong, 16 March 2023

Operations Review

Results Highlights for the year ended 31 December 2022

Year ended 31 December	Post-IFRS 16 ⁽¹⁾ Basis			
	2022 HK\$ million	2021 HK\$ million	2022 HK\$ per share	2021 HK\$ per share
Total Revenue ⁽²⁾	457,229	445,383		
Total EBITDA ⁽²⁾	142,132	135,653		
Total EBIT ⁽²⁾	78,261	68,818		
Reported earnings ⁽³⁾	36,680	33,484	9.57	8.70
Final dividend per share			2.086	1.860
Full year dividend per share			2.926	2.660
				+10%
				+12%
				+10%

Year ended 31 December	Pre-IFRS 16 ⁽¹⁾ Basis	
	2022 HK\$ million	2021 HK\$ million
Total Revenue ⁽²⁾	457,229	445,383
Total EBITDA ⁽²⁾	119,010	111,227
Total EBIT ⁽²⁾	72,864	64,744
Reported earnings ⁽³⁾	34,869	33,500

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the year ended 31 December 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, earnings before interest expenses and other finance costs, tax, depreciation and amortisation ("EBITDA") and earnings before interest expenses and other finance costs and tax ("EBIT") include the Group's proportionate share of associated companies and joint ventures' respective items.

Note 3: Reported earnings represent profit attributable to shareholders. Reported earnings per share for the year ended 31 December 2022 and 2021 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the periods of 3,834,106,390 and 3,847,582,641 respectively.

Operations Review

Financial Performance Summary

	Post-IFRS 16 ⁽¹⁾ 2022 HK\$ million		Post-IFRS 16 ⁽¹⁾ 2021 HK\$ million		Change %
Revenue⁽²⁾					
Ports and Related Services ⁽²⁾	44,141	10%	42,285	9%	4%
Retail	169,645	37%	173,601	39%	-2%
Infrastructure	54,441	12%	56,100	13%	-3%
CK Hutchison Group Telecom	83,289	18%	92,575	21%	-10%
Hutchison Asia Telecommunications	11,628	2%	8,786	2%	32%
Finance & Investments and Others	94,085	21%	72,036	16%	31%
Total Revenue	457,229	100%	445,383	100%	3%
EBITDA⁽²⁾					
Ports and Related Services ⁽²⁾	19,007	13%	18,008	13%	6%
Retail	23,359	16%	26,119	19%	-11%
Infrastructure	29,109	21%	29,938	22%	-3%
CK Hutchison Group Telecom	39,002	27%	50,892	38%	-23%
Hutchison Asia Telecommunications	12,478	9%	4,232	3%	195%
Finance & Investments and Others	19,177	14%	6,464	5%	197%
Total EBITDA	142,132	100%	135,653	100%	5%
EBIT⁽²⁾					
Ports and Related Services ⁽²⁾	13,024	17%	11,946	17%	9%
Retail	11,831	15%	13,370	20%	-12%
Infrastructure	18,872	24%	19,139	28%	-1%
CK Hutchison Group Telecom	14,216	18%	24,530	36%	-42%
Hutchison Asia Telecommunications	8,582	11%	979	1%	777%
Finance & Investments and Others	11,736	15%	(1,146)	-2%	1124%
Total EBIT	78,261	100%	68,818	100%	14%
Interest Expenses and Other Finance Costs ⁽²⁾	(18,398)		(18,841)		2%
Profit Before Tax	59,863		49,977		20%
Tax ⁽²⁾					
Current tax	(9,418)		(7,629)		-23%
Deferred tax	(6,762)		(1,932)		-250%
Profit after tax	(16,180)		(9,561)		-69%
Non-controlling interests and perpetual capital securities holders' interests	43,683		40,416		8%
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	(7,003)		(6,932)		-1%
	36,680		33,484		10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively.

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

Financial Performance Summary

	Pre-IFRS 16 ⁽¹⁾ 2022 HK\$ million		Pre-IFRS 16 ⁽¹⁾ 2021 HK\$ million		Change %	Local currencies change %
Revenue⁽²⁾						
Ports and Related Services ⁽²⁾	44,141	10%	42,285	9%	4%	10%
Retail	169,645	37%	173,601	39%	-2%	6%
Infrastructure	54,441	12%	56,100	13%	-3%	4%
CK Hutchison Group Telecom	83,289	18%	92,575	21%	-10%	-
Hutchison Asia Telecommunications	11,628	2%	8,786	2%	32%	38%
Finance & Investments and Others	94,085	21%	72,036	16%	31%	35%
Total Revenue	457,229	100%	445,383	100%	3%	10%
EBITDA⁽²⁾						
Ports and Related Services ⁽²⁾	15,805	13%	15,157	13%	4%	8%
Retail	14,309	12%	16,034	14%	-11%	-2%
Infrastructure	28,815	24%	29,636	27%	-3%	5%
CK Hutchison Group Telecom	32,192	27%	43,052	39%	-25%	-19%
Hutchison Asia Telecommunications	9,420	8%	2,036	2%	363%	373%
Finance & Investments and Others	18,469	16%	5,312	5%	248%	254%
Total EBITDA	119,010	100%	111,227	100%	7%	14%
EBIT⁽²⁾						
Ports and Related Services ⁽²⁾	11,426	16%	10,737	17%	6%	10%
Retail	11,048	15%	12,460	19%	-11%	-2%
Infrastructure	18,833	26%	19,095	30%	-1%	6%
CK Hutchison Group Telecom	12,803	18%	23,462	36%	-45%	-42%
Hutchison Asia Telecommunications	6,745	9%	209	-	3127%	3189%
Finance & Investments and Others	12,009	16%	(1,219)	-2%	1085%	1094%
Total EBIT	72,864	100%	64,744	100%	13%	19%
Interest Expenses and Other Finance Costs ⁽²⁾	(14,860)		(14,659)		-1%	
Profit Before Tax	58,004		50,085		16%	
Tax ⁽²⁾						
Current tax	(9,421)		(7,631)		-23%	
Deferred tax	(6,670)		(1,947)		-243%	
	(16,091)		(9,578)		-68%	
Profit after tax	41,913		40,507		3%	
Non-controlling interests and perpetual capital securities holders' interests	(7,044)		(7,007)		-1%	
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ("NPAT")	34,869		33,500		4%	10%

Note 1: As Hong Kong Financial Reporting Standards are fully converged with International Financial Reporting Standards in the accounting for leases, for ease of reference, International Financial Reporting Standard 16 "Leases" ("IFRS 16") and the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") are referred to in this Annual Report interchangeably with Hong Kong Financial Reporting Standard 16 "Leases" ("HKFRS 16") and Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"), respectively. The Group believes that the IAS 17 basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and perpetual capital securities holders' interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2021 and 2022. Unless otherwise specified, the discussion of the Group's operating results in this Annual Report is on a Pre-IFRS 16 basis as mentioned above.

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

Operations Review

Hutchison Ports BEST installs over 1,800 solar panels that will generate 1.18 GWh of electricity in Spain.



1. Hutchison Ports LCT is strategically located at the west coast of Mexico, facing the most important Pacific trade routes.
2. Hutchison Ports and Terminal Investment Limited Sàrl announce the intention of a collaboration to develop a new container terminal in Europahaven, the Netherlands.
3. Hutchison Ports Port of Felixstowe becomes the largest UK port to deploy 5G technology and the Internet of Things.
4. Hutchison Ports Thailand's Terminal D is the first container terminal globally to successfully implement mixed traffic mode terminal operations with 15 autonomous trucks.

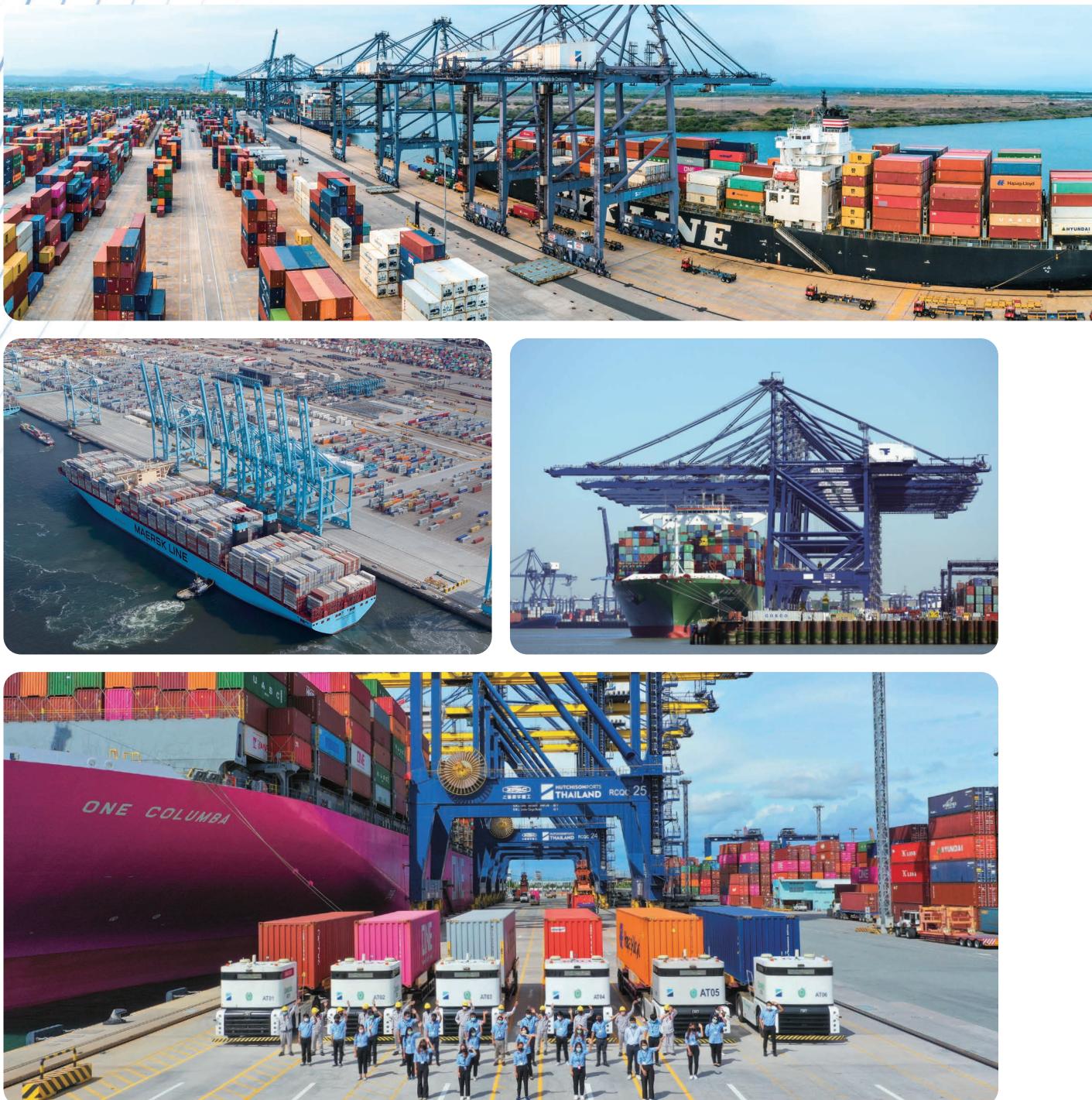
1

2

3

4

Ports and Related Services



Operations Review – Ports and Related Services

This division is the world's leading port network, and has interests in 51 ports comprising 293 operational berths in 25 countries.

Group Performance

The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 84.8 million twenty-foot equivalent units ("TEU") in 2022.

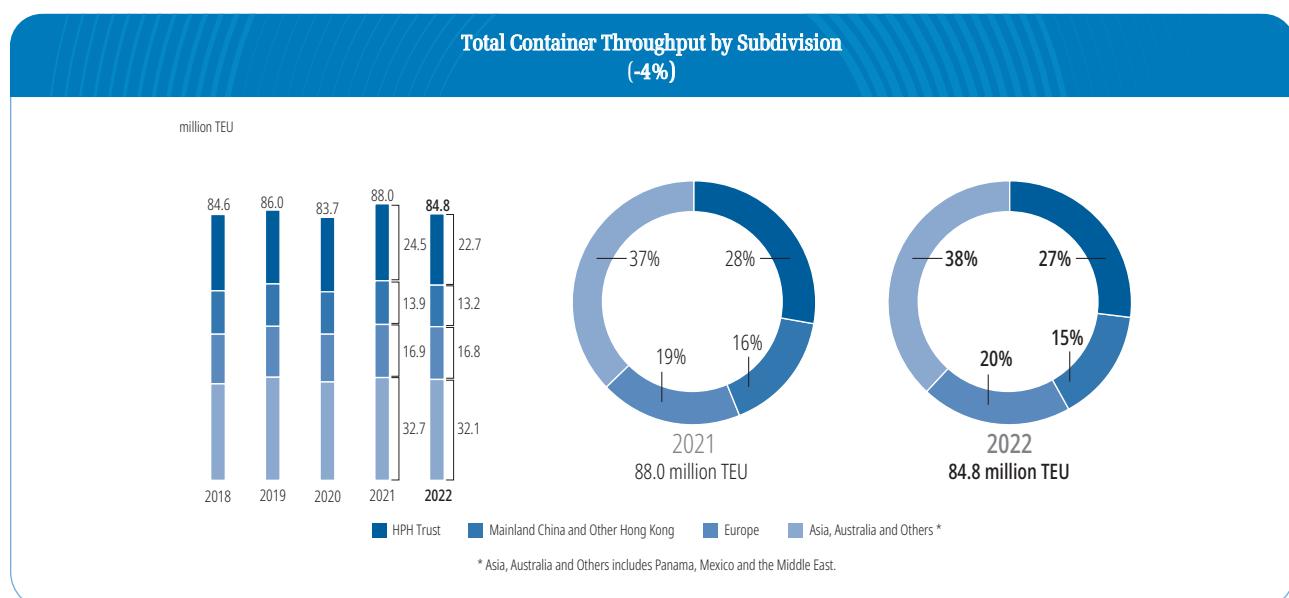
	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue ⁽¹⁾	44,141	42,285	+4%	+10%
EBITDA ^{(1) (2)}	15,805	15,157	+4%	+8%
EBIT ^{(1) (2)}	11,426	10,737	+6%	+10%
Throughput (million TEU)	84.8	88.0	-4%	
Number of berths ⁽³⁾	295	291	+4 berths	

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

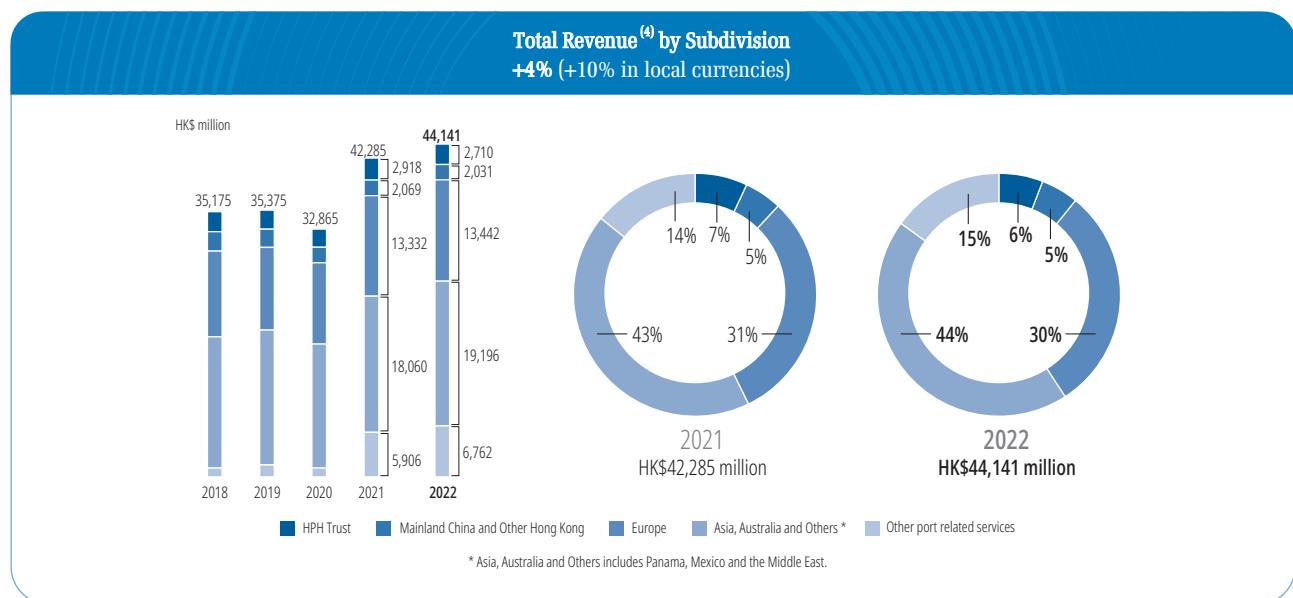
Note 2: Under Post-IFRS 16 basis, EBITDA was HK\$19,007 million (2021: HK\$18,008 million); EBIT was HK\$13,024 million (2021: HK\$11,946 million).

Note 3: Included two berths in Tanzania where the concession ended on 31 December 2022.

Overall throughput decreased 4% to 84.8 million TEU in 2022, with 65% and 35% local and transhipment volume respectively (2021: 63% and 37% local and transhipment volume respectively), mainly due to volume reduction across all regions but primarily at HPH Trust, driven by a drop in US and Europe export cargoes and prolonged pandemic preventive measures, as well as global supply chain disruptions affecting mainly in the UK, Rotterdam in the Netherlands, Panama and certain Ports in Asia, partly offset by higher throughput in Mexico from new service lines and vessel diversions. The overall throughput in Europe was relatively stable as reduction in throughput of the aforementioned ports was mostly offset by higher volume contribution from the newly acquired Delta II terminal in the Netherlands.

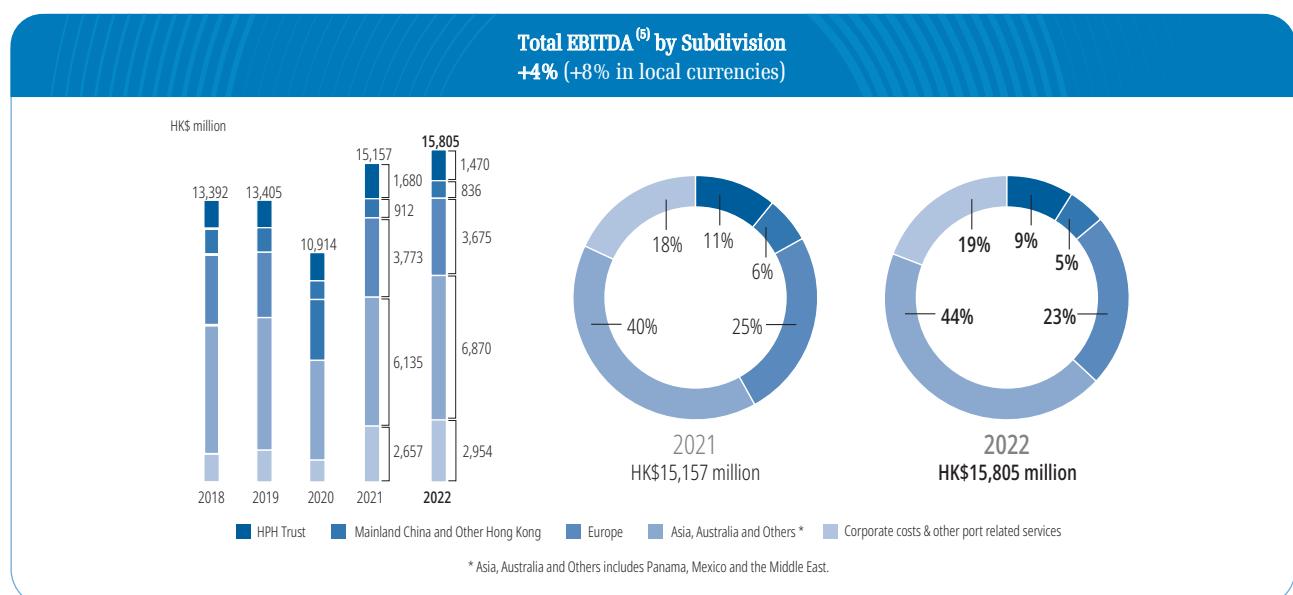


Despite lower throughput, total reported revenue of HK\$44,141 million increased 4% in reported currency and 10% in local currencies mainly due to strong performances in Mexico from higher throughput and higher storage income, as well as higher storage income primarily in Barcelona in Spain, Rotterdam in the Netherlands, Pakistan, Alexandria in Egypt, higher contribution from the newly acquired Delta II terminal in the Netherlands, and higher share of revenue from an associated company in the container shipping business which benefited from the hike in freight rates during the first half of 2022.



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

In reported currency, EBITDA increased 4% to HK\$15,805 million and EBIT increased 6% to HK\$11,426 million against 2021. In local currencies, EBITDA and EBIT increased 8% and 10% respectively, primarily from the Asia, Australia and Others region where Mexico has delivered exceptional performances as well as improved volume mix in Pakistan; the Europe region with the higher storage income mentioned above, as well as higher contribution from the associated company in the container shipping line business.



Note 5: Total EBITDA has been adjusted to exclude non-controlling interests' share of EBITDA of HPH Trust.

As at 31 December 2022, the division had 295 operating berths⁽⁶⁾, four berths more than 2021, with new berths in Huizhou, the Mainland China (+2 berths) and Jazan port in Saudi Arabia (+2 berths). In January 2023, the division's number of berths reduced by two berths due to the end of concession in Tanzania, while two additional berths are expected to be operational from last quarter in 2023 when the terminal at Abu Qir in Egypt commences operations.

Note 6: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Operations Review – Ports and Related Services

Segment Performance

HPH Trust

	2022 HK\$ million	2021 HK\$ million	Change
Total Revenue ⁽⁷⁾	2,710	2,918	-7%
EBITDA ⁽⁷⁾	1,470	1,680	-13%
EBIT ⁽⁷⁾	778	975	-20%
Throughput (million TEU)	22.7	24.5	-7%
Number of berths	52	52	-

Note 7: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

HPH Trust's total revenue, EBITDA and EBIT decreased by 7%, 13% and 20% respectively mainly as a result of 7% drop in overall throughput. Weaker performance was mainly driven by the drop in export cargoes to US and Europe in Yantian as inventories were stocked up during pandemic restriction periods (particularly in the second half of 2022 where throughput decreased by 14% against second half of 2021), together with cross border traffic restrictions which were only lifted towards the end of Q4 2022, partly offset by higher empty cargoes in Yantian.

Mainland China and Other Hong Kong

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	2,031	2,069	-2%	+1%
EBITDA	836	912	-8%	-5%
EBIT	606	672	-10%	-6%
Throughput (million TEU)	13.2	13.9	-5%	
Number of berths	44	42	+2 berths	

The Mainland China and other Hong Kong segment's revenue, EBITDA and EBIT decline was mainly attributable to the 5% drop in throughput especially during Shanghai lockdowns in the first half of 2022, which affected factory productions and truck traffic across port terminals, together with higher costs associated with pandemic preventive measures, partly offset by higher storage income.

Europe

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	13,442	13,332	+1%	+12%
EBITDA	3,675	3,773	-3%	+8%
EBIT	2,609	2,623	-1%	+11%
Throughput (million TEU)	16.8	16.9	-1%	
Number of berths	67	67	-	

Europe segment's total revenue slightly increased by 1%, but EBITDA and EBIT dropped by 3% and 1% respectively mainly attributable to adverse foreign currency translation impact. In local currencies, total revenue, EBITDA and EBIT increased by 12%, 8% and 11% respectively primarily due to higher storage income in most European ports and full year volume contribution from the newly acquired Delta II terminal in the Netherlands in June 2021, partly offset by inflationary impact on energy and other costs.

Comparing second half of 2022 against first half of 2022, throughput, EBITDA and EBIT declined by 5%, 14% and 17% respectively, primarily from the UK and Barcelona due to lower throughput as a result of weak global demand, as well as rising energy cost and the high inflation environment which exacerbated during the second half.

Asia, Australia and Others

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	19,196	18,060	+6%	+10%
EBITDA	6,870	6,135	+12%	+14%
EBIT	4,906	4,135	+19%	+20%
Throughput (million TEU)	32.1	32.7	-2%	
Number of berths	132	130	+2 berths	

Asia, Australia and Others' total revenue, EBITDA and EBIT grew by 6%, 12% and 19% respectively in reported currency and in local currencies an increase of 10%, 14% and 20% respectively, mainly driven by better performances in Mexico, higher storage income from longer container dwelling time across most ports including Mexico, Alexandria in Egypt, Australia, Pakistan, Busan and Gwangyang in South Korea, together with improved volume mix in Pakistan from higher portion of laden container handling, as well as tariff increment in Panama.

Operations Review

Watsons further expands into the Gulf Cooperation Council region with 12 new stores opening in Saudi Arabia, Qatar and the United Arab Emirates.



1. Superdrug launches Superdrug Marketplace, a new platform that allows hundreds of start-up brands to sell their products in the UK.

2. Operating over 270 O+O stores in Benelux, ICI PARIS XL is committed to making its customers happy by inspiring them to boost the best versions of themselves.

3. As the market-leading drugstore in the Netherlands and Belgium, Kruidvat always surprises its customers by offering a wide selection of value-for-money products in over 1,200 O+O stores.

4. Watsons China operates five Marionnaud x Watsons cross-over stores in Shanghai, Wuhan, Xian and Chongqing, bringing an exclusive "Marionnaud experience" to customers.

1

2

3

4

Retail



Operations Review – Retail

The Retail division consists of the A.S. Watson ("ASW") group of companies, the world's largest international Health and Beauty ("H&B") retailer with a 141 million loyalty member base.

Group Performance

ASW operated 12 retail brands with 16,142 stores in 28 markets worldwide as of 31 December 2022, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland.

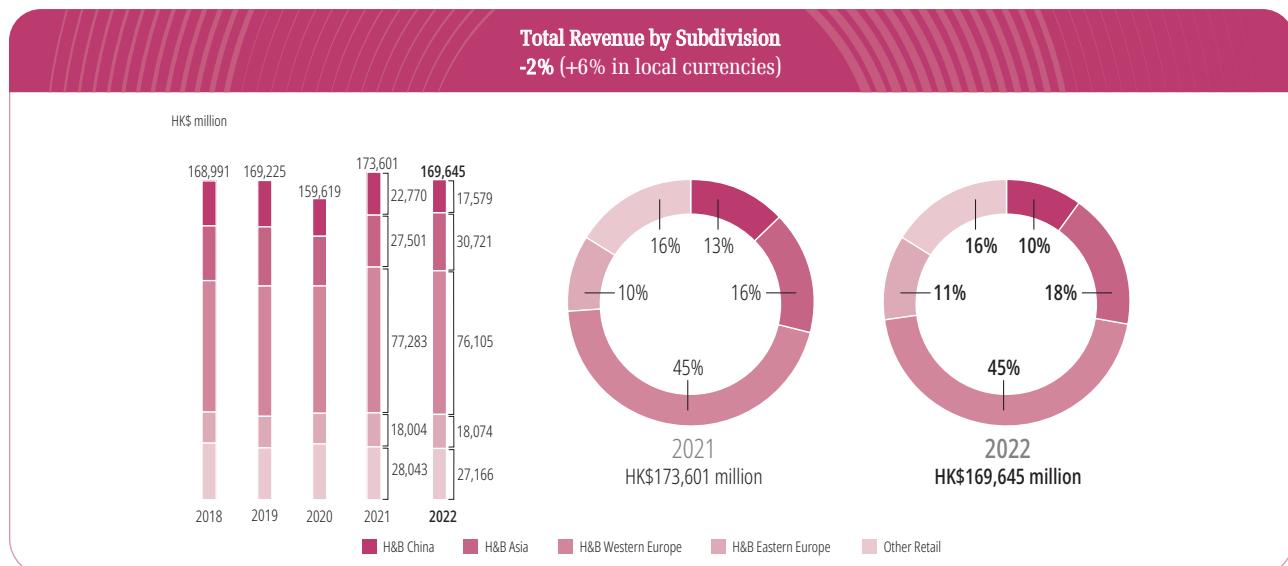
	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	169,645	173,601	-2%	+6%
EBITDA ⁽¹⁾	14,309	16,034	-11%	-2%
EBIT ⁽¹⁾	11,048	12,460	-11%	-2%
Store Numbers	16,142	16,398	-2%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$23,359 million (2021: HK\$26,119 million); EBIT was HK\$11,831 million (2021: HK\$13,370 million).

Total reported revenue decreased by 2% against last year due to adverse foreign currency translation impact but, in local currencies, increased by 6% against last year. The higher revenue was primarily due to better overall performance in H&B operations in Asia and Europe from increase in store traffic, partly offset by lower contribution from H&B China resulting from various scale of nation-wide community lockdowns for most part of 2022 with intermittent store closures across the country. Excluding H&B China, total revenue increased by 1% and 10% against last year in reported currency and local currencies respectively.

H&B loyalty members' participation & exclusives sales contribution	2022	2021
Total loyalty members in H&B segment (million)	140	141
Loyalty members' sales participation in H&B segment (%)	62%	64%
Exclusives sales contribution to total H&B sales (%)	36%	36%

The H&B segment, which represented 84% of the Retail division's revenue in 2022, has 140 million loyalty members. Customer insights from these loyalty members have enabled the businesses to drive assortment, store and marketing strategies.



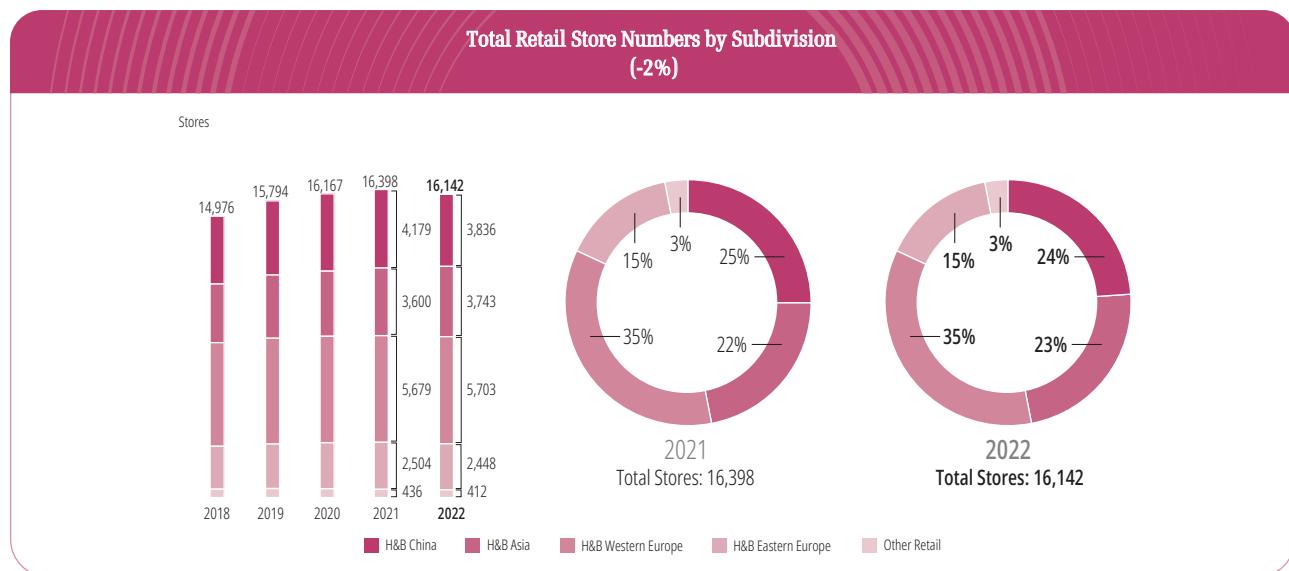
Total Revenue	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
H&B China	17,579	22,770	-23%	-20%
H&B Asia	30,721	27,501	+12%	+23%
H&B China & Asia Subtotal	48,300	50,271	-4%	+3%
H&B Western Europe	76,105	77,283	-2%	+9%
H&B Eastern Europe	18,074	18,004	-	+14%
H&B Europe Subtotal	94,179	95,287	-1%	+10%
H&B Subtotal	142,479	145,558	-2%	+8%
Other Retail ⁽²⁾	27,166	28,043	-3%	-3%
Total Retail	169,645	173,601	-2%	+6%
Excluding China				
H&B Subtotal	124,900	122,788	+2%	+13%
Total Retail	152,066	150,831	+1%	+10%
Comparable Stores Sales Growth (%) ⁽³⁾				
H&B China			-18.3%	+1.9%
H&B China (adjusted to include loyalty members' sales recovered in proximate new stores)			-16.6%	+4.7%
H&B Asia			+21.3%	-0.8%
H&B China & Asia Subtotal			+3.9%	+0.2%
H&B Western Europe			+9.5%	+7.9%
H&B Eastern Europe			+14.2%	+4.6%
H&B Europe Subtotal			+10.3%	+7.3%
H&B Subtotal			+8.2%	+4.8%
Other Retail ⁽²⁾			+2.7%	-8.3%
Total Retail			+7.4%	+2.6%
Excluding China				
H&B Subtotal			+12.7%	+5.4%
Total Retail			+11.1%	+2.8%

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

Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Operations Review – Retail

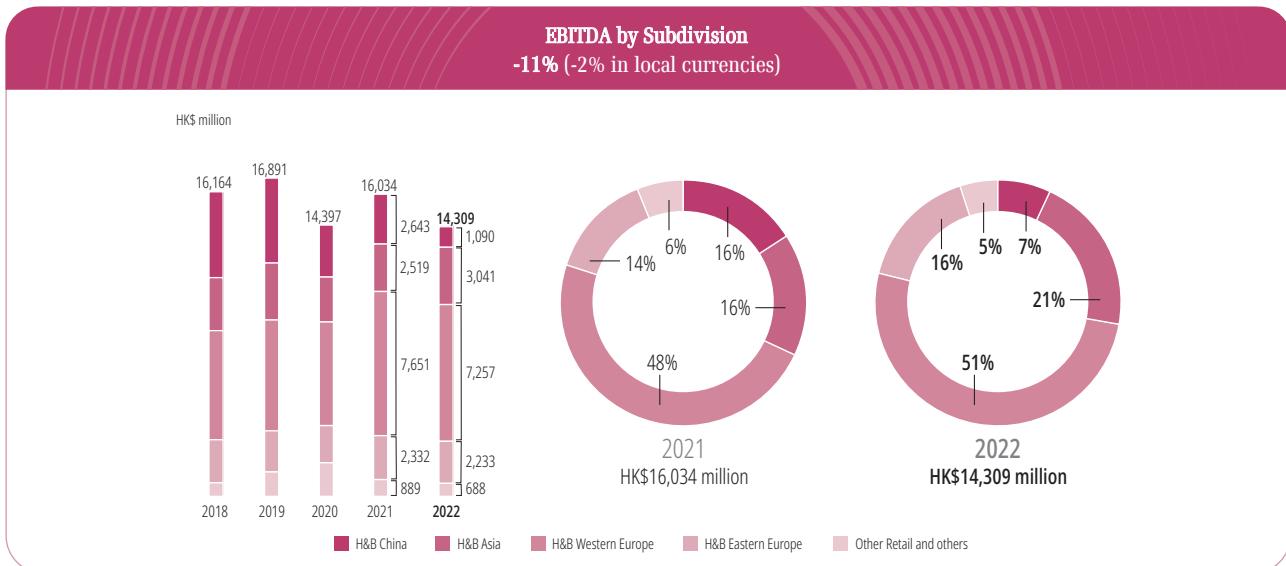
Group Performance (continued)



Store Numbers	2022	2021	Change
H&B China	3,836	4,179	-8%
H&B Asia	3,743	3,600	+4%
H&B China & Asia Subtotal	7,579	7,779	-3%
H&B Western Europe	5,703	5,679	-
H&B Eastern Europe	2,448	2,504	-2%
H&B Europe Subtotal	8,151	8,183	-
H&B Subtotal	15,730	15,962	-1%
Other Retail ⁽⁴⁾	412	436	-6%
Total Retail	16,142	16,398	-2%
Excluding China			
H&B Subtotal	11,894	11,783	+1%
Total Retail	12,306	12,219	+1%

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

The Retail division's EBITDA and EBIT both decreased by 11% in reported currency and by 2% in local currencies against 2021, primarily due to the lower contribution from H&B China, lower government subsidies in various markets and one-time non-cash write offs. In local currencies and excluding H&B China, the H&B segment reported EBITDA and EBIT growth of 12% and 15% against 2021 respectively, which was attributable to better performances from improved sales momentum across most businesses in Asia, the UK, the luxury retail businesses and the Rossmann joint venture in Poland. The weaker performance in H&B China was mainly attributable to periodic lockdowns and containment measures which heavily impacted footfall. The operation in the Mainland is implementing various initiatives including both in-store and online customer engagements following the reopening of the economy.



EBITDA	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
H&B China	1,090	2,643	-59%	-58%
H&B Asia	3,041	2,519	+21%	+33%
H&B China & Asia Subtotal	4,131	5,162	-20%	-13%
H&B Western Europe	7,257	7,651	-5%	+5%
H&B Eastern Europe	2,233	2,332	-4%	+8%
H&B Europe Subtotal	9,490	9,983	-5%	+6%
H&B Subtotal	13,621	15,145	-10%	-
Other Retail ⁽⁵⁾	688	889	-23%	-23%
Total Retail	14,309	16,034	-11%	-2%
Excluding China				
H&B Subtotal	12,531	12,502	-	+12%
Total Retail	13,219	13,391	-1%	+9%

Note 5: Other Retail includes PARKnSHOP, PARKnSHOP Yonghui, Fortress, Watson's Wine and the manufacturing operations.

During 2022, the Retail division opened its first store in Qatar, which is the 28th operating market of the division, as part of the franchise business with Al-Futtaim.

Operations Review – Retail

Segment Performance

Health and Beauty China

	2022 HK\$ million	2021 HK\$ million	Change	Local currency change
Total Revenue	17,579	22,770	-23%	-20%
EBITDA	1,090	2,643	-59%	-58%
EBITDA Margin %	6%	12%		
EBIT	262	1,808	-85%	-85%
EBIT Margin %	1%	8%		
Store Numbers	3,836	4,179	-8%	
Comparable Stores Sales Growth (%)	-18.3%	+1.9%		
Adjusted Comparable Stores Sales Growth (%) ⁽⁶⁾	-16.6%	+4.7%		

Note 6: Adjusted to include loyalty members' sales recovered in proximate new stores.

H&B China's performance was hampered by the ongoing pandemic related restriction measures that resulted in temporary store closures, which persisted until the last quarter of 2022, as well as escalating number of COVID cases resulting from country-wide outbreak of new COVID variants upon relaxation of policies towards the end of the year. In 2022, temporary store closures reached 590 in the first half and peaked at over 1,000 in late November, and only fully re-opened by January 2023. As a result EBITDA and EBIT decreased by 58% and 85% in local currency respectively compared to 2021. Despite an 18.3% decline in comparable store sales, the division was able to partly recover the shortfall in store traffic by recovering sales through its digital channels. Online sales participation increased to 40% in 2022 from 27% in 2021.

As part of H&B China's store rationalisation strategy, total store number became around 3,800 stores in over 500 cities in the Mainland as of 31 December 2022.

Health and Beauty Asia

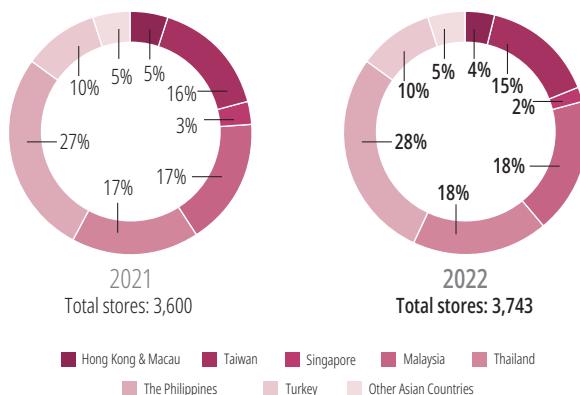
	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	30,721	27,501	+12%	+23%
EBITDA	3,041	2,519	+21%	+33%
EBITDA Margin %	10%	9%		
EBIT	2,487	1,942	+28%	+42%
EBIT Margin %	8%	7%		
Store Numbers	3,743	3,600	+4%	
Comparable Stores Sales Growth (%)	+21.3%	-0.8%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. H&B Asia sustained its encouraging improvement in performance seen in the first half of 2022, with robust comparable store sales growth of 21.3%, enabling delivery of a strong EBITDA and EBIT growth of 33% and 42% respectively in local currencies for the full year of 2022. The growth in EBITDA and EBIT were primarily attributable to operations in Malaysia, Thailand and Turkey from recovery of store traffic upon gradual lifting of restrictive lockdown measures since the second half of 2021, and incremental margin from continued store portfolio expansion in the Philippines. In addition, improved performance was delivered by the H&B operation in Hong Kong from store rationalisation to cater for local demands.

H&B Asia added net 143 stores during the year and had over 3,700 stores in 13 markets as of 31 December 2022, including the division's franchise business which expanded from three stores to 16 stores in UAE, Qatar and Saudi Arabia since market entry into the Middle East in 2020.

H&B Asia - Number of Retail Stores by Market

(+4%)



Health and Beauty Western Europe

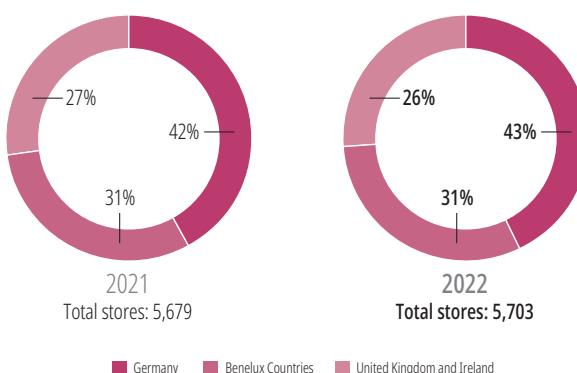
	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	76,105	77,283	-2%	+9%
EBITDA	7,257	7,651	-5%	+5%
EBITDA Margin %	10%	10%		
EBIT	6,070	6,253	-3%	+8%
EBIT Margin %	8%	8%		
Store Numbers	5,703	5,679	-	
Comparable Stores Sales Growth (%)	+9.5%	+7.9%		

H&B Western Europe reported EBITDA and EBIT growth of 5% and 8% in local currencies respectively during the year, primarily from the UK and luxury retail businesses with robust comparable stores sales growth from increase in store traffic amidst the rising energy and distribution costs. The Benelux countries, which benefitted from stores remaining open during the lockdown periods in 2021, reported a normalised performance in 2022 with 3% drop in EBITDA and EBIT year-on-year in local currencies, but nonetheless outperformed pre-pandemic trading levels.

H&B Western Europe added net 24 stores during the year and had more than 5,700 stores as of 31 December 2022.

H&B Western Europe - Number of Retail Stores by Market

(flat)



■ Germany ■ Benelux Countries ■ United Kingdom and Ireland

Operations Review – Retail

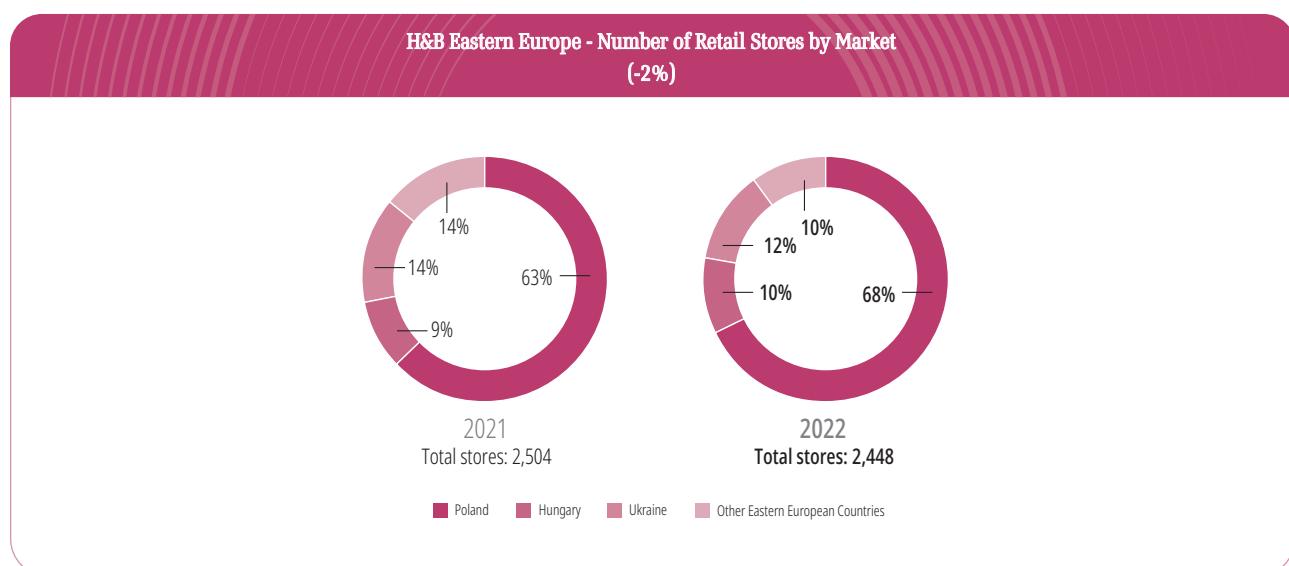
Segment Performance (continued)

Health and Beauty Eastern Europe

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	18,074	18,004	–	+14%
EBITDA	2,233	2,332	-4%	+8%
EBITDA Margin %	12%	13%		
EBIT	1,917	1,975	-3%	+10%
EBIT Margin %	11%	11%		
Store Numbers	2,448	2,504	-2%	
Comparable Stores Sales Growth (%)	+14.2%	+4.6%		

H&B Eastern Europe showed further recovery in the second half of 2022, delivering EBITDA and EBIT growth of 8% and 10% in local currencies respectively, mainly attributable to the Rossmann joint venture in Poland as a result of improved sales and the strong momentum in store openings during the year, together with robust comparable stores sales growth of 14.2% from higher demand.

H&B Eastern Europe had more than 2,400 stores as of 31 December 2022, a drop of 2% primarily due to market exit from Russia and fewer stores in Ukraine, partly offset by new store additions in Poland.

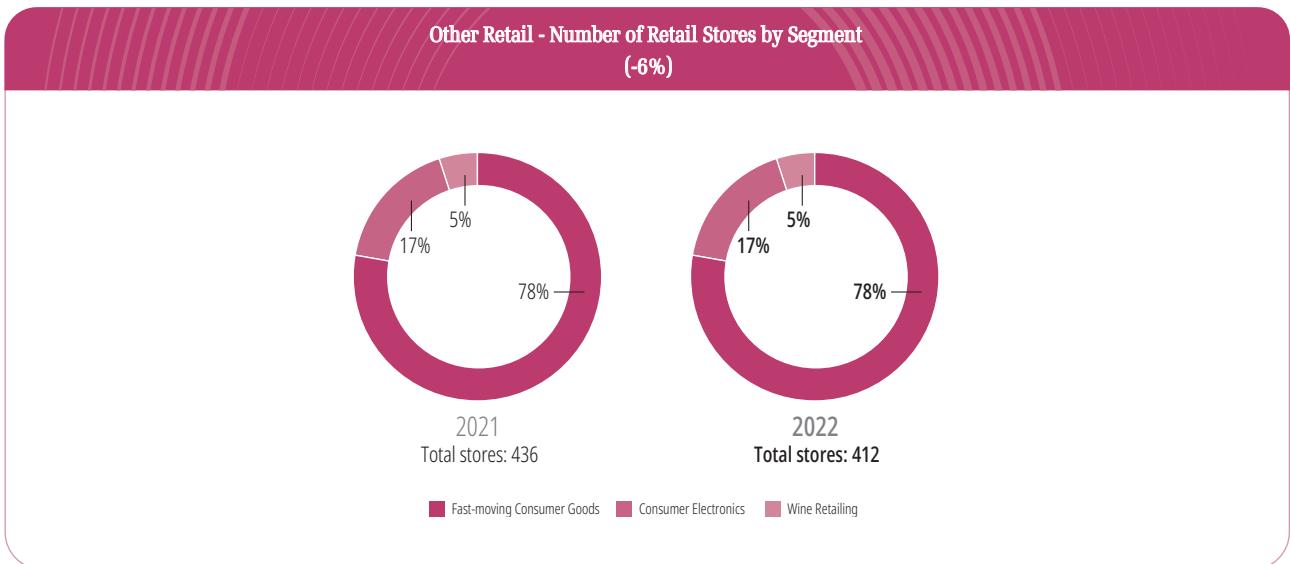


Other Retail

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	27,166	28,043	-3%	-3%
EBITDA	688	889	-23%	-23%
<i>EBITDA Margin %</i>	<i>3%</i>	<i>3%</i>		
EBIT	312	482	-35%	-36%
<i>EBIT Margin %</i>	<i>1%</i>	<i>2%</i>		
Store Numbers	412	436	-6%	
Comparable Stores Sales Growth (%)	+2.7%	-8.3%		

Excluding one-time non-cash write offs, the Other Retail segment reported a reduction in EBITDA of 1% in local currencies in 2022, mainly arising from weaker performance of beverages business in the Mainland with lower demand as affected by regional outbreaks, partly offset by improved trading environment of the supermarket business in the Mainland. Full year EBIT excluding one-time non-cash write offs was 5% higher than last year as the EBITDA decline was more than offset by savings in depreciation from lower asset base with less number of stores.

Other Retail had 412 retail stores in three markets as of 31 December 2022, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and the Mainland.



Operations Review

AVR partners with Swedish company HaloSep AB to evaluate the possibility of managing hazardous flue gas cleaning residues locally in Rotterdam, the Netherlands.



1. Northumbrian Water participates in sponsored projects that will help reduce leakage and enable innovations across the utilities sector in the UK.
2. CitiPower and Powercor adapt the Dynamic Voltage Management System to allow network controllers to optimise solar export capacity across their networks in Victoria, Australia.
3. UK Power Networks is rated number one electricity distribution network operator for 2022 in the Broad Measure of Customer Service and Performance conducted by the Office of Gas and Electricity Markets.
4. HK Electric's new gas-fired unit L12 is on track for commissioning by early 2024.

1

2
3

4

Infrastructure



Operations Review – Infrastructure

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

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	54,441	56,100	-3%	+4%
EBITDA ⁽¹⁾	28,815	29,636	-3%	+5%
EBIT ⁽¹⁾	18,833	19,095	-1%	+6%
CKI Reported Net Profit (under Post-IFRS 16 basis)	7,748	7,515	+3%	

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$29,109 million (2021: HK\$29,938 million); EBIT was HK\$18,872 million (2021: HK\$19,139 million).

CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK\$7,748 million, 3% higher against last year. The result was significantly impacted by higher finance costs due to rising interest rates and higher index linked finance costs, as well as adverse foreign exchange translation against US dollars. Included in this year's results was a gain on partial disposal of a 13% interest in Northumbrian Water completed in December 2022. Excluding corporate items, CKI's portfolio of quality infrastructure assets showed continued resilience and generated good contributions to the division, with a year-on-year growth of 7% and 16% in reported currency and local currencies respectively.

The division's EBITDA and EBIT of HK\$28,815 million and HK\$18,833 million were 5% and 6% higher than last year respectively in local currencies, reflecting gain on partial disposal of Northumbrian Water and good operational performance across the global portfolio of infrastructure businesses.

Profit contribution under Post-IFRS 16 basis from Power Assets ("PAH"), a company listed on the SEHK and in which CKI holds a 36.01% interest as of 31 December 2022, was HK\$2,033 million as compared to HK\$2,208 million in 2021, which was similarly impacted by higher finance costs and adverse foreign exchange translation. Excluding corporate items, profit contribution from the infrastructure portfolio increased by 5% year-on-year in local currencies. Net profit contributed by HK Electric continued to be stable under the Scheme of Control.

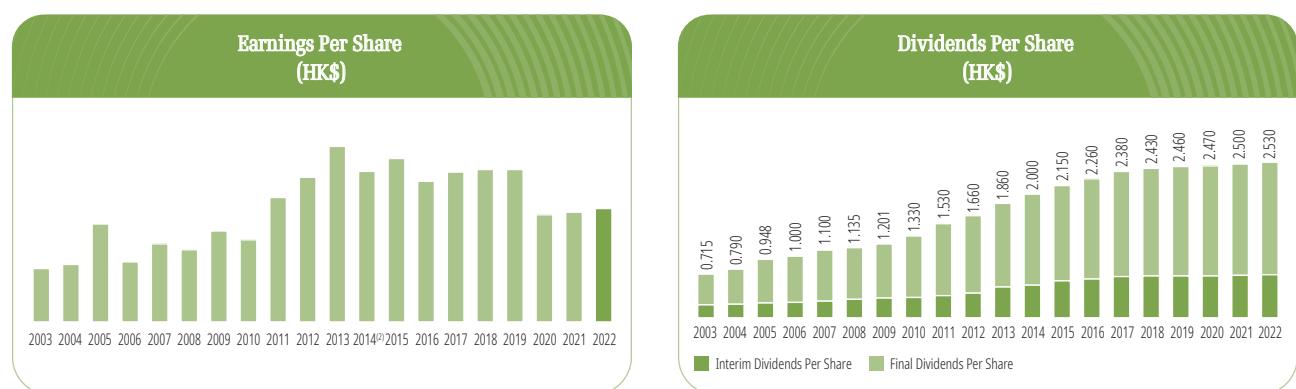
Under Post-IFRS 16 basis, profit contribution from the UK portfolio was HK\$3,069 million in 2022, a 29% increase compared to 2021, mainly due to the inclusion of deferred tax charges arising from the revision of the UK corporate tax rates in 2021, as well as the recognition of gain on partial disposal of 13% interest in Northumbrian Water in 2022, partly offset by adverse foreign exchange translation and higher finance costs. Under Post-IFRS 16 basis, profit contribution from Australian portfolio increased by 4% to HK\$1,976 million in 2022 in reported currency. In local currency, profit increased by 11% driven by higher contributions from United Energy, Victoria Power Networks and Energy Developments. In Continental Europe, profit contribution under Post-IFRS 16 basis was HK\$664 million in 2022, a decrease of 4% in reported currency but an increase of 6% in local currency. In Canada, profit contribution under Post-IFRS 16 basis increased by 30% and 33% in reported currency and local currency respectively to HK\$617 million in 2022, primarily due to the robust contributions from Canadian Midstream and Canadian Power. Profit contribution from New Zealand portfolio under Post-IFRS 16 basis decreased by 2% to HK\$167 million in 2022 mainly from adverse foreign exchange translation impact. In local currency, profit increased by 9% year-on-year. Contribution from Hong Kong and the Mainland businesses reported a net profit of HK\$196 million in 2022 under Post-IFRS 16 basis, 38% lower against 2021, reflecting the adverse performance of the cement business in the Mainland due to the COVID restrictions and lockdowns, as well as the rising fuel costs during the year.

CKI's regulated businesses have received a number of awards and recognitions during 2022. UK Power Networks was rated as number one electricity distribution network operator for 2022 and received close to 30 awards, including being named the best in the UK for customer service according to the UK Customer Satisfaction Index compiled by the Institute of Customer Service. Northumbrian Water captured the first place in the annual UK Water Company Performance Survey conducted by British Water. In Australia, SA Power Networks, Powercor, CitiPower and United Energy ranked first, second, third and fifth spots in productivity respectively according to the Australian Energy Regulator's benchmarking report for 2022.

Unregulated operations have continued to grow their businesses. Beon, the unregulated business of Victoria Power Networks, has been expanding rapidly with new projects for renewable energy connections, with Reliance Home Comfort continued to proceed with acquisitions for expansion, including an HVAC (heating, ventilation and air conditioning) company in Florida, USA, and a rental asset portfolio in the Greater Toronto Area acquired in 2022.

A number of CKI's regulated businesses in the UK and Australia are scheduled to enter new regulatory regime in 2023. UK Power Networks received the Final Determination for the upcoming regulatory period from April 2023 to March 2028, which facilitates revenue predictability for the coming years. Australian Gas Networks and certain regulated business of CK William in Australia have received Draft Determinations for the period from July 2023 to June 2028. The terms of the Draft Determination have reflected majority of the proposed initiatives for the five-year period and are considered as satisfactory. Final Determinations will be released in the first half of 2023.

CKI has always been committed to prudent financial management with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with HK\$18 billion cash on hand and a net debt to net total capital ratio being improved from 14.7% as at 31 December 2021 to 7.3% as at 31 December 2022. Credit rating from Standard & Poor's maintained at "A/Stable".



Note 2: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.

Operations Review

3 UK's 5G is currently available across 4,000 sites covering more than 60% of the population and more than 588 locations.



1

2

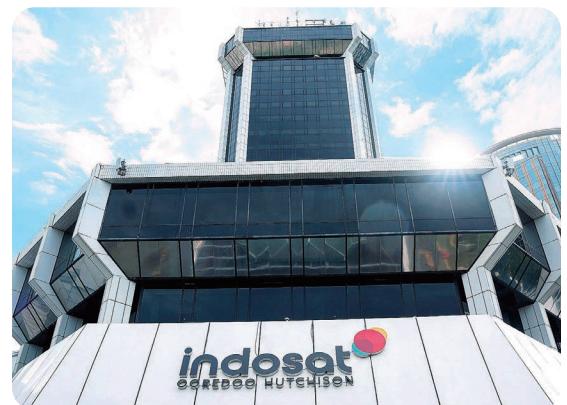
3

4

5

1. **3** Austria has been crowned the fastest 5G mobile network in Austria for the second consecutive year.
2. **3** Denmark's 5G coverage reaches over 65% population.
3. **3** Ireland has been named Ireland's fastest 5G operator.
4. Wind Tre's 5G network covers over 95% of Italy's population.
5. Indosat Ooredoo Hutchison reaches the milestone of 100 million customers in 2022.

Telecommunications



Operations Review – Telecommunications

The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKHGT") which consolidates the 3 Group businesses in Europe ("3 Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, as well as Hutchison Asia Telecommunications ("HAT"). 3 Group Europe operates in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

CK Hutchison Group Telecom

CKHGT completed the disposal of tower assets in the UK in November 2022 and recognised a disposal gain before tax of HK\$18,957 million, as compared to HK\$25,259 million recognised in 2021 on the sale of tower assets in Sweden and Italy where the transactions were completed in January and June 2021 respectively. Apart from the disposal gain, CKHGT recognised a non-cash impairment of goodwill on the Group's Italian telecommunication business of HK\$11,039 million and HK\$15,472 million in 2022 and 2021 respectively.

In million	2022 HK\$	2021 HK\$	Change	Local currencies change	2022 EURO	2021 EURO
Total Revenue	83,289	92,575	-10%	-	10,084	10,083
Total Margin	58,124	63,789	-9%	+1%	7,037	6,946
Total CACs	(14,852)	(16,725)	+11%		(1,799)	(1,823)
Less: Handset revenue	11,228	12,944	-13%		1,361	1,411
Total CACs (net of handset revenue)	(3,624)	(3,781)	+4%		(438)	(412)
Operating Expenses	(30,226)	(26,743)	-13%		(3,654)	(2,904)
Gain from disposal of tower assets	18,957	25,259	-25%		2,371	2,620
Impairment of goodwill	(11,039)	(15,472)	+29%		(1,330)	(1,669)
EBITDA⁽¹⁾	32,192	43,052	-25%	-19%	3,986	4,581
Depreciation & Amortisation	(19,389)	(19,590)	+1%		(2,346)	(2,135)
EBIT⁽¹⁾	12,803	23,462	-45%	-42%	1,640	2,446

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$39,002 million (2021: HK\$50,892 million); EBIT was HK\$14,216 million (2021: HK\$24,530 million).

3 Group Europe⁽²⁾

In million	2022 HK\$	2021 ⁽³⁾ HK\$	Change	Local currencies change
Total Revenue	77,925	86,972	-10%	-
Total Margin	54,933	60,777	-10%	+1%
Total CACs	(14,305)	(16,163)	+11%	
Less: Handset revenue	10,852	12,549	-14%	
Total CACs (net of handset revenue)	(3,453)	(3,614)	+4%	
Operating Expenses	(27,616)	(27,999)	+1%	
Opex as a % of total margin	50%	46%		
EBITDA	23,864	29,164	-18%	-9%
EBITDA Margin %⁽⁴⁾	36%	39%		
Depreciation & Amortisation	(18,300)	(18,520)	+1%	
EBIT	5,564	10,644	-48%	-41%
EBITDA per above	23,864	29,164	-18%	-9%
Proforma contribution from tower assets	-	728		
Reported EBITDA⁽⁵⁾	23,864	29,892	-20%	-11%
EBIT per above	5,564	10,644	-48%	-41%
Proforma contribution from tower assets	-	615		
Reported EBIT⁽⁵⁾	5,564	11,259	-51%	-44%

Note 2: 3 Group Europe result above is before one-off items in 2022 and 2021, which represented gain on disposal of tower assets (before tax) of HK\$19.0 billion (2021: HK\$25.3 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$11.0 billion (2021: HK\$15.5 billion).

Note 3: Due to the completion of disposals of tower assets in 2022 and 2021 as mentioned, the 2021 results were normalised, which exclude the proforma contribution from the tower assets in the UK for November to December 2021 and in Italy for first half of 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was HK\$30,144 million (2021: HK\$37,267 million); EBIT was HK\$6,859 million (2021: HK\$12,256 million).

3 Group Europe's total revenue of HK\$77,925 million is flat against last year in local currencies, whereas total margin of HK\$54,933 million was 1% higher, primarily driven by growth in net customer service margin due to an increase in the customer base coupled with higher roaming income across all operations following travel resumption in Europe, partly offset by lower wholesale contribution in Italy. Active customer base as at 31 December 2022 of 39.7 million is 3% higher against 2021, mainly due to the UK, where the total active customer base increased 6% year-on-year, with better or relatively stable active customer base reported by all the other operations. Average monthly customer churn rate of the contract customer base remained stable at 1.2% for the year (2021: 1.2%).

3 Group Europe's net ARPU and net AMPU decreased by 2% and 1% to €12.87 and €11.47 respectively as compared to 2021, primarily due to tariff mix in Italy, resulted from an increased contribution from second brand customers which have a lower net ARPU and net AMPU.

All of 3 Group Europe's operations reported growth in net customer service margin, with the UK, Sweden and Ireland increasing their total active customer base through various initiatives including focus on business segment, network enhancement and attractive bundle propositions. On the other hand, Denmark and Austria improved margin through second brand and pricing adjustments respectively. Italy delivered a modest growth in net customer service margin despite market competition via customer value management. Other margin decreased year-on-year driven by Italy's wholesale margin decline, which was partly offset by wholesale margin growth across the remaining countries, as the operations look to extend their revenue streams besides traditional customer service. Overall, these led to the aforementioned 1% increment in total margin.

3 Group Europe's 2022 results were impacted by the full year incremental tower service fees of around HK\$0.6 billion in Italy and the two months impact of over HK\$0.1 billion in the UK after completion of the UK tower asset disposal in early November 2022. On a normalised basis⁽³⁾, EBITDA and EBIT were still 9% and 41% lower year-on-year respectively in local currencies, as the improvements in overall total margin mentioned above was more than offset by increased operating expenses due to higher energy and other inflationary impact, certain dispute settlement proceeds recognised by Italy in 2021 that did not recur this year, as well as higher network costs and depreciation and amortisation compared to last year from the continued investments in network expansion, 5G rollout and digitalisation.

In response to the rising energy cost, all of the operations have introduced various energy saving initiatives, including deployment of smart network "sleeping mode" and energy efficient equipment, retirement of legacy technologies, reduction of redundant assets through consolidation or active sharing, as well as thermal management. Majority of the operations have inflation-linked pricing or annual price increment embedded in customer contracts, which is expected to partly mitigate the inflationary impact on energy cost and operating expenses in the coming year.

Operations Review – Telecommunications

CKHGT - Results by operations

In million	UK ⁽⁷⁾ GBP		Italy ⁽⁶⁾⁽⁷⁾ EURO		Sweden SEK		Denmark DKK		Austria EURO	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total Revenue	2,520	2,444	3,947	4,193	7,586	6,902	2,375	2,272	885	866
% change	+3%		-6%		+10%		+5%		+2%	
Total margin	1,529	1,445	3,030	3,187	4,753	4,351	1,864	1,764	669	638
% change	+6%		-5%		+9%		+6%		+5%	
Total CACs	(953)	(968)	(276)	(290)	(1,003)	(1,233)	(229)	(227)	(113)	(115)
Less: Handset Revenue	759	772	167	203	555	769	78	93	100	101
Total CACs (net of handset revenue)	(194)	(196)	(109)	(87)	(448)	(464)	(151)	(134)	(13)	(14)
Operating Expenses	(723)	(655)	(1,578)	(1,451)	(1,957)	(1,724)	(1,036)	(920)	(306)	(286)
Opex as a % of total margin	47%	45%	52%	46%	41%	40%	56%	52%	46%	45%
Gain on disposal of tower assets	–	–	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	–	–	–	–
EBITDA	612	594	1,343	1,649	2,348	2,163	677	710	350	338
% change	+3%		-19%		+9%		-5%		+4%	
EBITDA margin % ⁽⁹⁾	35%	36%	36%	41%	33%	35%	29%	33%	45%	44%
Depreciation & Amortisation	(465)	(442)	(1,155)	(1,044)	(1,728)	(1,272)	(551)	(464)	(154)	(145)
EBIT	147	152	188	605	620	891	126	246	196	193
% change	-3%		-69%		-30%		-49%		+2%	
EBITDA per above	612	594	1,343	1,649	2,348	2,163	677	710	350	338
Proforma contribution from tower assets	–	15	–	61	–	–	–	–	–	–
Reported EBITDA	612	609	1,343	1,710	2,348	2,163	677	710	350	338
% change	–		-21%		+9%		-5%		+4%	
EBIT per above	147	152	188	605	620	891	126	246	196	193
Proforma contribution from tower assets	–	9	–	56	–	–	–	–	–	–
Reported EBIT	147	161	188	661	620	891	126	246	196	193
% change	-9%		-72%		-30%		-49%		+2%	
Capex (excluding licence)	(743)	(784)	(849)	(1,111)	(1,498)	(1,394)	(792)	(705)	(168)	(153)
Reported Depreciation & Amortisation ⁽¹⁰⁾	407	400	922	792	1,066	671	421	294	106	97
Reported Depreciation & Amortisation ⁽¹⁰⁾ less Capex	(336)	(384)	73	(319)	(432)	(723)	(371)	(411)	(62)	(56)
Reported EBITDA less Capex	(131)	(175)	494	599	850	769	(115)	5	182	185
Licence ⁽¹¹⁾	–	(280)	–	–	–	(492)	–	(544)	–	–
HK dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
EBITDA-pre IFRS 16 basis (HK\$)	5,868	6,504	11,087	15,729	1,822	1,957	752	877	2,894	3,106
EBITDA-post IFRS 16 basis (HK\$)	6,840	7,615	15,586	21,117	2,035	2,214	858	986	3,100	3,323
EBIT-pre IFRS 16 basis (HK\$)	1,356	1,712	1,534	6,087	488	809	140	307	1,625	1,767
EBIT-post IFRS 16 basis (HK\$)	1,523	1,899	2,519	6,763	507	831	148	314	1,668	1,813
		UK		Italy ⁽¹²⁾		Sweden		Denmark		Austria
		2022	2021	2022	2021	2022	2021	2022	2021	2022
Total registered customer base (million)	13.1	13.1	20.1	20.7	2.5	2.4	1.5	1.5	3.2	3.3
Total active customer base (million)	10.3	9.7	18.8	19.0	2.4	2.3	1.5	1.5	2.9	2.9
Contract customers as a % of the total registered customer base	66%	62%	48%	48%	69%	69%	56%	57%	77%	75%
Average monthly churn rate of the total contract registered customer base (%)	1.4%	1.3%	1.3%	1.4%	1.3%	1.2%	1.8%	1.6%	0.4%	0.2%
Active contract customers as a % of the total contract registered customer base	98%	99%	96%	95%	100%	100%	100%	100%	100%	100%
Active customers as a % of the total registered customer base	79%	74%	93%	92%	100%	98%	100%	100%	90%	87%
LTE coverage by population (%)	96%	94%	100%	100%	97%	95%	100%	100%	97%	97%
Full year data usage per active customer (Gigabyte)										

Note 6: Wind Tre's results include fixed line business revenue of €959 million (2021: €973 million) and EBITDA of €177 million (2021: €211 million).

Note 7: As the disposals of tower assets in Italy was completed in June 2021, the 2021 Italy results were normalised, which exclude the proforma contribution from the tower assets for January to June 2021 for comparability purpose. Similarly, as the tower assets disposal in the UK was completed in November 2022, the 2021 UK results exclude the proforma contribution from the tower assets for November to December 2021. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Note 8: Group Europe results do not include one-off items in 2022 and 2021, which represented gain on disposal of tower assets of HK\$19.0 billion (2021: HK\$25.3 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK\$11.0 billion (2021: HK\$15.5 billion).

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Ireland EURO		3 Group Europe before one-off ⁽⁷⁾⁽⁸⁾ HK\$				HTHKH HK\$		Corporate and Others and one-off ⁽⁸⁾ HK\$		CKHGT HK\$		CKHGT EURO		
2022	2021	2022	2021	Normalised	Tower Assets	Reported	2022	2021	2022	2021	2022	2021	2022	2021
620	579	77,925	86,972	-	86,972		4,882	5,385	482	218	83,289	92,575	10,084	10,083
+7%		-10%					-9%		+121%		-10%		-	
<i>Local currencies change %</i>														
460	445	54,933	60,777	-	60,777		3,001	2,974	190	38	58,124	63,789	7,037	6,946
+3%		-10%					+1%		+400%		-9%		+1%	
<i>Local currencies change %</i>														
(103)	(77)	(14,305)	(16,163)	-	(16,163)		(547)	(562)	-	-	(14,852)	(16,725)	(1,799)	(1,823)
99	76	10,852	12,549	-	12,549		376	395	-	-	11,228	12,944	1,361	1,411
(4)	(1)	(3,453)	(3,614)	-	(3,614)		(171)	(167)	-	-	(3,624)	(3,781)	(438)	(412)
(281)	(256)	(27,616)	(27,999)	728	(27,271)		(1,772)	(1,714)	(838)	2,242	(30,226)	(26,743)	(3,654)	(2,904)
61%	58%	50%	46%		45%		59%	58%	N/A	N/A	52%	42%	52%	42%
-	-	-	-	-	-		-	-	18,957	25,259	18,957	25,259	2,371	2,620
-	-	-	-	-	-		-	-	(11,039)	(15,472)	(11,039)	(15,472)	(1,330)	(1,669)
175	188	23,864	29,164	728	29,892		1,058	1,093	7,270	12,067	32,192	43,052	3,986	4,581
-7%		-18%					-3%		-40%		-25%		-13%	
<i>Local currencies change %</i>														
34%	37%	36%	39%		40%		23%	22%			45%	54%	46%	53%
(124)	(125)	(18,300)	(18,520)	(113)	(18,633)		(1,088)	(951)	(1)	(6)	(19,389)	(19,590)	(2,346)	(2,135)
51	63	5,564	10,644	615	11,259		(30)	142	7,269	12,061	12,803	23,462	1,640	2,446
-19%		-48%					-121%		-40%		-45%		-33%	
<i>Local currencies change %</i>														
175	188	23,864	29,164											
-	-	-	728											
175	188	23,864	29,892											
-7%		-20%												
<i>Local currencies change %</i>														
51	63	5,564	10,644											
-	-	-	615											
51	63	5,564	11,259											
-19%		-51%												
<i>Local currencies change %</i>														
(101)	(114)	(18,432)	(23,118)				(496)	(874)	(3)	(20)	(18,931)	(24,012)	(2,297)	(2,623)
90	87	14,475	14,206				515	447	1	6	14,991	14,659	1,814	1,598
(11)	(27)	(3,957)	(8,912)				19	(427)	(2)	(14)	(3,940)	(9,353)	(483)	(1,025)
74	74	5,432	6,774				562	219	7,267	12,047	13,261	19,040	1,689	1,958
-	-	-	(4,237)				(138)	(2,040)	-	-	(138)	(6,277)	(17)	(669)
1,441	1,719	23,864	29,892				1,058	1,093	7,270	12,067	32,192	43,052	€3,986	€4,581
1,725	2,012	30,144	37,267				1,485	1,501	7,373	12,124	39,002	50,892	€4,808	€5,432
421	577	5,564	11,259				(30)	142	7,269	12,061	12,803	23,462	€1,640	€2,446
494	636	6,859	12,256				(15)	156	7,372	12,118	14,216	24,530	€1,812	€2,562
Ireland EURO		3 Group Europe				HTHKH								
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	
3.8	3.1	44.2	44.1	3.8	4.0									
3.8	3.1	39.7	38.5	3.3	3.2									
77%	73%	59%	57%	39%	36%									
0.5%	0.7%	1.2%	1.2%	0.8%	1.2%									
100%	100%	98%	98%	100%	100%									
100%	100%	90%	87%	86%	80%									
99%	99%	-	-	99%	90%									
		235.0	192.7	119.9	85.7									

Note 10: Reported Depreciation & Amortisation excludes amortisation of licences and amortisation of capitalised CACs.

Note 11: 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 100 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 26 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021 and investment for 30 MHz of 1800 MHz spectrum renewed for 15 years from September 2021. 2022 licence cost for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022.

Note 12: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Operations Review – Telecommunications

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2022 ('000)			Registered Customer Growth (%) from 30 June 2022 to 31 December 2022			Registered Customer Growth (%) from 31 December 2021 to 31 December 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	4,460	8,623	13,083	-13%	+3%	-3%	-10%	+5%	-
Italy ⁽¹³⁾	10,484	9,676	20,160	-2%	-	-1%	-3%	-2%	-2%
Sweden	760	1,704	2,464	+4%	+4%	+4%	+4%	+6%	+5%
Denmark	673	867	1,540	+3%	-	+1%	+4%	+2%	+3%
Austria	723	2,446	3,169	-4%	-1%	-2%	-11%	-2%	-4%
Ireland	860	2,926	3,786	+1%	+13%	+10%	+3%	+27%	+20%
3 Group Europe Total	17,960	26,242	44,202	-5%	+3%	-	-4%	+4%	-
HTHKH	2,341	1,470	3,811	+11%	-	+7%	-8%	+2%	-4%

	Active ⁽¹⁴⁾ Customer Base								
	Active Customers at 31 December 2022 ('000)			Active Customer Growth (%) from 30 June 2022 to 31 December 2022			Active Customer Growth (%) from 31 December 2021 to 31 December 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,823	8,481	10,304	+10%	+3%	+4%	+13%	+5%	+6%
Italy ^{(13) (15)}	9,560	9,257	18,817	-3%	-	-2%	-1%	-1%	-1%
Sweden	750	1,704	2,454	+4%	+4%	+4%	+10%	+6%	+7%
Denmark	669	867	1,536	+3%	-	+1%	+4%	+2%	+3%
Austria	403	2,437	2,840	+4%	-1%	-	+8%	-2%	-1%
Ireland	860	2,926	3,786	+1%	+13%	+10%	+3%	+27%	+20%
3 Group Europe Total	14,065	25,672	39,737	-1%	+3%	+1%	+2%	+4%	+3%
HTHKH	1,808	1,470	3,278	+18%	-	+9%	+3%	+2%	+2%

Note 13: In addition to the above, Wind Tre has 2.9 million fixed line customers.

Note 14: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 15: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

**12-month Trailing Average Revenue per Active User⁽¹⁶⁾ ("ARPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£6.15	£21.46	£18.83	+1%
Italy ⁽¹⁹⁾	€9.80	€12.19	€10.97	-4%
Sweden	SEK114.92	SEK265.85	SEK219.77	-11%
Denmark	DKK92.46	DKK146.43	DKK123.15	+1%
Austria	€10.13	€23.09	€21.32	-
Ireland	€14.63	€11.62	€12.36	-16%
3 Group Europe Average	€9.96	€18.56	€15.47	-3%
HTHKH	HK\$11.15	HK\$185.10	HK\$94.21	+3%

**12-month Trailing Net Average Revenue per Active User⁽¹⁷⁾ ("Net ARPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£6.15	£14.45	£13.02	-
Italy ⁽¹⁹⁾	€9.80	€11.19	€10.48	-3%
Sweden	SEK114.92	SEK211.02	SEK181.68	-
Denmark	DKK92.46	DKK137.24	DKK117.92	+2%
Austria	€10.13	€19.85	€18.52	+2%
Ireland	€14.63	€8.93	€10.33	-16%
3 Group Europe Average	€9.96	€14.51	€12.87	-2%
HTHKH	HK\$11.15	HK\$167.57	HK\$85.85	+5%

**12-month Trailing Net Average Margin per Active User⁽¹⁸⁾ ("Net AMPU")
to 31 December 2022**

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2021
United Kingdom	£5.63	£12.91	£11.66	+1%
Italy ⁽¹⁹⁾	€8.73	€9.97	€9.33	-
Sweden	SEK97.92	SEK185.58	SEK158.82	-
Denmark	DKK78.13	DKK112.91	DKK97.91	+2%
Austria	€9.04	€17.98	€16.75	+4%
Ireland	€13.49	€8.17	€9.48	-17%
3 Group Europe Average	€8.87	€12.93	€11.47	-1%
HTHKH	HK\$8.32	HK\$145.46	HK\$73.81	+4%

Note 16: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 17: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 18: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

Note 19: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Operations Review – Telecommunications

United Kingdom

On a normalised basis⁽²⁰⁾ and in local currency, UK's EBITDA increased by 3% compared to last year mainly driven by strong growth in net customer service margin from 6% increase in customer base, partly offset by higher network spending from increased 5G coverage and increase in annual licence fee. However, EBIT decreased by 3% in local currency compared to last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout. As a result of the network investments, 3 UK was awarded the fastest 5G network in UK by various independent surveys during the year.

Italy

On a normalised basis⁽²⁰⁾ and in local currency, Italy's EBITDA decreased by 19%, mainly due to decline in wholesale volume which led to 6% reduction in revenue, higher operating costs from network development and approximately 13% energy cost inflation, as well as certain dispute settlement proceeds in 2021. Wind Tre has implemented strategic transitions with progressive improvements in net customer service margin for each of the last four half-years since the beginning of 2021. Furthermore, the decline in wholesale margin has narrowed through extending the scope of existing wholesale arrangements. EBIT decreased by 69% due to higher depreciation and amortisation from an enlarged asset base as 5G rollout continues. Such investments have seen Wind Tre reach over 95% and 65% FDD and TDD coverage respectively, with various research awarding Wind Tre's network as the highest 5G speed and coverage for consecutive periods.

In January 2023, Wind Tre entered into a joint venture arrangement to rollout network in rural areas, which will create synergies and reduce the costs of developing and maintaining the network assets in these regions.

Sweden

Sweden, where the Group has 60% interest, reported EBITDA growth of 9% in local currency compared to last year, primarily driven by 9% increase in total margin from 7% increase in active customer base, partly offset by higher operating costs incurred from enlarged network base and increased handset receivables sales costs. During the second half of 2022, the operation recognised accelerated depreciation charges from the ongoing network asset swap, resulting in 30% lower EBIT compared to last year. Sweden's 5G network now covers nine of the country's largest cities with full TDD coverage.

Denmark

The Denmark operation, where the Group has 60% interest, reported decrease in EBITDA by 5% in local currency mainly driven by higher operating costs from the enlarged network base and increase in energy cost by over 180% mainly due to inflation, which more than offsets the total margin growth of 6%. As the network assets swap continued and more than half of the swap was carried out in 2022, Denmark's EBIT decreased by 49% when compared to last year. Denmark has reached over 65% 5G coverage and aims to achieve over 60% TDD coverage in 2023.

Austria

Austria's EBITDA and EBIT in local currency increased by 4% and 2% respectively compared to 2021, primarily driven by 5% total margin growth from 4% increase in net AMPU and strong MVNO performance, partly offset by higher operating costs from increased data traffic and enlarged network base, as well as 28% energy cost inflation. During 2022, Austria was ranked the fastest 5G network and has launched the country's first 5G standalone Fixed Wireless Access products.

Ireland

EBITDA and EBIT in local currency decreased by 7% and 19% respectively compared to 2021 driven by higher operating expenses due to network expansion, 46% energy cost inflation and increased marketing and sponsorship following the ease of lockdown restrictions. The adverse impact is partly offset by 3% higher total margin mainly due to the base growth, which more than offsets the lower net AMPU from the dilutive impact of higher mix of low value Internet of Things (IoT) customers. In 2022, Ireland was awarded the fastest 5G network with 90% population coverage.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$4,882 million was 9% lower compared to last year, primarily driven by lower hardware sales as a result of supply chain constraints. EBITDA of HK\$1,058 million was 3% lower compared to last year, mainly due to lower margin from lower hardware sales as well as higher network costs driven by the investments in 5G technology and network infrastructure expansion, partly offset by the improved net customer service margin driven by the rebound in roaming service revenue. LBIT of HK\$30 million for 2022 compared to an EBIT of HK\$142 million reported last year, mainly due to higher depreciation and amortisation from the full year impact of the renewal of spectrum in 2021, the activation of new spectrum in 2022 and the enlarged asset base from 5G network infrastructure expansion.

Note 20: Due to the completion of disposals of tower assets in 2022 and 2021 as mentioned, the 2021 results were normalised, which exclude the proforma contribution from the tower assets in the UK for November to December 2021 and in Italy for first half of 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2021 numbers.

Hutchison Asia Telecommunications

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	11,628	8,786	+32%	+38%
EBITDA ⁽²¹⁾	9,420	2,036	+363%	+373%
EBIT ⁽²¹⁾	6,745	209	+3127%	+3189%
Total active customer base (million)	123.1	56.2	+119%	
- Indonesia	102.2	39.1	+162%	
- Vietnam	16.9	13.2	+27%	
- Sri Lanka	4.0	3.9	+3%	

Note 21: Under Post-IFRS 16 basis, EBITDA was HK\$12,478 million (2021: HK\$4,232 million); EBIT was HK\$8,582 million (2021: HK\$979 million).

In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and becomes the second largest telecommunication operator in Indonesia. As of 31 December 2022, Hutchison Asia Telecommunications ("HAT") had approximately 123.1 million active customer accounts, whereby Indonesia represented 83% of the total following the merger.

HAT's results at EBITDA and EBIT levels in 2022 included a gain of HK\$6,100 million from the completion of the merger of the Indonesian telecommunication business, partly offset by a non-cash impairment in the telecommunication business in Sri Lanka of HK\$962 million amidst the challenging market condition following the outbreak of the political and economic crisis in the country in the first half.

Excluding the above one-off items, EBITDA and EBIT in 2022 of HK\$4,282 million and HK\$1,607 million increased by 110% and 669% respectively due to the increased contribution from the Group's share of IOH's results since the merger. IOH's solid performance in 2022 reflected the continued good growth momentum with the enlarged customer base following the merger, which has resulted in a strong data traffic growth. In addition, IOH's network size has also increased with 4G base transceiver stations rising to above 137,000, enabling it to handle the strong increase in traffic. In September 2022, IOH distributed a dividend of IDR2 trillion (approximately US\$133 million) to its shareholders, the first dividend received from the Indonesian telecommunication operation since the Group entered into the market.

Operations Review

Cenovus Energy acquires the remaining 50% interest in the Sunrise oil sands project in northern Alberta from BP p.l.c. Group.



Finance & Investments and Others

The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL"), which has a 25.05% interest in TPG Telecom Limited ("TPG"). Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group's 16.6% interest in Cenovus Energy is included under Finance Investments and Others segment.

	2022 HK\$ million	2021 HK\$ million	Change	Local currencies change
Total Revenue	94,085	72,036	+31%	+35%
EBITDA ⁽¹⁾	18,469	5,312	+248%	+254%
- Underlying	18,722	10,320	+81%	+85%
- One-off items	(253)	(5,008)	+95%	+95%
EBIT ⁽¹⁾	12,009	(1,219)	+1085%	+1094%
- Underlying	12,262	3,789	+224%	+226%
- One-off items	(253)	(5,008)	+95%	+95%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$19,177 million (2021: HK\$6,464 million); EBIT was HK\$11,736 million (2021: HK\$(1,146) million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK\$154,188 million as at 31 December 2022. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2022 Annual Report.

In 2022, EBITDA and EBIT in this segment included a one-off net loss of HK\$0.3 billion, which represented the Group's share of non-cash pre-tax impairment on the energy business' US refinery assets. This is compared to the one-off net loss of HK\$5.0 billion in last year, which comprised a non-cash foreign exchange reserve loss following the energy business merger of HK\$3.5 billion and the Group's share of non-cash pre-tax impairment on the energy business' US refinery assets of HK\$1.5 billion.

Excluding the one-off items, underlying EBITDA and EBIT grew 81% and 224% respectively from 2021 primarily due to the higher contribution from the energy business' underlying operations with constructive commodity prices driving improvement in results.

Operations Review – Finance & Investments and Others

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the United Kingdom, and also has 38.45% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialisation of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases.

Cenovus Energy

Cenovus Energy is a Canadian-based integrated energy company with shares listed on the Toronto and New York stock exchanges. It operates in Canada, the United States and Asia Pacific region, and is the third largest Canadian oil and natural gas producer, as well as the second largest Canadian-based refiner and upgrader. As at 31 December 2022, the Group held 16.6% interest in Cenovus Energy, together with warrants representing a further 1.1% to 17.7%⁽²⁾.

The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$13,751 million, HK\$9,424 million and HK\$6,333 million, an increase of 111%, 308% and 1,073% compared to last year respectively.

TOM Group

TOM, a 36.1% associate, is a technology and media company listed on the SEHK. TOM has technology operations in e-commerce, social network, mobile internet, and investments in fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments.

Marionnaud

Marionnaud had over 750 stores in nine European markets as of 31 December 2022, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on the SEHK. CKLS is engaged in the business of research and development, manufacturing, commercialisation, marketing, sale of, and investment in, products and assets which are nutraceuticals, pharmaceuticals and agriculture-related.

HTAL, share of TPG Telecom Limited

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange ("ASX"), has 25.05% interest of TPG Telecom Limited (also listed on the ASX).

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$14,860 million, increased by 1% when compared to last year. The Group's weighted average cost of debt for 2022 was 2.0% (2021: 1.6%).

The Group recorded current and deferred tax charges of HK\$16,091 million in 2022, an increase from HK\$9,578 million in 2021, primarily reflecting the adverse variance arising from the disposal of tower assets, higher profit before tax in 2022, as well as the adverse net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates in 2021.

Note 2: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Operations Review

Summary

Despite various global headwinds ranging from inflationary effects to geopolitical risks, the Group's core businesses' operational and financial performances remain solid and resilient. During the year, the Group has recognised a net gain, under post-IFRS 16 basis, of over HK\$10 billion, which included gains arising from various strategic M&A transactions completed during 2022. Looking at the Group's M&A pipeline for the coming year, as one-off gains of similar magnitude may not materialise and, coupled with the numerous headwinds and externalities that the Group has limited control over, the Group's reported results in 2023 is expected to be affected.

The Group remains focused on the key strategic pillars: creating long term shareholder value, including exploring value accretive transactions and increase operational efficiencies with the aim to enhance margin and profitability; maintaining robust financial profile; leveraging on the Group's geographical and business diversity; as well as focusing on Sustainability progress. The Group will continue to exercise the usual financial discipline by closely monitoring working capital management across all divisions and ensuring investment activities are consistent with maintaining our current investment grade ratings.

Fok Kin Ning, Canning

Group Co-Managing Director

Hong Kong, 16 March 2023

Operations Review – Additional Information

Ports and Related Services

The following tables summarise the port operations for the four segments of the division.

Name	Location	The Group's Effective Interest	2022 Throughput (100% basis) (million TEU)
HPH Trust			
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	8.9
Yantian International Container Terminals – Phase I and II/ Phase III/ West Port	Mainland China	16.96% / 15.53% / 15.53%	13.6
Huizhou International Container Terminals	Mainland China	12.42%	0.2
Ancillary Services – Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	30.07% / 30.07% / 26.02%	–

Name	Location	Hutchison Ports' Effective Interest ⁽¹⁾	2022 Throughput (100% basis) (million TEU)
Mainland China and Other Hong Kong			
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	30% / 30%	8.4
Ningbo Beilun International Container Terminals	Mainland China	49%	2.1
River Trade Terminal	Hong Kong	50%	0.9
Ports in Southern China – Nanhai International Container Terminals ⁽²⁾ / Jiangmen International Container Terminals ⁽²⁾ / Huizhou Port Industrial Corporation/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	50% / 50% / 33.59% / 49% / 49%	1.8

Note 1: The Group holds an 80% interest in Hutchison Ports Holdings Group (“Hutchison Ports”).

Note 2: Although HPH Trust holds the economic interest in the two River Ports in Nanhai and Jiangmen in Southern China, the legal interests in these operations are retained by this division.

Name	Location	Hutchison Ports' Effective Interest ⁽¹⁾	2022 Throughput (100% basis) (million TEU)
Europe			
Europe Container Terminals (ECT)/ Delta Terminal/Delta II Terminal, ECT/ Euromax Terminal, ECT/ Amsterdam Container Terminals/TMA logistics	Belgium, Germany and The Netherlands	93.5% / 89.37% / 100% / 60.78% / 100% / 50%	10.5
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	3.4
Barcelona Europe South Terminal	Spain	100%	2.5
Gdynia Container Terminal	Poland	100%	0.4
Hutchison Ports Stockholm	Sweden	100%	–
Asia, Australia and Others			
Westports Malaysia	Malaysia	23.55%	10.1
Jakarta International Container Terminal/Koja Terminal	Indonesia	48.9% / 45.09%	2.9
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2.7
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	3.7
Karachi International Container Terminal/South Asia Pakistan Terminals	Pakistan	100% / 90%	1.5
Saigon International Terminals Vietnam	Vietnam	70%	–
Myanmar International Terminals Thilawa	Myanmar	100%	0.1
Brisbane Container Terminals/Sydney International Container Terminals	Australia	100% / 100%	0.7
Tanzania International Container Terminal Services ⁽³⁾	Tanzania	60%	0.7
Alexandria International Container Terminals	Egypt	73.33%	0.7
Oman International Container Terminal	Oman	65%	0.7
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Hutchison Ports RAK	United Arab Emirates	60%	0.1
Hutchison Ports UAQ	United Arab Emirates	60%	–
Hutchison Ports Basra	Iraq	51%	–
Hutchison Ports Jazan Limited ⁽⁴⁾	Saudi Arabia	60%	–
Internacional de Contenedores Asociados de Veracruz/ Lazaro Cardenas Terminal Portuaria de Contenedores/ Lazaro Cardenas Multipurpose Terminal/ Ensenada International Terminal/ Terminal Internacional de Manzanillo	Mexico	100%	3.2
Buenos Aires Container Terminal Services	Argentina	100%	–
Freeport Container Port	The Bahamas	51%	1.6
Panama Ports Company	Panama	90%	3.2

Note 3: Tanzania International Container Terminal Services' concession ended on 31 December 2022.

Note 4: Hutchison Ports Jazan in Saudi Arabia has commenced operation from Q3 2022.

Operations Review – Additional Information

Retail

Brand list by Market

Market	Brand
Albania	Rossmann
Belgium	ICI PARIS XL, Kruidvat
Czech Republic	Rossmann
Germany	Rossmann
Hong Kong	Watsons, PARKnSHOP, Fortress, Watson's Wine, Watsons Water, Mr Juicy
Hungary	Rossmann
Indonesia	Watsons
Ireland	The Perfume Shop, Superdrug
Kosovo	Rossmann
Latvia	Drogas
Luxembourg	ICI PARIS XL
Macau	Watsons, PARKnSHOP, Fortress, Watson's Wine
Mainland China	Watsons, PARKnSHOP Yonghui, Watson's Wine, Watsons Water, Mr Juicy
Malaysia	Watsons
The Netherlands	ICI PARIS XL, Kruidvat, Trekpleister
The Philippines	Watsons
Poland	Rossmann
Qatar	Watsons ⁽¹⁾
Saudi Arabia	Watsons ⁽¹⁾
Singapore	Watsons
Spain	Rossmann
Taiwan	Watsons
Thailand	Watsons
Turkey	Watsons, Rossmann
United Arab Emirates	Watsons ⁽¹⁾
United Kingdom	The Perfume Shop, Superdrug, Savers
Ukraine	Watsons
Vietnam	Watsons

Note 1: Part of the franchise business with Al-Futtaim.

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks Powercor Australia Limited The CitiPower Trust Australian Gas Networks Limited Australian Energy Operations Pty Ltd. CK William Group	Electricity Distribution Electricity Distribution Electricity Distribution Gas Distribution Electricity Transmission Electricity distribution, gas transmission and distribution, and provision of electricity generation solutions	CKI: 23.07%; Power Assets: 27.93% CKI: 23.07%; Power Assets: 27.93% CKI: 23.07%; Power Assets: 27.93% CKH: 27.51% ⁽¹⁾ ; CKI: 44.97%; Power Assets: 27.51% CKI: 50%; Power Assets: 50% CKI: 40%; Power Assets: 20%
Canada	Canadian Power Holdings Inc. Park'N Fly Husky Midstream Limited Partnership Reliance	Electricity Generation Off-airport Parking Oil pipelines and storage Building Equipment Services	CKI: 50%; Power Assets: 50% CKH: 5% ⁽¹⁾ ; CKI: 65%; Power Assets: 10% CKI: 16.25%; Power Assets: 48.75% CKI: 25%
Germany	ista	Energy Management Services	CKI: 35%
Hong Kong	Power Assets Holdings Limited ("Power Assets") Alliance Construction Materials Limited Green Island Cement Company, Limited Anderson Asphalt Limited	Holding company of a 33.37% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas Infrastructure Materials Infrastructure Materials Infrastructure Materials	CKI: 36.01% CKI: 50% CKI: 100% CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited Guangdong GITIC Green Island Cement Co. Ltd. Shen-Shan Highway (Eastern Section) Shantou Bay Bridge Panyu Beidou Bridge	Infrastructure Materials Infrastructure Materials Toll Road Toll Bridge Toll Bridge	CKI: 100% CKI: 66.5% CKI: 33.5% CKI: 30% CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 3.5% ⁽¹⁾ ; CKI: 45.5%; Power Assets: 27%
New Zealand	Wellington Electricity Lines Limited Enviro (NZ) Limited	Electricity Distribution Waste Management	CKI: 50%; Power Assets: 50% CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
United Kingdom	UK Power Networks Holdings Limited Northumbrian Water Group Limited Northern Gas Networks Limited Wales & West Utilities Limited Seabank Power Limited Southern Water Services Limited UK Rails S.à r.l.	Electricity Distribution Water Supply, Sewerage and Waste Water businesses Gas Distribution Gas Distribution Electricity Generation Water and Wastewater Services Leasing of Rolling Stock	CKI: 40%; Power Assets: 40% CKHH: 3% ⁽¹⁾⁽²⁾ ; CKI: 39% ⁽²⁾ , Power Assets: 6% ⁽²⁾ CKI: 47.06%; Power Assets: 41.29% CKHH: 3% ⁽¹⁾ ; CKI: 39%; Power Assets: 36% CKI: 25%; Power Assets: 25% CKI: 1.79% CKHH: 5% ⁽¹⁾ ; CKI: 65%, Power Assets: 10%

Note 1: Represents CKHH's direct interest.

Note 2: CKHH, CKI and Power Assets disposed of 1%, 13% and 2% direct interest in Northumbrian Water respectively in December 2022.

Operations Review – Additional Information

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	700 MHz	5 MHz	2	Paired	20 MHz
	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 MHz
	1800 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3400 MHz	5 MHz	4	Unpaired	20 MHz
	3500 MHz	40 MHz	1	Unpaired	40 MHz
	3600 MHz	80 MHz	1	Unpaired	80 MHz
	3900 MHz	84 MHz	1	Unpaired	84 MHz
	28 GHz (National)	112 MHz	2	Unpaired	224 MHz
	28 GHz (Regional)	112 MHz	2	Unpaired	224 MHz
Italy	40 GHz	1000 MHz	2	Unpaired	2000 MHz
	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	15 MHz	2	Unpaired	30 MHz
	3600 MHz	20 MHz	1	Unpaired	20 MHz
Austria	27 GHz	200 MHz	1	Unpaired	200 MHz
	700 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1500 MHz	10 MHz	3	Unpaired	30 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	5 MHz	5	Paired	50 MHz
	2600 MHz	25 MHz	1	Unpaired	25 MHz
Sweden	3500 MHz	10 MHz	10	Unpaired	100 MHz
	800 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
Denmark	3500 MHz	100 MHz	1	Unpaired	100 MHz
	700 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	10 MHz	2	Paired	40 MHz
	2100 MHz	5 MHz	2	Paired	20 MHz
	2100 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
	3500 MHz	80 MHz	1	Unpaired	80 MHz
	3500 MHz	10 MHz	4	Unpaired	40 MHz
26 GHz	200 MHz	3	Unpaired	600 MHz	
	26 GHz	400 MHz	1	Unpaired	400 MHz

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
Ireland	700 MHz ⁽¹⁾	5 MHz	2	Paired	20 MHz
	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	5 MHz	7	Paired	70 MHz
	2100 MHz ⁽²⁾	5 MHz	6	Paired	60 MHz
	2100 MHz ⁽²⁾	5 MHz	1	Unpaired	5 MHz
	2100 MHz ⁽¹⁾	5 MHz	4	Paired	40 MHz
	2600 MHz ⁽¹⁾	5 MHz	7	Paired	70 MHz
	3600 MHz	5 MHz	20	Unpaired	100MHz
Hong Kong	700 MHz ⁽³⁾	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz ⁽⁴⁾	5 MHz	1	Paired	10 MHz
	2600 MHz ⁽⁴⁾⁽⁵⁾	15 MHz	1	Paired	30 MHz
	3300 MHz	10 MHz	3	Unpaired	30 MHz
Macau	3500 MHz	10 MHz	4	Unpaired	40 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
Indonesia	2100 MHz	5 MHz	1	Paired	10 MHz
	900 MHz ⁽⁶⁾	12.5 MHz	1	Paired	25 MHz
	1800 MHz ⁽⁶⁾	20 MHz	1	Paired	40 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz ⁽⁶⁾⁽⁷⁾	5 MHz	2	Paired	20 MHz
Sri Lanka	2100 MHz	5 MHz	3	Paired	30 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	7.5 MHz	2	Paired	30 MHz
Vietnam	2100 MHz	5 MHz	4	Paired	40 MHz
	900 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz ⁽⁸⁾	15 MHz	1	Paired	30 MHz

Note 1: Acquired in January 2023.

Note 2: Expired in October 2022.

Note 3: Activated in June 2022.

Note 4: Spectrum held by 50/50 joint venture with PCCW.

Note 5: A subsidiary of HTHKH successfully bid 10 MHz at the 2600 MHz spectrum band for a 15-year period to 2039, commencing immediately upon the expiry of the existing licence held by the joint venture in March 2024.

Note 6: Spectrum acquired through merger of Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") in January 2022.

Note 7: One pair of 2100 MHz spectrum was returned to the Indonesian government in December 2022, reducing to two pairs as of the end of 2022.

Note 8: Spectrum shared with Viettel Mobile.

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

At 31 December 2022, approximately 34% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates (31 December 2021 – 31% floating; 69% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately 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 these interest rate swaps, approximately 27% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 73% were at fixed rates at 31 December 2022 (31 December 2021 – 26% floating; 74% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

Foreign Currency Exposure

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

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and British Pounds. Reported EBITDA⁽¹⁾ for 2022 was HK\$119,010 million and, on a recurring basis (excluding the gain on disposal of tower assets completed in 2022, disposal gain from the Group's Indonesia telecommunication business merger, non-cash impairment of goodwill of the Group's telecommunication businesses in Italy and Sri Lanka and the Group's share of Cenovus Energy's non-cash impairment on certain refinery assets), 49% was derived from European operations, including 23% from the UK. At 31 December 2022, of the Group's total principal amount of bank and other debts after currency swap arrangements, 42% and 4% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 14% Euro and 7% British Pounds denominated cash and cash equivalents. As a result, 74% and 1% of the Group's consolidated net debt⁽²⁾ of HK\$133,109 million were denominated in Euro and British Pounds respectively. Net assets⁽³⁾ was HK\$660,554 million, with 17% and 21% attributable to Continental Europe and UK operations respectively.

At 31 December 2022, the Group's total principal amount of bank and other debts were denominated as follows: 35% in Euro, 49% in US dollars, 2% in HK dollars, 5% in British Pounds and 9% in other currencies. The Group had currency swap arrangements with banks to swap US dollar and British Pounds principal amount of borrowings equivalent to HK\$20,720 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 42% in Euro, 43% in US dollars, 2% in HK dollars, 4% in British Pounds and 9% in other currencies.

For purposes of illustrating the Group's currency sensitivity, based on the recurring results for 2022, a 10% depreciation of British Pounds would result in a HK\$2.3 billion decrease in EBITDA, a HK\$0.5 billion decrease in NPAT, HK\$0.1 billion decrease in net debt and 0.3%-point increase on net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK\$2.5 billion decrease in EBITDA, a HK\$0.6 billion decrease in NPAT, HK\$9.8 billion decrease in net debt and 0.8%-point decrease on net debt to net total capital ratio. Actual sensitivity will depend on actual results and cash flows for the period under consideration.

Credit Exposure

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

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

Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook) respectively. The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A on the S&P Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom"), a wholly-owned subsidiary of the Group, obtained long term credit rating from Moody's, S&P and Fitch at Baa1 (stable outlook), A- (stable outlook) and A- (stable outlook) respectively. CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

Market Price Risk

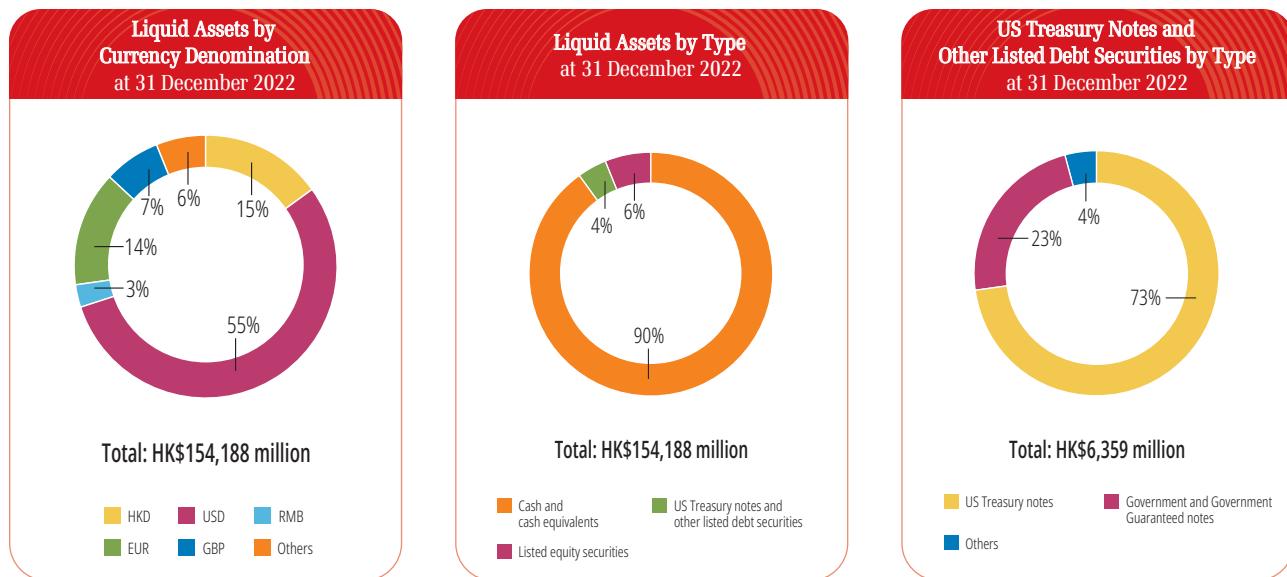
The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 10% (31 December 2021 – approximately 5%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Note 1: Under Post-IFRS 16 basis, EBITDA for 2022 was HK\$142,132 million (31 December 2021 – HK\$135,653 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 31 December 2022 was HK\$132,042 million (31 December 2021 – HK\$166,893 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 31 December 2022 was HK\$647,309 million (31 December 2021 – HK\$644,255 million).

Group Capital Resources and Liquidity



Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$154,188 million at 31 December 2022, a decrease of 4% from the balance of HK\$161,360 million at 31 December 2021, mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, redemption of perpetual capital securities, capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 15% in HK dollars, 55% in US dollars, 3% in Renminbi, 14% in Euro, 7% in British Pounds and 6% in other currencies.

Cash and cash equivalents represented 90% (31 December 2021 – 95%) of the liquid assets, US Treasury notes and other listed debt securities 4% (31 December 2021 – 4%) and listed equity securities 6% (31 December 2021 – 1%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 73%, government and government guaranteed notes of 23% and others of 4%. Of these US Treasury notes and other listed debt securities, 99% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 2.6 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

EBITDA for 2022 was HK\$119,010 million, an increase of 7% compared to HK\$111,227 million last year. Consolidated funds from operations ⁽⁴⁾ ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK\$47,040 million for 2022, a decrease of 14% against last year of HK\$54,508 million.

The Group's capital expenditures (including licences, brand name and other rights) for 2022 amounted to HK\$26,219 million (31 December 2021 – HK\$41,076 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK\$3,801 million (31 December 2021 – HK\$3,630 million); for the retail division HK\$2,387 million (31 December 2021 – HK\$2,525 million); for the infrastructure division HK\$477 million (31 December 2021 – HK\$367 million); for CK Hutchison Group Telecom HK\$19,069 million (31 December 2021 – HK\$30,289 million); for HAT HK\$349 million (31 December 2021 – HK\$4,110 million); and for the finance and investments and others segment HK\$136 million (31 December 2021 – HK\$155 million).

Note 4: Under Post-IFRS 16 basis, FFO for 2022 was HK\$61,294 million (31 December 2021 – HK\$71,264 million).

The Group's dividends received from associated companies and joint ventures for 2022 amounted to HK\$12,783 million (31 December 2021 – HK\$11,102 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK\$3,128 million (31 December 2021 – HK\$2,599 million); for the retail division HK\$1,635 million (31 December 2021 – HK\$1,977 million); for the infrastructure division HK\$6,368 million (31 December 2021 – HK\$5,937 million); for HAT HK\$415 million (31 December 2021 – nil); and for the finance and investments and others segment HK\$1,237 million (31 December 2021 – HK\$589 million).

The Group's purchases of and advances to associated companies and joint ventures for 2022 amounted to HK\$3,464 million (31 December 2021 – HK\$1,753 million). Purchases of and advances to associated companies and joint ventures for the ports and related services division amounted to HK\$77 million (31 December 2021 – HK\$39 million); for the retail division nil (31 December 2021 – HK\$22 million); for the infrastructure division HK\$168 million (31 December 2021 – HK\$1,569 million); for CK Hutchison Group Telecom HK\$46 million (31 December 2021 – HK\$54 million); for HAT HK\$3,019 million (30 December 2021 – nil); and for the finance and investments and others segment HK\$154 million (31 December 2021 – HK\$69 million).

Net cash inflow before financing activities ⁽⁵⁾ was HK\$37,863 million, an increase of 14% compared to HK\$33,102 million last year, reflecting favourable working capital movements, lower capital expenditures, partly offset by lower proceeds received from tower sales.

The capital expenditures and investments of the Group are primarily funded by cash generated from operations, cash on hand and to the extent appropriate, by external borrowings.

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(b)(v) and the "Consolidated Statement of Cash Flows" section of this Annual Report.

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2022 amounted to HK\$287,297 million (31 December 2021 – HK\$329,529 million) which comprises principal amount of bank and other debts of HK\$284,674 million (31 December 2021 – HK\$326,357 million) and unamortised fair value adjustments arising from acquisitions of HK\$2,623 million (31 December 2021 – HK\$3,172 million). The Group's total principal amount of bank and other debts at 31 December 2022 consist of 66% notes and bonds (31 December 2021 – 69%) and 34% bank and other loans (31 December 2021 – 31%). The Group's weighted average cost of debt for the year ended 31 December 2022 is 2.0% (31 December 2021 – 1.6%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$2,567 million as at 31 December 2022 (31 December 2021 – HK\$759 million).

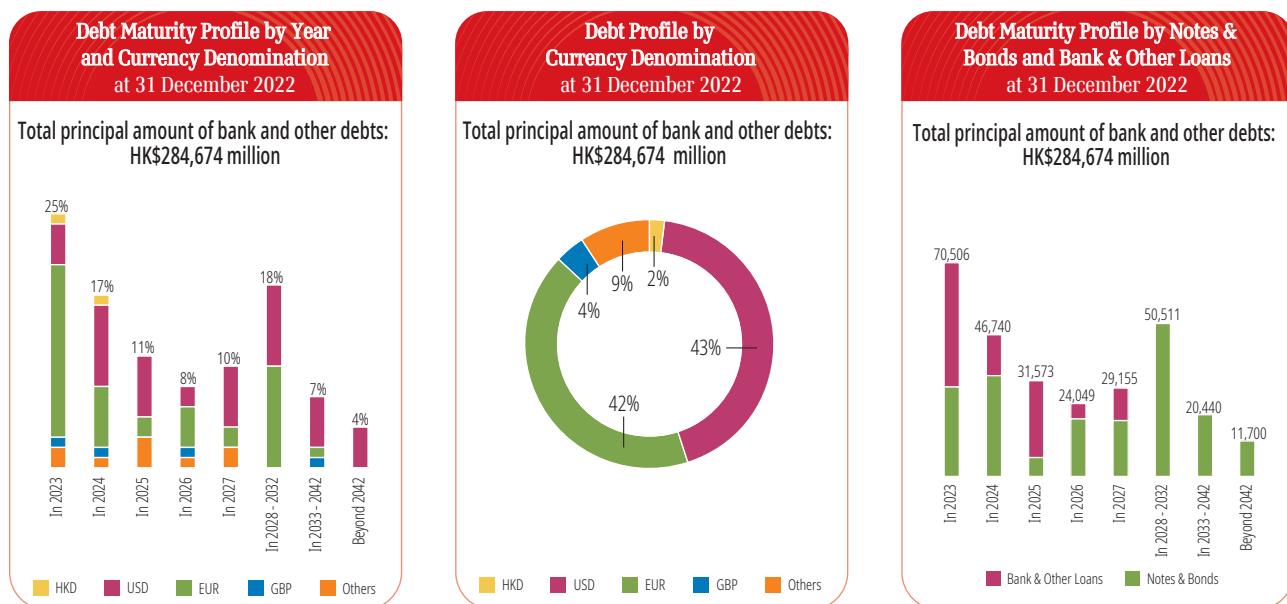
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2022 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In 2023	1%	4%	17%	1%	2%	25%
In 2024	1%	8%	6%	1%	1%	17%
In 2025	–	6%	2%	–	3%	11%
In 2026	–	2%	4%	1%	1%	8%
In 2027	–	6%	2%	–	2%	10%
In 2028 – 2032	–	8%	10%	–	–	18%
In 2033 – 2042	–	5%	1%	1%	–	7%
Beyond 2042	–	4%	–	–	–	4%
Total	2%	43%	42%	4%	9%	100%

The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate the maturity dates of any outstanding consolidated Group's debt.

Note 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for 2022 was HK\$52,358 million (31 December 2021 – HK\$51,634 million).

Group Capital Resources and Liquidity



Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2022 were as follows:

- In January, repaid US\$1,500 million (approximately HK\$11,700 million) principal amount of fixed rate notes on maturity;
- In March, repaid AUD550 million (approximately HK\$3,136 million) of floating rate term loan on maturity and obtained a five year floating rate term loan facility of the same amount;
- In March, prepaid two floating rate loan facilities of HK\$1,650 million each maturing in May 2022;
- In March, repaid a floating rate term loan facility of US\$200 million (approximately HK\$1,560 million) on maturity;
- In March, obtained a three year floating rate term loan facility of SEK3,660 million (approximately HK\$3,074 million);
- In April, repaid a floating rate term loan facility of SEK4,300 million (approximately HK\$3,612 million) on maturity;
- In April, repaid a floating rate term loan facility of SEK1,800 million (approximately HK\$1,512 million) on maturity;
- In May, US\$1,000 million (approximately HK\$7,800 million) subordinated guaranteed perpetual capital securities issued were redeemed in full;
- In May, repaid two floating rate term loan facilities of AUD200 million (approximately HK\$1,118 million) and AUD300 million (approximately HK\$1,678 million) on maturity and obtained two five year floating rate loan facilities of AUD200 million (approximately HK\$1,118 million) and AUD300 million (approximately HK\$1,678 million);
- In May, repaid a floating rate term loan facility of AUD300 million (approximately HK\$1,677 million) on maturity and obtained a five year floating rate loan facility with the same amount;
- In May, obtained a three year floating rate term loan facility of US\$2,100 million (approximately HK\$16,380 million);
- In May, prepaid a floating rate term loan facility of US\$1,800 million (approximately HK\$14,040 million) maturing in July 2022;
- In June, repaid EUR750 million (approximately HK\$6,308 million) principal amount of fixed rate notes on maturity;
- In July, obtained a five year floating rate term loan facility of US\$322 million (approximately HK\$2,512 million);
- In September, obtained a five year floating rate term loan facility of US\$400 million (approximately HK\$3,120 million);
- In October, obtained a three year floating rate revolving credit facility of EUR300 million (approximately HK\$2,409 million); and
- In November, repaid US\$500 million (approximately HK\$3,900 million) principal amount of fixed rate notes on maturity.

Furthermore, the significant debt financing activity undertaken by the Group subsequent to the year ended 31 December 2022 was as follows:

- In February 2023, repaid a floating rate term loan facility of US\$1,300 million (approximately HK\$10,140 million) on maturity; and
- In February 2023, obtained a three year term loan facility of EUR800 million (approximately HK\$6,776 million).

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities⁽⁶⁾ increased to HK\$537,530 million as at 31 December 2022, compared to HK\$537,212 million as at 31 December 2021, reflecting the profit for 2022, partly offset by the Group's 2021 final and 2022 interim dividends and distributions paid, redemption of perpetual capital securities and other items recognised directly in reserves.

Perpetual capital securities are optionally redeemable capital instruments and provides the Group an alternative source of non-dilutive capital to support its capital management objectives. The Group has issued these instruments since 2010 and remains committed to keeping a sufficient amount of such instruments outstanding in our capital structure as are required from time to time to support our current long term investment grade credit ratings and satisfy rating agencies requirements to continue to assign equity credit to such instruments. If the Group redeems such securities, it is the management's intention to replace such securities with instruments that are equally recognised as capital instrument by the credit rating agencies ahead of such redemption to the extent required for such purpose.

As at 31 December 2022, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$133,109 million (31 December 2021 – HK\$168,169 million), a 21% decrease compared to the net debt at the beginning of the year primarily due to proceeds received from tower sales and net cash generated from operating activities, partly offset by dividend payments, redemption of perpetual capital securities and capital expenditure and investment spending. The Group's consolidated net debt to net total capital ratio⁽⁷⁾ was 16.7% as at 31 December 2022 (31 December 2021 – 20.3%). The Group's consolidated cash and liquid investments as at 31 December 2022 were sufficient to repay all of the Group's outstanding debt maturing before 31 December 2025 and cover 22% of outstanding debt due in 2026.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK\$5,049 million (31 December 2021 – HK\$3,668 million) in 2022 was HK\$1,768 million (31 December 2021 – HK\$3,376 million). EBITDA of HK\$119,010 million (31 December 2021 – HK\$111,227 million) and FFO excluding net interest⁽⁸⁾ of HK\$48,808 million (31 December 2021 – HK\$57,884 million) for the year covered consolidated net interest expenses and other finance costs 64.5 times (31 December 2021 – 31.9 times) and 27.6 times (31 December 2021 – 17.2 times) respectively.

Secured Financing

At 31 December 2022, assets of the Group totalling HK\$1,442 million (31 December 2021 – HK\$1,440 million) were pledged as security for bank loans.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn as at 31 December 2022 amounted to the equivalent of HK\$8,252 million (31 December 2021 – HK\$10,794 million).

Contingent Liabilities

At 31 December 2022, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$4,856 million (31 December 2021 – HK\$5,058 million), of which HK\$4,623 million (31 December 2021 – HK\$4,602 million) has been drawn down as at 31 December 2022 and also provided performance and other guarantees of HK\$5,033 million (31 December 2021 – HK\$8,353 million).

Note 6: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 31 December 2022 was HK\$528,074 million (31 December 2021 – HK\$525,566 million).

Note 7: Under Post-IFRS 16 basis, net debt to net total capital ratio for 2022 was 16.9% (31 December 2021 – 20.5%).

Note 8: Under Post-IFRS 16 basis, FFO excluding net interest for 2022 was HK\$65,296 million (31 December 2021 – HK\$78,173 million).

Risk Factors

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Global Economy

As a global business, the Group is exposed to the developments in the global economy as well as developments in the industries and geographical markets in which it operates. As a result, the Group's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect the Group's financial condition or results of operations.

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

The Group's overall success as a global business depends, in part, upon its ability to succeed in different economic, social, and political conditions. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which the Group conducts business could have a material adverse effect on the Group's financial condition and results of operations.

Industry Trends, Interest Rates and Currency Markets

The Group's results are affected by trends in the industries in which it operates, including the ports and related services, retail, infrastructure and telecommunications industries. While the Group believes that its diverse operations, geographical spread and extensive customer base reduce its exposure to particular industry cycles, its results have in the past been adversely affected by industry trends. For example, the Group's results have been negatively impacted by declines in retail consumer sentiment, decline in the value of securities investments, and volatility in currencies and interest rates, as well as increase in inflationary pressures, including energy costs. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon interest rates, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and results of operations.

COVID-19 Pandemic

In January 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on 11 March 2020 it was declared a pandemic. To date, the COVID-19 virus has spread to many countries, with significant number of reported cases and related deaths.

In response to the COVID-19 outbreak and resurgences, many countries and companies have imposed various restrictive measures to keep the pandemic in check, including restrictions on international and local travel, public gatherings and participation in meetings, as well as temporary closures of universities, schools, stores and restaurants, with some countries imposing strict curfews and lockdowns. Recently, an increasing number of countries began to relax the restrictions imposed and the global economy gradually shows signs of recovery. However, the Group cannot predict when the COVID-19 outbreak and resurgences will become completely under control or whether there may be another wave of outbreak or resurgence. There can also be no assurance that these restrictions will not be imposed again. These measures have led to lockdowns in areas where the Group has operations, and have had and may continue to have an adverse effect in the short to medium term on the Group's operations, particularly the ports and related services and retail operations, among others.

The Group continues to monitor the evolving developments closely. The impact of the pandemic on the Group's business will depend on a range of factors which the Group is not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants of COVID-19, and the nature and severity of

measures adopted by governments. If the COVID-19 pandemic persists or is not effectively controlled or the measures taken to prevent its spread are not effectively implemented, the Group's business could be impacted in a number of ways, including:

- the deterioration of socio-economic conditions leading to disruptions to the Group's operations, such as reduction in the Group's ports operation's throughput as a result of factory closures in the Mainland or reduced demand in Europe and the US, or mandatory store closures and a decline in footfall in the Group's retail stores;
- reductions or volatility in consumer demand for the Group's products due to quarantine or illness, or other travel restrictions, economic hardship, or retail closures, which may impact the Group's revenue and market share;
- significant volatility in financial markets (including interest rate and foreign currency rate volatilities) and commodities market and measures adopted by governments and central banks, which may limit the Group's access to funds, lead to shortages of cash or increase the cost of raising such funds; and
- an adverse impact on the Group's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

These impacts have threatened and could continue to threaten the Group's facilities and transport of the Group's products, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of the Group's employees, and have and could continue to have a material adverse effect on the Group's results of operations, cash flows and financial condition.

To date, there is still significant uncertainty relating to the severity of the long-term adverse impact of the pandemic on the global economy and global financial markets, and the Group is unable to accurately predict the long-term impact on its business. To the extent that the pandemic adversely affects the Group's business and operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

The aforementioned risks may also be applicable to the outbreak of any highly contagious diseases on the economies of the affected countries.

Cash Flow and Liquidity

From time to time, the Group accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital markets and the Group's credit and Environmental, Social and Governance (ESG) ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances or other factors such as how the Group formulates, implements and integrates its strategies (including sustainability strategy) in relation to its core businesses. If liquidity in the capital markets declines, credit and/or ESG ratings of the Group decline or other factors, the availability and cost of borrowings could be affected and impact the Group's financial condition and results of operations, liquidity and cash flows.

Currency Fluctuations

The Group reports its results in Hong Kong dollars but its subsidiaries, associates and joint ventures around the world receive revenue and incur expenses in around 50 different local currencies. The Group's subsidiaries, associates and joint ventures may also incur debt in these local currencies. Consequently, the Group is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries, associates and joint ventures and also on repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Hong Kong dollar could have a material adverse effect on the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. New market entrants, intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- continued consolidation and vertical integrations of international shipping lines that are major clients of the Group's ports operations. Shipping lines are increasingly investing in seaports and in their own dedicated terminal facilities and may not require the use of the Group's terminal facilities;

Risk Factors

- significant competition and pricing pressure regularly experienced by the retail business of the Group from both online and brick and mortar retail competitors, as well as shifting consumer behaviours to online, are expected to continue, which may materially and adversely affect the financial performance of the Group's retail operations;
- new market entrants and intensified price competition among existing market players of the Group's non-regulated infrastructure businesses could adversely affect the financial performance of the Group's non-regulated infrastructure businesses;
- new services, aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and
- risk of competition from disruptive alternate telecommunications access technologies and potential competition in the future from substitute telecommunications technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

Retail Product Liability

The Group's retail operations may be subject to product liability claims if consumers are injured or otherwise harmed by the products purchased from them. Customers count on the Group's retail operations to provide them with safe products. Concerns regarding the safety of food and non-food products that are sourced from a wide variety of suppliers could cause shoppers to avoid purchasing certain products from the Group's retail operations, even if the basis for the concern may be outside of the Group's control. Claims, recalls or actions could be based on allegations that, among other things, the products sold by the retail operations are misbranded, contain contaminants or impermissible ingredients, provide inadequate instructions regarding their use or misuse, include inadequate warnings concerning flammability or interactions with other substances or in the case of any handset and other electrical devices that the retail operations sell, are not fit for purpose or pose a safety hazard. While the Group maintains product liability insurance coverage in amounts and with deductibles that the Group believes are prudent, there can be no assurance that the coverage will be applicable and adequate to cover all possible adverse outcomes of claims and legal proceedings against the Group. Any material shortfall in coverage may have an adverse impact on the results of the Group's retail operations. In addition, any lost confidence on the part of the Group's customers would be difficult and costly to re-establish. As such, any material issue regarding the safety of any food and non-food items that the Group sells, regardless of the cause, could materially and adversely affect the business, and results of the Group's retail operations.

Strategic Partners

The Group conducts some of its businesses through non-wholly-owned subsidiaries, associates and joint ventures in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, other investors in the Group's non-wholly-owned subsidiaries, associates and joint ventures may undergo a change of control or financial difficulties, which may negatively impact the Group's financial condition and results of operations.

In addition, following the disposal of the Group's interests in tower assets supporting the Group's mobile businesses in Austria, Denmark, Ireland, Italy, Sweden and the UK, respectively, to Cellnex, the Group's ability to provide telecommunications services in such jurisdictions depends, in part, on Cellnex, which through its operating subsidiaries has entered into master services agreements with subsidiaries of the Group operating the Group's telecommunications business in the relevant jurisdictions. While each master services agreement provides for Cellnex to provide infrastructure and built-to-suit services to the Group's telecommunication business in such jurisdictions, such agreements may be terminated for cause by either party and may be partially terminated in respect of part of the telecommunications infrastructure services which are affected by any material failure to meet service levels. Should any of these arrangements be terminated, this could result in delays or disruptions to the Group's telecommunications operations in the relevant jurisdictions and could result in the Group incurring additional costs. There can be no assurance that changes in the relationship or rearrangements between the Group and Cellnex will not materially and adversely affect the Group's financial condition and results of operations.

Future Growth

The Group continues to cautiously expand the scale and geographic spread of its businesses through investment in organic growth, as well as undertaking selective mergers, acquisitions and disposal activities if appropriate opportunities in the market arise. Success of the Group's mergers and acquisitions will depend on, among other things, the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully, or a longer than projected period to realise the expected synergies, will not have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group has made substantial investments in acquiring telecommunications licences and developing and upgrading its mobile networks and growing its customer bases in Europe, Hong Kong and Macau, Asia, and Australia. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to retain and build its customer bases. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may materially and adversely impact the Group's financial condition and results of operations.

As of 31 December 2022, the Group had a total deferred tax asset balance ⁽¹⁾ of HK\$16,954 million, of which HK\$15,071 million were attributable to the CK Hutchison Group Telecom mobile operations. The ultimate realisation of deferred tax assets recognised depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries and locations that CK Hutchison Group Telecom operates, taxation losses may be carried forward indefinitely. In addition, in the UK, the Group benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from its other businesses in the same period. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cash flow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on the Group's financial condition and results of operations.

Completion Risk of Mergers, Acquisitions and Disposals

The Group may from time to time engage in mergers, acquisitions, joint ventures, other consolidation transactions between its businesses and certain third party companies (including competitors), or disposals. Such transactions are typically subject to merger, anti-trust and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. There can be no assurance that such approvals or other conditions would be obtained or satisfied and even if such approvals are obtained, third parties may initiate proceedings to appeal against such approvals. If a proposed transaction is prohibited or the relevant approvals are revoked and the transaction cannot be completed, the Group will have incurred significant legal, accounting and other costs in connection with the transaction without realising its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, the Group's financial position and results of operations could be negatively impacted. In the case of potential mergers or acquisitions, such third party companies may also choose to merge with or be acquired by another of the Group's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority or if a transaction is approved but such approval is subsequently revoked, it could have a material adverse impact on the Group's business, financial condition and results of operations.

Impact of National, European Union and International Law and Regulatory Requirements

As a global business, the Group is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. The Group operates in many countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the European Union ("EU") or the World Trade Organisation ("WTO") or national authorities. These include:

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU (see "Risk Factors – UK's Exit from the EU" for further details), as well as government-determined tariff resets of the Group's regulated infrastructure assets;
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to the Group's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- state aid and/or state subsidy control rules which could require the repayment of grants or other financial support if aid or subsidies have been provided by national governments and/or public authorities to the Group's businesses;
- changes in the process of or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses;
- conditions or criteria to obtaining or maintaining assets that may be viewed by governments or regulatory authorities as critical assets for national security purposes, for example in the telecommunications and ports sectors; and
- environmental, safety, employee and consumer protection laws, rules and regulations.

Note 1: Under Post-IFRS 16 basis, the Group had a total deferred tax asset balance of HK\$18,509 million, of which HK\$15,195 million were attributable to the CK Hutchison Group Telecom mobile operations.

Risk Factors

There can be no assurance that the European institutions and/or the regulatory authorities of the countries in which the Group operates will not make decisions or interpret and implement regulations in a manner that materially and adversely affect the Group's financial condition and results of operations in the future.

Ports are often viewed by governments as critical national assets and in many countries are subject to government control and regulations. Regime or sentiment changes in less politically stable countries may affect port concessions granted to foreign international ports operations including the Group's ports operations.

Certain infrastructure investments of the Group (for example, water, gas and electricity distribution) are subject to regulatory pricing and strict licensing requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licensing requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Furthermore, certain regulated operations of the Group's investments are subject to price control by government regulatory authorities. The relevant government regulatory authorities will periodically review and reset the price control terms for certain projects in accordance with a predetermined timetable. There can be no assurance that such events or price resets will not have a material adverse effect on the Group's financial conditions and results of operations.

New policies or measures by governments, whether fiscal, regulatory or other changes, may pose a risk to the overall investment return of the Group's infrastructure businesses and may delay or prevent the commercial operation of a business with a resulting loss of revenue and profit.

The Group is only permitted to provide telecommunications services and operate networks under licences (including spectrum licences for mobile telecommunications) and/or authorisations granted under the national laws of each country in which it operates. Some spectrum licences have historically been issued for fixed terms and subsequently renewed and/or reauctioned. There can be no assurance, however, that any application for the renewal or participation in any auction of one or more of these licences will be successful or granted on equivalent or satisfactory terms. Governments and/or regulatory authorities may also impose auction rules and/or licence conditions relating to national security, which could result in an operator being denied access to the spectrum and/or revocation of a licence.

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future (including 5G) and will likely face competition for any such licences. Due to changes in legislation, the Group's mobile telecommunications licences in the UK and Italy effectively provide for perpetual renewal rights. Telecommunications licences (including spectrum licences) and authorisations may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its business (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process or the conditions or criteria to, obtaining or maintaining spectrum or other licences necessary for the Group's mobile telecommunications business, could result in the Group facing unforeseen competition and/or could materially and adversely affect the Group's financial condition and results of operations.

Accounting

The Hong Kong Institute of Certified Public Accountants ("HKICPA") is continuing its policy of issuing Hong Kong Financial Reporting Standards ("HKFRS"), amendments and interpretations that fully converge with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). HKICPA has issued and may in the future issue more new and revised standards, amendments and interpretations, including those required to conform to standards, amendments and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new HKFRS will not have a significant impact on the Group's financial condition and results of operations.

Impact of Regulatory Reviews

The Group and some of its subsidiaries and associates are listed on various stock exchanges around the world and are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies and/or other regulatory authorities. While all the Group's publicly listed companies endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the Group's interpretations and judgements and that any required actions mandated by the authorities will not have an adverse impact on the Group's reported financial position and results of operations.

Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods and typhoons. The occurrence of any such damage could disrupt the Group's business materially and adversely affect the Group's financial condition and results of operations.

Although the Group has not experienced any significant structural damage to infrastructure projects or ports or other facilities from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's infrastructure projects, ports or other facilities, or to the general supporting infrastructure facilities in the vicinity, which could materially and adversely affect the Group's financial condition and results of operations.

Climate Change

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create, a number of negative effects to the environment including loss of sea ice, rise in sea levels, and more frequent and severe weather events.

Some of the Group's assets, businesses and supply chain are located in areas that would be affected in the medium to long term by the effects of climate change. Extreme weather events may also pose increased risks for the Group's stakeholders such as the Group's employees, customers and suppliers living and working in those locations. Further, as many countries seek to transition to low carbon economies, governments are increasingly introducing legislations to restrict emissions and incentivise environmental protection measures. Other market changes may also influence the Group's business such as changing consumer preferences in favour of companies that are more sustainable.

Together these physical and transition risks arising from climate change could have a material impact on the Group's business and adversely affect the Group's financial condition and results of operations.

Political Unrest, Terrorist Attacks and Military Tensions

The Group has presence in about 50 countries around the world. There can be no assurance that all of these countries will remain politically stable or immune to terrorist attacks or military tensions, and if any of these countries suffers from political unrest or terrorist attacks or military tensions, it may have an adverse impact on the Group's financial condition and results of operations.

Impact of Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control ("OFAC") of the US and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners or suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Risk Factors

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of the networks, systems and data base of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources. The Group may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within the Group's business are expected to intensify. For example, the General Data Protection Regulation (2016/679/EU), which came into effect in May 2018, introduced a number of changes to EU data protection legislation such as permitting national supervisory authorities in the EU to levy administrative penalties of up to 4 per cent. of companies' global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial condition and results of operations.

UK's Exit from the EU

The UK formally left the EU on 31 January 2020. As agreed in the withdrawal agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before.

The UK-EU Trade and Cooperation Agreement ("TCA") was finalised on 24 December 2020 and came into force from 1 January 2021. The TCA sets out all aspects of the new UK-EU relationship, such as trade, security, areas of ongoing collaboration/cooperation and governance.

The long-term impact of the UK's decision to leave the EU is not known and will depend on the implementation of the final terms agreed between the UK and the EU in the TCA as well as on the UK's ability to secure favourable trade and investment terms with countries outside the EU. There is considerable uncertainty as to the impact of the UK's exit from the EU on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the impact of the UK's departure from the EU and, in particular, no assurance can be given that such matters would not adversely affect the Group's financial condition and results of operations.

Past Performance and Forward Looking Statements

The performance and the results of the operations of the Group contained in the 2022 annual report are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within the 2022 annual report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in the 2022 annual report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Information on Directors

BIOGRAPHICAL DETAILS OF DIRECTORS

LI Tzar Kuoi, Victor

aged 58, has been a Director of the Company since December 2014. He was designated as Executive Director, Managing Director and Deputy Chairman of the Company in January 2015, re-designated as Executive Director, Group Co-Managing Director and Deputy Chairman of the Company in June 2015, and appointed as Chairman of the Company since May 2018. Mr Li has been a member of the Remuneration Committee and Nomination Committee of the Company since May 2018 and January 2019 respectively. In 1985, he joined Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)", previously listed on The Stock Exchange of Hong Kong Limited (the "SEHK") until its listing status was replaced by the Company in March 2015), and acted as Deputy Managing Director from 1993 to 1998. He was Deputy Chairman of Cheung Kong (Holdings) since 1994, Managing Director since 1999 and Chairman of the Executive Committee since 2013 until June 2015. From 1995 to 2015, he was an Executive Director of Hutchison Whampoa Limited ("HWL", which was listed on the SEHK until it was privatised in June 2015 and became a wholly-owned subsidiary of the Company), and Deputy Chairman from 1999 to 2015. Mr Li is Chairman, Managing Director and Executive Director of CK Asset Holdings Limited ("CKA"), Chairman of CK Infrastructure Holdings Limited ("CKI") and CK Life Sciences Int'l., (Holdings) Inc. ("CKLS"), a Non-executive Director of Power Assets Holdings Limited ("Power Assets") and HK Electric Investments Manager Limited ("HKEIML") as the trustee-manager of HK Electric Investments ("HKEI") and a Non-executive Director and Deputy Chairman of HK Electric Investments Limited ("HKEIL"). Except CKA, the aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Li has oversight as Director of the Company. Mr Li is also the Deputy Chairman of Li Ka Shing Foundation Limited ("LKSF") and Li Ka Shing (Global) Foundation, Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. Mr Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He was previously a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region. Mr Li is the elder son of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) of the Company, and a nephew of Mr Kam Hing Lam, Deputy Managing Director of the Company. Mr Li is a director of certain substantial shareholders of the Company and certain companies controlled by certain substantial shareholders of the Company. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.).

FOK Kin Ning, Canning

aged 71, has been a Non-executive Director of the Company since January 2015 and was re-designated as an Executive Director and Group Co-Managing Director of the Company in June 2015. Mr Fok was a Director of Cheung Kong (Holdings) since 1985 and became a Non-executive Director in 1993 until June 2015. He was an Executive Director of HWL from 1984 to 2015 and Group Managing Director from 1993 to 2015. He is also Chairman of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), Hutchison Telecommunications (Australia) Limited ("HTAL"), Hutchison Port Holdings Management Pte. Limited ("HPHM") as the trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"), Power Assets, TPG Telecom Limited ("TPG"), HKEIML as the trustee-manager of HKEI, and HKEIL, Deputy Chairman of CKI, a Director of Cenovus Energy Inc. ("Cenovus Energy") and Deputy President Commissioner of PT Indosat Tbk ("Indosat"). The aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Fok has oversight as Director of the Company. Mr Fok is a director of certain companies controlled by a substantial shareholder (within the meaning of the SFO) of the Company. He holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Information on Directors

Frank John SIXT

aged 71, has been a Non-executive Director of the Company since January 2015 and was re-designated as an Executive Director, Group Finance Director and Deputy Managing Director of the Company in June 2015. He has been Chairman of the Sustainability Committee of the Company since June 2020. Mr Sixt was an Executive Director of Cheung Kong (Holdings) since 1991 and became a Non-executive Director in 1998 until June 2015. He was an Executive Director of HWL from 1991 to 2015 and Group Finance Director from 1998 to 2015. Mr Sixt is also Non-executive Chairman of TOM Group Limited ("TOM"), an Executive Director of CKI, a Director of HTAL and Cenovus Energy, a Non-executive Director of TPG, a Commissioner of Indosat and an Alternate Director to Directors of HTAL, HKEIML as the trustee-manager of HKEI, and HKEIL. The aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Sixt has oversight as Director of the Company. He has almost four decades of legal, global finance and risk management experience, and possesses deep expertise in overseeing financial reporting system, risk management and internal control systems as well as sustainability issues and related risks. Mr Sixt is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by certain substantial shareholders of the Company. He holds a Master's degree in Arts and a Bachelor's degree in Civil Law, and is a member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

IP Tak Chuen, Edmond

aged 70, has been a Director of the Company since December 2014 and was designated as an Executive Director and Deputy Managing Director of the Company in January 2015. He was an Executive Director of Cheung Kong (Holdings) since 1993 and Deputy Managing Director since 2005, both until June 2015. Mr Ip is also an Executive Director and Deputy Managing Director of CKA, an Executive Director and Deputy Chairman of CKI, Senior Vice President and Chief Investment Officer of CKLS, and a Non-executive Director of Hui Xian Asset Management Limited ("HXAML") as the manager of Hui Xian Real Estate Investment Trust ("Hui Xian REIT"). Except CKA and HXAML, the aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Ip has oversight as Director of the Company. Mr Ip is a director of certain companies controlled by certain substantial shareholders (within the meaning of the SFO) of the Company. He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration.

KAM Hing Lam

aged 76, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He was Deputy Managing Director of Cheung Kong (Holdings) and an Executive Director of HWL since 1993 until June 2015. He is also an Executive Director and Deputy Managing Director of CKA, Group Managing Director of CKI, President of CKLS and Chairman of HXAML as the manager of Hui Xian REIT. Except CKA and HXAML, the aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Kam has oversight as Director of the Company. Prior to joining the Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. He is the brother-in-law of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder (within the meaning of the SFO) of the Company, and an uncle of Mr Li Tzar Kuoi, Victor, Chairman and Group Co-Managing Director of the Company. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

LAI Kai Ming, Dominic

aged 69, has been an Executive Director and Deputy Managing Director of the Company since June 2015. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of the Group, from 1994 to 1997 and Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000. Mr Lai was an Executive Director of HWL from 2000 to 2015. He is also a Non-executive Director of HTHKH, a Director of HTAL, a Commissioner of PT Duta Intidaya Tbk ("PTDI") and an Alternate Director to Directors of HTHKH, HTAL and TOM. The aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Lai has oversight as Director of the Company. Mr Lai has over 35 years of management experience in different industries. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

Edith SHIH

aged 71, has been an Executive Director of the Company since January 2017 and a member of the Sustainability Committee of the Company since June 2020. Ms Shih has been the Company Secretary of the Company since June 2015 and was the Head Group General Counsel of the Company from June 2015 to March 2017. Prior to that, Ms Shih was the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. Ms Shih is in addition a Non-executive Director of HTHKH, HUTCHMED (China) Limited ("HUTCHMED") and HPHM as the trustee-manager of HPH Trust as well as a Commissioner of PTDI. The aforementioned companies are either subsidiaries or associated companies of the Group of which Ms Shih has oversight as Director of the Company. She has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is a past International President and current member of the Council of The Chartered Governance Institute ("CGI") as well as a past President and current Honorary Adviser of The Hong Kong Chartered Governance Institute ("HKCGI") and current chairperson of its Nomination Committee. Further, she is also Chairman of the Process Review Panel for the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) and a member of the Securities and Futures Appeals Tribunal and of the Executive Committee and Council of The Hong Kong Management Association. Ms Shih is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the CGI and HKCGI, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree and a Master of Arts degree from the University of the Philippines as well as a Master of Arts degree and a Master of Education degree from Columbia University, New York.

CHOW Kun Chee, Roland

aged 85, has been a Non-executive Director of the Company since January 2015. He was a Director of Cheung Kong (Holdings) since 1993 until June 2015. He was an Independent Non-executive Director of Cheung Kong (Holdings) prior to his re-designation as a Non-executive Director of Cheung Kong (Holdings) in September 2004. Mr Chow is a solicitor of the High Court of the Hong Kong Special Administrative Region and a consultant of Messrs Herbert Tsoi & Partners, Solicitors and Notaries. He is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by certain substantial shareholders of the Company. Mr Chow holds a Master of Laws degree from the University of London.

LEE Yeh Kwong, Charles

GBM, GBS, OBE, JP, aged 86, has been a Non-executive Director of the Company since January 2015. Mr Lee was a Director of Cheung Kong (Holdings) from August 1972 to March 1997 and a Non-executive Director of Cheung Kong (Holdings) and of HWL from January 2013 to June 2015. He is a Vice Patron of The Community Chest of Hong Kong as well as a member of the Board of Governors of Our Hong Kong Foundation. Mr Lee is one of the founders of Woo Kwan Lee & Lo, a major law firm in Hong Kong. He was previously the President and Chairman of the Board of The Community Chest of Hong Kong. Mr Lee holds a Master's degree in law and is a qualified solicitor in both Hong Kong and the United Kingdom. He was awarded the degree of Doctor of Laws honoris causa by The Hong Kong University of Science and Technology, the degree of Doctor of Business Administration honoris causa by The Hong Kong Polytechnic University and the degree of Doctor of Social Sciences honoris causa by the University of Hong Kong and The Hong Kong Metropolitan University respectively. Mr Lee is also a Chartered Secretary and Chartered Governance Professional.

George Colin MAGNUS

OBE, BBS, aged 87, has been a Non-executive Director of the Company since January 2015. He acted as an Executive Director of Cheung Kong (Holdings) since 1980 and Deputy Chairman since 1985 until he retired from these offices in October 2005. He was a Non-executive Director of Cheung Kong (Holdings) since November 2005 until June 2015. Mr Magnus was an Executive Director of HWL from 1980 to 2005, Deputy Chairman from 1984 to 1993 and a Non-executive Director from 2005 to 2015. He is also a Non-executive Director of CKI and an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL. Mr Magnus holds a Master's degree in Economics from King's College, Cambridge.

Information on Directors

WOO Mo Fong, Susan (alias CHOW WOOF Fong, Susan)

aged 69, has been a Non-executive Director of the Company since January 2017. She was an Executive Director and Group Deputy Managing Director of the Company from June 2015 to July 2016, Senior Advisor of the Company from August 2016 to December 2016, Executive Director of HWL from 1993 to 2015 and Deputy Group Managing Director of HWL from 1998 to 2015. Prior to joining HWL, Mrs Chow was a partner of Woo Kwan Lee & Lo, a major law firm in Hong Kong. Mrs Chow is also a Director of HTAL, an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited and an Alternate Director to Directors of CKI, HKEIML as the trustee-manager of HKEI, and HKEIL. She previously served as a member of the Listing Committee of the SEHK, the Joint Liaison Committee on Taxation of the Law Society of Hong Kong, the Committee on Real Estate Investment Trusts (the "REIT Committee") of the Securities and Futures Commission, the Trade and Industry Advisory Board, the Court of The Hong Kong University of Science and Technology and the Appeal Boards Panel (Education). Mrs Chow is a qualified solicitor and holds a Bachelor's degree in Business Administration.

Philip Lawrence KADOORIE

aged 31, has been an Independent Non-executive Director of the Company since 16 December 2022. He is a Non-executive Director of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited. He is also a Director of Sir Elly Kadoorie & Sons Limited, Heliservices (Hong Kong) Limited and Metrojet Limited. Mr Kadoorie has substantial experience in the power generation, transmission and distribution industry in Hong Kong, the Mainland China, Australia, India and Southeast Asia as well as global market experience in the power industry, providing general perspectives on global economic trends and opportunities. He also possesses property industry experience. Mr Kadoorie holds a Bachelor of Science Degree in Communication from Boston University and a FAA Commercial Pilot's Licence.

LAU Yau Fun, Sophie (alias LEUNG LAU Yau Fun, Sophie)

GBS, SBS, OBE, JP, aged 77, has been an Independent Non-executive Director of the Company since December 2021 and a member of the Nomination Committee of the Company since 29 August 2022. She was a member of the Legislative Council of the Hong Kong Special Administrative Region from 1996 to 2012, representing the textile and garment industry, and was a Deputy of the National People's Congress of the People's Republic of China from 2003 to 2017. Mrs Leung is a director since the 1970s of a number of large textile conglomerates in Hong Kong with businesses extending globally. She is also a member of several key government and non-government organisations and institutes that support and enhance the development of the textile and garment industry in Hong Kong and Southern China. Mrs Leung is widely recognised for her public service contributions to the development and implementation of the health care system in Hong Kong. She was a founding member of the Hospital Authority. Her commitment is further reflected in her chairmanship in the governing committees and management boards of major hospitals such as Queen Mary Hospital, Castle Peak Hospital, Tsan Yuk Hospital, Yan Chai Hospital, Our Lady of Maryknoll Hospital and the privately funded Hong Kong Sanatorium & Hospital. Mrs Leung was a member of the Financial Reporting Council of Hong Kong from its establishment in 2006 to 2012. She is the founder and Chairperson of The Young Entrepreneurs Development Council and the Honorary President and founding member of the Hong Kong Federation of Women. Mrs Leung has always been focused on corporate governance and co-founded the Hong Kong Institute of Directors in 1997 to nurture directors of companies listed on the SEHK. She was also the founding Chairperson of the Women's Commission in early 2001 and Vice-Chairperson of the United Nations Children's Fund (UNICEF) in Hong Kong. Mrs Leung holds a Bachelor of Mathematics and Computer Science degree from the University of Illinois. She has been awarded Honorary University Fellowships by The Hong Kong Metropolitan University and Lingnan University, Hong Kong.

LEE Wai Mun, Rose

JP, aged 70, has been an Independent Non-executive Director of the Company since June 2015 and a member of the Audit Committee of the Company since 29 August 2022. She was an Independent Non-executive Director of HWL from 2012 to 2015. She is also an Independent Non-executive Director of Swire Pacific Limited and MTR Corporation Limited, a Board Member of the West Kowloon Cultural District Authority, a member of its Investment Committee, as well as Vice Patron of The Community Chest of Hong Kong. Ms Lee was previously the Vice-Chairman and Chief Executive of Hang Seng Bank Limited, Group General Manager of HSBC Holdings plc, Director of The Hongkong and Shanghai Banking Corporation Limited, Chairman of the Board of Governors of The Hang Seng University of Hong Kong and Vice President of The Hong Kong Institute of Bankers. Ms Lee is a Fellow of The Hong Kong Institute of Bankers. She holds a Bachelor's degree in Business Administration.

Paul Joseph TIGHE

aged 66, has been an Independent Non-executive Director of the Company since December 2020 and a member of the Audit Committee of the Company since May 2021. He is an Independent Non-executive Director of CKI and CKLS. He has over 35 years of experience in government and public policy, and has held various positions at the headquarters of the Department of Foreign Affairs and Trade in Canberra, Australia, including as head of the Department's Trade and Economic Policy Division, head of the Diplomatic Security, Information Management and Services Division, head of the Agriculture and Resources Branch and Director of the International Economic Analysis Section. Mr Tighe previously worked in, among others, the Secretariat of, and served as Counsellor to, the Organisation for Economic Co-operation and Development in Paris. He holds a Bachelor of Science degree from the University of New South Wales.

WONG Kwai Lam

aged 73, has been an Independent Non-executive Director of the Company since May 2020, a member and the Chairman of the Audit Committee of the Company since May 2020 and 29 August 2022 respectively and a member of the Remuneration Committee of the Company since May 2020. Mr Wong is an Independent Non-executive Director of HPHM as trustee-manager of HPH Trust, ARA Asset Management (Prosperity) Limited as manager of Prosperity Real Estate Investment Trust, K. Wah International Holdings Limited, LHIL Manager Limited as trustee-manager of Langham Hospitality Investments and Langham Hospitality Investments Limited. He has over 30 years of experience in the commercial and investment banking industry. He worked with Merrill Lynch (Asia Pacific) Limited ("Merrill Lynch") from May 1993 to August 2009 where he served as a Managing Director in the Asia Investment Banking Division since January 1995. He was appointed as a Senior Client Advisor to Merrill Lynch in September 2009 and served in that position for one year. Prior to joining Merrill Lynch, Mr Wong had been a Director in the Investment Banking Division of CS First Boston (Hong Kong) Limited and a Director and the Head of Primary Market in Standard Chartered Asia Limited. Mr Wong is currently Chairman of IncitAdv Consultants Limited, Chairman of Hong Kong Grand Opera Company Limited, Vice Chairman of the Board of Trustees and a member of the Investment Sub-committee of the Board of Trustees of New Asia College of The Chinese University of Hong Kong, Director of CUHK Medical Centre Limited and Advisor of The Chamber of Hong Kong Listed Companies. He is a former member of the Advisory Committee and the REIT Committee of the Securities and Futures Commission in Hong Kong. Mr Wong holds a Bachelor of Arts degree and a PhD degree.

Information on Directors

WONG Yick-ming, Rosanna

DBE, JP, aged 70, has been an Independent Non-executive Director of the Company since January 2015, Chairman of the Remuneration Committee of the Company since March 2015, a member and Chairman of the Nomination Committee of the Company since January 2019 and November 2020 respectively, and a member of the Sustainability Committee of the Company since June 2020. She was an Independent Non-executive Director of Cheung Kong (Holdings) since 2001 until June 2015. She was previously an Alternate Director to Directors of the Company and Cheung Kong (Holdings). Dr Wong is an Independent Non-executive Director of HTHKH and The Hongkong and Shanghai Hotels, Limited, the Senior Advisor of The Hong Kong Federation of Youth Groups ("HKFYG"), an Honorary Steward of The Hong Kong Jockey Club, a member of the Board of Governors of Our Hong Kong Foundation and Chairman of Asia International School Limited. She was previously the Executive Director of HKFYG, Non-executive Chairman of the Advisory Committee of The Hongkong Bank Foundation, an Independent Non-executive Director of The Hongkong and Shanghai Banking Corporation Limited, Chairman and member of the Consultation Panel of the West Kowloon Cultural District Authority and a member of the 13th National Committee of the CPPCC of the People's Republic of China and of The Hong Kong University of Science and Technology Business School Advisory Council. She holds a Doctor of Philosophy degree in Sociology from the University of California (Davis), U.S.A. and has been awarded Honorary Doctorates by The Chinese University of Hong Kong, The Hong Kong Polytechnic University, the University of Hong Kong, The Education University of Hong Kong (formerly The Hong Kong Institute of Education) and the University of Toronto, Canada. Dr Wong is also an Honorary Fellow of the London School of Economics and Political Science.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B)(1) of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), the changes in information of Directors of the Company, as notified to the Company, subsequent to the date of the 2022 Interim Report or the date of announcement on appointment of Director are set out below:

Directors	Details of Changes
Li Tzar Kuoi, Victor	Appointed as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China effective from March 2023 following the expiration of the 13th National Committee Appointed as a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region on 17 March 2023
Lee Wai Mun, Rose	Appointed as a member of the Audit Committee of the Company on 29 August 2022
Leung Lau Yau Fun, Sophie	Appointed as a member of the Nomination Committee of the Company on 29 August 2022
Wong Kwai Lam	Appointed as Chairman of the Audit Committee of the Company on 29 August 2022
Wong Yick-ming, Rosanna	Bestowed as an Honorary Steward of The Hong Kong Jockey Club on 15 August 2022 Ceased to be a member of the National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China in March 2023

In respect of the change in emoluments of Directors, please refer to note 6 to the financial statements on pages 162 and 163.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "CKHH Securities Code") were as follows:

(I) Interests and short positions in the shares, underlying shares and debentures of the Company

Long positions in the shares of the Company

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding ⁽⁸⁾
Li Tzar Kuoi, Victor	Beneficiary of trusts	Other interest	1,161,272,710 ⁽¹⁾)		
	Beneficial owner	Personal interest	220,000)		
	Interest of controlled corporations	Corporate interest	3,523,850 ⁽²⁾)		
	Interest of spouse	Family interest	200,000)		
	Interest of child	Family interest	205,200 ⁽³⁾)	1,165,421,760	30.4284%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,011,438 ⁽⁴⁾)	6,011,438	0.1569%
Frank John Sixt	Beneficial owner	Personal interest	166,800	166,800	0.0043%
Kam Hing Lam	Beneficial owner	Personal interest	51,040)		
	Interest of child	Family interest	57,360)	108,400	0.0028%
Lai Kai Ming, Dominic	Beneficial owner	Personal interest	34,200	34,200	0.0008%
Edith Shih	Beneficial owner	Personal interest	187,125)		
	Interest of spouse	Family interest	5,062)	192,187	0.0050%
Chow Kun Chee, Roland	Beneficial owner	Personal interest	99,752	99,752	0.0026%
Chow Woo Mo Fong, Susan	Beneficial owner	Personal interest	129,960	129,960	0.0033%
Lee Yeh Kwong, Charles	Beneficial owner	Personal interest	862,124)		
	Interest of spouse	Family interest	37,620)		
	Interest of a controlled corporation	Corporate interest	6,840 ⁽⁵⁾)	906,584	0.0236%

Information on Directors

Directors	Capacity	Nature of Interests	Number of Shares Held	Total	Approximate % of Shareholding ⁽⁸⁾
George Colin Magnus	Founder and/or beneficiary of a discretionary trust	Other interest	833,868 ⁽⁶⁾)		
)		
)		
	Beneficial owner	Personal interest	85,361)		
)		
	Interest of spouse	Family interest	16,771)	936,000	0.0244%
Philip Lawrence Kadoorie	Beneficiary of a discretionary trust	Other interest	7,380,860 ⁽⁷⁾	7,380,860	0.1927%
Leung Lau Yau Fun, Sophie	Beneficial owner	Personal interest	10,000)		
)		
	Interest of spouse	Family interest	1,000)	11,000	0.0002%

Notes:

(1) The 1,161,272,710 shares of the Company comprise:

- (a) 1,004,457,744 shares held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). Mr Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

- (b) 72,387,720 shares held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT3 related companies"). Mr Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr Li Tzar Kuoi, Victor, his wife and children, and Mr Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

- (c) 84,427,246 shares held by a company controlled by TDT3 as trustee of DT3.

- (2) Among those shares,
 - (a) 300,000 shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at its general meetings.
 - (b) 2,272,350 shares are held by certain companies of which Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.
 - (c) 951,500 shares are held by a company which is equally controlled by Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor.
- (3) Such shares are held by a company in which a child of Mr Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings.
- (4) Such shares are held by a company which is equally controlled by Mr Fok Kin Ning, Canning and his spouse.
- (5) Such shares are held by a company of which Mr Lee Yeh Kwong, Charles is interested in the entire issued share capital.
- (6) 184,000 shares are held by a company controlled by a trust of which Mr George Colin Magnus is a discretionary beneficiary and 649,868 shares are indirectly held by a discretionary trust of which Mr George Colin Magnus is the settlor and/or a discretionary beneficiary.
- (7) Such shares are ultimately held by a discretionary trust of which Mr Philip Lawrence Kadoorie is one of the discretionary beneficiaries.
- (8) The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2022, being 3,830,044,500 shares.

(II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

Long positions in the shares, underlying shares and debentures of the associated corporations of the Company

As at 31 December 2022, Mr Li Tzar Kuoi, Victor, as a Director of the Company, was deemed to be interested in the following by virtue of, inter alia, his interests as described in Note (1) above:

- (i) 5,428,000 ordinary shares, representing approximately 0.21% of the issued voting shares, in CKI held by TUT1 as trustee of UT1;
- (ii) 398,826 ordinary shares, representing approximately 0.008% of the issued voting shares, in HTHKH of which 245,546 ordinary shares are held by TUT1 as trustee of UT1 and 153,280 ordinary shares are held by TUT3 as trustee of UT3;
- (iii) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beutiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1; and
- (iv) 2,700,000 share stapled units, representing approximately 0.03% of the issued voting share stapled units, in HKEI and HKEIL held by TUT1 as trustee of UT1.

As at 31 December 2022, Mr Li Tzar Kuoi, Victor was also deemed to be interested in (i) 5,170,000 share stapled units, representing approximately 0.05% of the issued voting share stapled units, in HKEI and HKEIL held by LKSF; (ii) 2,835,759,715 ordinary shares, representing approximately 29.50% of the issued voting shares, in CKLS held by wholly owned subsidiaries of LKSF; and (iii) 350,527,953 ordinary shares, representing approximately 7.27% of the issued voting shares, in HTHKH held by LKSF. By virtue of the terms of the constituent documents of LKSF, Mr Li may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at its general meetings.

In addition, Mr Li Tzar Kuoi, Victor had, as at 31 December 2022, the following interests:

- (i) personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS held in his capacity as a beneficial owner;
- (ii) family interests in (a) 192,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by a company of which his child is entitled to exercise or control the exercise of one-third or more of the voting power at its general meetings; and (b) 227,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKI held by his spouse; and

Information on Directors

- (iii) corporate interests in (a) 2,519,250 ordinary shares, representing approximately 0.05% of the issued voting shares, in HTHKH; and (b) a nominal amount of US\$10,000,000 in the 4.20% Guaranteed Perpetual Capital Securities issued by Cheung Kong Infrastructure Finance (BVI) Limited, which are held by companies of which Mr Li is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

Mr Fok Kin Ning, Canning had, as at 31 December 2022, the following interests:

- (i) 5,100,000 ordinary shares, representing approximately 0.03% of the issued voting shares, in HTAL comprising personal and corporate interests in 4,100,000 ordinary shares and 1,000,000 ordinary shares respectively;
- (ii) family interests in 267,400 ordinary shares, representing approximately 0.03% of the issued voting shares, in HUTCHMED held by his spouse;
- (iii) corporate interests in 1,202,380 ordinary shares, representing approximately 0.02% of the issued voting shares, in HTHKH;
- (iv) corporate interests in 2,000,000 share stapled units, representing approximately 0.02% of the issued voting share stapled units, in HKEI and HKEIL; and
- (v) corporate interests in 1,500,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in CKLS.

Mr Fok Kin Ning, Canning holds the above personal interests in his capacity as a beneficial owner and holds the above corporate interests through a company which is equally controlled by Mr Fok and his spouse.

Mr Frank John Sixt in his capacity as a beneficial owner had, as at 31 December 2022, personal interests in (i) 1,000,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in HTAL; (ii) 255,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH; (iii) 900,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; and (iv) 492,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM.

Mr Ip Tak Chuen, Edmond in his capacity as a beneficial owner had, as at 31 December 2022, personal interests in 2,250,000 ordinary shares, representing approximately 0.02% of the issued voting shares, in CKLS.

Mr Kam Hing Lam had, as at 31 December 2022, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner; and
- (ii) family interests in (a) 100,000 ordinary shares, representing approximately 0.004% of the issued voting shares, in Power Assets; (b) 1,025,000 share stapled units, representing approximately 0.01% of the issued voting share stapled units, in HKEI and HKEIL; and (c) 6,225,000 ordinary shares, representing approximately 0.06% of the issued voting shares, in CKLS held by his child.

Ms Edith Shih in her capacity as a beneficial owner had, as at 31 December 2022, personal interests in 700,000 ordinary shares and 100,000 American depositary shares (each representing five ordinary shares), in aggregate representing approximately 0.13% of the issued voting shares, in HUTCHMED.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 31 December 2022, personal interests in (i) 10,000 ordinary shares, representing approximately 0.0003% of the issued voting shares, in CKI; (ii) 903,936 ordinary shares, representing approximately 0.009% of the issued voting shares, in CKLS; (iii) 134,918 ordinary shares, representing approximately 0.006% of the issued voting shares, in Power Assets; (iv) 582,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in TOM; and (v) 33,730 share stapled units, representing approximately 0.0003% of the issued voting share stapled units, in HKEI and HKEIL.

Mrs Chow Woo Mo Fong, Susan in her capacity as a beneficial owner had, as at 31 December 2022, personal interests in 250,000 ordinary shares, representing approximately 0.005% of the issued voting shares, in HTHKH.

Mr Lee Yeh Kwong, Charles had, as at 31 December 2022, the following interests:

- (i) personal interests in 100,000 ordinary shares, representing approximately 0.003% of the issued voting shares, in CKI held in his capacity as a beneficial owner;
- (ii) 247,000 ordinary shares, representing approximately 0.01% of the issued voting shares, in Power Assets comprising corporate interests in 100,000 ordinary shares held through a company of which Mr Lee is interested in the entire issued share capital and family interests in 147,000 ordinary shares held by his spouse; and
- (iii) corporate interests in 25,000 share stapled units, representing approximately 0.0002% of the issued voting share stapled units, in HKEI and HKEIL held through a company of which Mr Lee is interested in the entire issued share capital.

Mr George Colin Magnus had, as at 31 December 2022, the following interests:

- (i) 13,333 ordinary shares, representing approximately 0.0002% of the issued voting shares, in HTHKH comprising personal interests in 13,201 ordinary shares held in his capacity as a beneficial owner and family interests in 132 ordinary shares held by his spouse; and
- (ii) 765,000 ordinary shares, representing approximately 0.007% of the issued voting shares, in CKLS comprising (a) personal interests in 753,360 ordinary shares held in his capacity as a beneficial owner; (b) family interests in 600 ordinary shares held by his spouse; and (c) other interests in 11,040 ordinary shares held by a company controlled by a trust of which Mr Magnus is a discretionary beneficiary.

Ms Lee Wai Mun, Rose had, as at 31 December 2022, personal interests in 2,200 ordinary shares, representing approximately 0.0001% of the issued voting shares, in Power Assets held in her capacity as a beneficial owner.

Mrs Leung Lau Yau Fun, Sophie had, as at 31 December 2022, the following interests:

- (i) personal interests in 6,000 ordinary shares, representing approximately 0.0001% of the issued voting shares, in TOM held in her capacity as a beneficial owner;
- (ii) family interests in 2,400 ordinary shares, representing approximately 0.00002% of the issued voting shares, in CKLS held by her spouse; and
- (iii) corporate interests in (a) 100,000 share stapled units, representing approximately 0.001% of the issued voting share stapled units, in HKEI and HKEIL; (b) 200,000 ordinary shares, representing approximately 0.009% of the issued voting shares, in Power Assets; and (c) a nominal amount of US\$1,000,000 in the 7.5% Notes due 2027 issued by Hutchison Whampoa Finance (CI) Limited, which are held by a company (as trustee of a charitable trust) of which Mrs Leung is interested in one-third of the entire issued share capital.

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executives of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the CKHH Securities Code.

Certain Directors held qualifying shares in certain subsidiaries of the Company on trust for other subsidiaries.

Information on Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2022, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the core businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Core Business Activities of the Company and its subsidiaries:

- (1) Ports and related services
- (2) Retail
- (3) Infrastructure
- (4) Telecommunications

Interests in Competing Business:

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Victor T K Li	CKA	Chairman and Managing Director	(3)
	CKLS	Chairman	(2)
	HKEIML as trustee-manager of HKEI, and HKEIL	Deputy Chairman of HKEIL and Non-executive Director of both HKEIML and HKEIL	(3)
	Power Assets	Non-executive Director	(3)
Fok Kin Ning, Canning	HKEIML as trustee-manager of HKEI, and HKEIL	Chairman	(3)
	HPHM as trustee-manager of HPH Trust	Chairman	(1)
	Power Assets	Chairman	(3)
	Indosat	Deputy President Commissioner [#]	(4)
Frank John Sixt	TPG	Chairman	(4)
	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3)
	Indosat	Commissioner [#]	(4)
	TOM	Non-executive Chairman	(4)
	TPG	Non-executive Director	(4)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Ip Tak Chuen, Edmond	CKA	Deputy Managing Director	(3)
	CKLS	Senior Vice President and Chief Investment Officer	(2)
Kam Hing Lam	CKA	Deputy Managing Director	(3)
	CKLS	President	(2)
Lai Kai Ming, Dominic	TOM	Alternate Director	(4)
Edith Shih	HPM as trustee-manager of HPH Trust	Non-executive Director	(1)
Chow Woo Mo Fong, Susan	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3)

Appointed on 4 January 2022

Save as disclosed above, none of the Directors is interested in any businesses (apart from the businesses of the Company or its subsidiaries) which compete or are likely to compete, either directly or indirectly, with the core businesses of the Company or its subsidiaries during the year.

Information on Senior Management

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

The Company is engaged in four core businesses, each with a Managing Director who oversees the operations of the relevant business, with his own team of executives, under the guidance of the Board and supported by executives from the head office of the Company. The senior management of the Company comprises the Managing Directors of these core businesses and the executives in charge of major head office functions of the Company.

CHEUNG Kwan Hoi

aged 58, has been Group Deputy Chief Financial Officer of the Company since June 2015 and also Group Corporate Development Director since January 2023. He was the Group Deputy Chief Financial Officer of Hutchison Whampoa Limited ("HWL", which was listed on The Stock Exchange of Hong Kong Limited (the "SEHK") until it was privatised in June 2015 and became a wholly-owned subsidiary of the Company) from 2011 to 2015. He has been with the CK Hutchison Holdings Limited group (the "Group") for over 25 years in various finance and accounting roles and has over 34 years of experience in accounting and finance. He holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Management Science. He is a member of both the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants.

IP Sing Chi

aged 69, has been Group Managing Director of Hutchison Port Holdings Limited, the Company's ports division, since 2014 and has been with the Group since 1993. He is an Executive Director of Hutchison Port Holdings Management Pte. Limited ("HPHM") as trustee-manager of Hutchison Port Holdings Trust ("HPH Trust"). He is also a Non-independent Non-executive Director of Westports Holdings Berhad, an Independent Non-executive Director of Piraeus Port Authority S.A. and a Non-executive Director of Orient Overseas (International) Limited and COSCO SHIPPING Development Co., Ltd.. He was previously an Independent Non-executive Director of COSCO SHIPPING Energy Transportation Co., Ltd.. In addition, Mr Ip was a member of the Hong Kong Port Development Council from 2009 until the end of December 2014 and was the founding Chairman (in 2000-2001) of the Hong Kong Container Terminal Operators Association Limited. He has over 40 years of experience in the maritime industry. He holds a Bachelor of Arts degree.

KAM Hing Lam

aged 76, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He is the founding Group Managing Director of CK Infrastructure Holdings Limited, the infrastructure arm of the Company, and the founding President of CK Life Sciences Int'l., (Holdings) Inc., the agriculture-related/nutraceutical/pharmaceutical business of the Company. Mr Kam was Deputy Managing Director of Cheung Kong (Holdings) Limited (previously listed on the SEHK until its listing status was replaced by the Company in March 2015) since 1993 until June 2015. He was an Executive Director of HWL from 1993 to 2015. Mr Kam is in addition an Executive Director and a Deputy Managing Director of CK Asset Holdings Limited ("CKA") and the Chairman and a Non-executive Director of Hui Xian Asset Management Limited ("HXAML") as the manager of Hui Xian Real Estate Investment Trust. Except CKA and HXAML, the aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Kam has oversight as Director of the Company. Prior to joining the Group, Mr Kam had more than 20 years of experience in senior and regional capacities at major US multinational companies, including Johnson and Johnson, American Express and Levi Strauss. He is the brother-in-law of Mr Li Ka-shing, the Senior Advisor and a substantial shareholder (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) of the Company, and an uncle of Mr Li Tzar Kuoi, Victor, Chairman and Group Co-Managing Director of the Company. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.

LAI Kai Ming, Dominic

aged 69, has been an Executive Director and Deputy Managing Director of the Company since June 2015. He was Finance Director and Chief Operating Officer of the A.S. Watson Group, the retail arm of the Group, from 1994 to 1997; Group Managing Director of the Harbour Plaza Hotel Management Group, the former hotel business of HWL, from 1998 to 2000 and an Executive Director of HWL from 2000 to 2015. Mr Lai is Group Managing Director of the A.S. Watson Group and has been with the Group for over 25 years. He is also a Non-executive Director of Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), a Director of Hutchison Telecommunications (Australia) Limited ("HTAL"), an Alternate Director to directors of each of HTHKH, HTAL and TOM Group Limited, and a Commissioner of PT Duta Intidaya Tbk ("PTDI"). The aforementioned companies are either subsidiaries or associated companies of the Group of which Mr Lai has oversight as Director of the Company. He has over 35 years of management experience in different industries. Mr Lai holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

LUI Pok Man, Dennis

aged 72, heads the operations of the Hutchison Asia Telecommunications group comprising its telecommunications business in Asia and assists to oversee telecommunications operations of the Group in Europe. He first joined the Group in 1986 and has been with the telecommunications arm of the Company for over 36 years in various positions in a number of countries. Mr Lui is Co-Deputy Chairman and a Non-executive Director of HTHKH. He has over 37 years of experience in the telecommunications industry. He holds a Bachelor of Science degree.

John Lyon MULCAHY

aged 67, has been Group Treasurer of the Company since June 2015 and was the Group Treasurer of HWL from January 2015 to June 2015. He has been with the Group since 2000 as Deputy Group Treasurer of HWL and has over 44 years of experience in banking and finance. He holds a Bachelor of Science degree in International Politics and a Master's degree in Business Administration.

Edith SHIH

aged 71, has been an Executive Director of the Company since January 2017 and a member of the Sustainability Committee of the Company since June 2020. Ms Shih has been the Company Secretary of the Company since June 2015 and was the Head Group General Counsel of the Company from June 2015 to March 2017, overseeing legal, regulatory, corporate finance, compliance and corporate governance affairs of the Group. Prior to that, Ms Shih was the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. Ms Shih is in addition a Non-executive Director of HTHKH, HUTCHMED (China) Limited and HPHM as the trustee-manager of HPH Trust as well as a Commissioner of PTDI. The aforementioned companies are either subsidiaries or associated companies of the Group of which Ms Shih has oversight as Director of the Company. She has been with the Group for over 34 years and has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is a past International President and current member of the Council of The Chartered Governance Institute ("CGI") as well as a past President and current Honorary Adviser of The Hong Kong Chartered Governance Institute ("HKCGI") and current chairperson of its Nomination Committee. Further, she is also Chairman of the Process Review Panel for the Accounting and Financial Reporting Council (formerly known as the Financial Reporting Council) and a member of the Securities and Futures Appeals Tribunal and of the Executive Committee and Council of The Hong Kong Management Association. She is a solicitor qualified in England and Wales, Hong Kong and Victoria, Australia and a Fellow of both the CGI and HKCGI, holding Chartered Secretary and Chartered Governance Professional dual designations. She holds a Bachelor of Science degree, Master of Arts degrees and a Master of Education degree.

Directors' Report

The Directors have pleasure in presenting to shareholders their report and the audited financial statements for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiary and associated companies and joint ventures are shown on pages 263 to 266.

BUSINESS REVIEW

A fair review of the business of the Group as required under Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), comprising a discussion and analysis of the Group's performance during the year, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2022 (if any) as well as an indication of likely future development in the business of the Group are provided in the sections "Chairman's Statement", "Operations Review", "Analyses of Core Business Segments by Geographical Location", "Analyses by Core Business Segments", "Key Financial Information" and "Business Highlights" on pages 4 to 57 and "Risk Factors" on pages 64 to 70 of this annual report. Discussions on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group as well as an account of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends, are provided on pages 107 and 115 to 120 of the "Corporate Governance Report". All such discussions form part of this report.

GROUP PROFIT

The Consolidated Income Statement is set out on page 126 and shows the Group profit for the year ended 31 December 2022.

DIVIDENDS

An interim dividend of HK\$0.84 per share for the first half of 2022 was paid to shareholders in mid September 2022.

The Directors recommended the declaration of a final dividend of HK\$2.086 per share payable on Thursday, 8 June 2023 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 24 May 2023, being the record date for determining the entitlement of shareholders to the proposed final dividend.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 42 to the financial statements on pages 240 and 241 and the Consolidated Statement of Changes in Equity on pages 130 and 131 respectively.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to approximately HK\$29 million (2021: approximately HK\$45 million).

FIXED ASSETS

Particulars of the movements of fixed assets are set out in note 12 to the financial statements on pages 170 and 171.

SHARE CAPITAL

Details of the shares movement during the year are set out in note 32 to the financial statements on page 206.

DIRECTORS

As at the date of this report, the board of Directors of the Company (the "Board") comprises Mr Li Tzar Kuoi, Victor, Mr Fok Kin Ning, Canning, Mr Frank John Sixt, Mr Ip Tak Chuen, Edmond, Mr Kam Hing Lam, Mr Lai Kai Ming, Dominic, Ms Edith Shih, Mr Chow Kun Chee, Roland, Mrs Chow Woo Mo Fong, Susan, Mr Lee Yeh Kwong, Charles, Mr George Colin Magnus, Mr Philip Lawrence Kadoorie, Ms Lee Wai Mun, Rose, Mrs Leung Lau Yau Fun, Sophie, Mr Paul Joseph Tighe, Mr Wong Kwai Lam and Dr Wong Yick-ming, Rosanna.

The following changes to the Board composition were effected during 2022 and prior to the date of this report:

- (1) Mr Cheng Hoi Chuen, Vincent, an Independent Non-executive Director, passed away on 28 August 2022;
- (2) The Hon Sir Michael David Kadoorie resigned as an Independent Non-executive Director on 16 December 2022 and Mr William Elkin Mocatta ceased as his alternate on the same day; and
- (3) Mr Philip Lawrence Kadoorie was appointed as an Independent Non-executive Director on 16 December 2022.

The Hon Sir Michael David Kadoorie has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Mr Philip Lawrence Kadoorie will hold office until the forthcoming annual general meeting (the "2023 AGM") pursuant to Article 101 of the Articles of Association of the Company and, being eligible, will offer himself for re-election at the 2023 AGM.

Mr Fok Kin Ning, Canning, Mr Kam Hing Lam, Mr Chow Kun Chee, Roland, Mr Lee Yeh Kwong, Charles, Mr Paul Joseph Tighe and Mr Wong Kwai Lam will retire by rotation at the 2023 AGM pursuant to Article 111(A) of the Articles of Association of the Company and, being eligible, will offer themselves for re-election. Details regarding the re-election are set out in the circular to shareholders sent together with this annual report.

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence in respect of Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all the Independent Non-executive Directors to be independent. Please also see page 112 of the "Corporate Governance Report" for assessment by the Company in this regard.

The Directors' biographical details are set out in the "Information on Directors" section of this annual report.

DIRECTORS' SERVICE CONTRACT

None of the Directors of the Company who are proposed for re-election at the 2023 AGM has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or its subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or of any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There were no transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director of the Company or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022 and up to the date of this report, the Group conducted the following connected transaction, in respect of which an announcement dated 14 July 2022 was issued in compliance with Chapter 14A of the Listing Rules.

On 14 July 2022, Mara Development Inc. ("CKA Sub", an indirect wholly-owned subsidiary of CK Asset Holdings Limited ("CKA"), CKI UK Co 5 Limited ("CKI Sub", an indirect wholly-owned subsidiary of CK Infrastructure Holdings Limited ("CKI")), Brockhill Investments Corporation ("Brockhill", a wholly-owned subsidiary of Business Thrive Limited, the issued shares of which are in turn held by a wholly-owned subsidiary of the Company. Brockhill, together with CKA Sub and CKI Sub, the "Sellers") and Nimbus UK Bidco Limited (the "Purchaser") entered into a share purchase agreement (the "Share Purchase Agreement") in relation to the acquisition by the Purchaser from each Seller, on a several basis, of its pro rata share of (i) 25% of the ordinary share capital of Northumbrian Water Group Limited ("NWG"); and (ii) 25% of the ordinary share capital of Northumbrian Services Limited ("NSL") (the "KKR Investment").

As at 14 July 2022, the issued share capital of each of NWG and NSL was owned as to 20%, 40% and 40% by CKA Sub, CKI Sub and Brockhill. Following completion of the KKR Investment which took place in December 2022, the issued share capital of each of NWG and NSL was owned as to 15%, 30%, 30% and 25% by CKA Sub, CKI Sub, Brockhill and the Purchaser, respectively. In respect of the 30% owned by Brockhill, pursuant to certain economic benefits agreements, the CKA group, the CKI group, the Power Asset Holdings group and the Group (other than the CKI group which is part of the Group) respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the CKA group, the CKI group, the Power Asset Holdings group and the Group (other than the CKI group) respectively in NWG and NSL became 27%, 39%, 6% and 3%.

The consideration for the shares under the KKR Investment (the "Consideration") was an amount in cash equal to the sum of: (i) a base consideration of GBP867 million (subject to adjustment); plus (ii) interest on the above base consideration; less (iii) an amount equal to 25% of known leakage amount up to closing (if any). The Consideration, which was paid severally to each of CKA Sub, CKI Sub and Brockhill as to 20%, 40% and 40% respectively, was determined based on arm's length negotiations between the Sellers and the Purchaser and after taking into account relevant factors and circumstances including the performance of the business conducted by the NSL group and the NWG group and market factors.

At completion, the Sellers and the Purchaser entered into (i) the shareholders' agreement with NWG (the "NWG Shareholders' Agreement") and (ii) the shareholders' agreement with NSL (the "NSL Shareholders' Agreement", together with the NWG Shareholders' Agreement, the "Shareholders Agreements") to govern the rights and obligations of NWG and NSL and their respective shareholders including the board role and composition, shareholder reserved matters, pre-emption rights and events of default. At completion, CKA Sub, CKI Sub and Brockhill also entered into an agreement (the "Sellers' Agreement") as to how the Sellers' rights under the Shareholders' Agreements should be exercised.

CKA has been deemed by The Stock Exchange of Hong Kong Limited (the "SEHK") as a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub, which is an indirect subsidiary of the Company, with CKA Sub constituted connected transactions for the Company under the Listing Rules.

All of the applicable percentage ratios of the Company in respect of the entering into of the Shareholders' Agreements and the Sellers' Agreement by CKI Sub are less than 0.1%. All of the applicable percentage ratios of the Company in respect of the entering into of the Share Purchase Agreement by CKI Sub are also less than 5%. Accordingly, the transaction is not subject to the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

As announced by the Company on 18 December 2020 (the "Announcement"), the Company entered into with CKA on the same date (i) a master leasing agreement (the "Master Leasing Agreement") setting out the framework terms governing the leasing and licensing of premises owned by the CKA group (including office space, car parks and building areas) to members of the Group (the "Leasing Transactions"); and (ii) a master purchase agreement (the "Master Purchase Agreement") setting out the framework terms governing the purchases of goods (such as air-conditioners and other electrical appliances and gift/cash coupons) and services (such as printing of sales brochures and advertising materials) (the "Project Related Supplies") by members of the CKA group from the Group for use in connection with the CKA group's property development projects (the "Project Related Supplies Transactions"), both for the period from 1 January 2021 to 31 December 2023.

Pursuant to the Master Leasing Agreement, relevant members of the Group and of the CKA group would enter into separate lease, tenancy or licence agreements with respect to the Leasing Transactions. The terms of, and the consideration (including short term lease payments, fixed lease payments, variable lease payments and management/service fees) payable under, such agreements would be negotiated on a case-by-case and an arm's length basis, and on normal commercial terms which would be no less favourable than those which the relevant members of the Group could obtain from independent landlords or lessors of comparable premises. In this connection, the rental or licence fee payable would be at market rates, and the Group would seek competitive quotes (including conducting a comparison of prices of a sufficient number of independent landlords, lessors or licensors of comparable premises in the market) for management review with a view to ensuring that the rental or licence fees payable by the Group to the relevant members of the CKA group are reasonable, having regard to the size, location, facilities and conditions of the premises required. The basis of management/service fees chargeable by the CKA group to relevant members of the Group would be the same as those the CKA group would charge other tenants or licensees of the same building or property.

Pursuant to the Master Purchase Agreement, relevant members of the Group and of the CKA group would enter into separate contracts with respect to the Project Related Supplies Transactions. The terms of, and the consideration payable under, such contracts would be negotiated on a case-by-case and an arm's length basis, and on normal commercial terms which would be no more favourable than those which the relevant members of the Group made available to independent customers of the relevant Project Related Supplies. In this connection, the fee chargeable by the relevant members of the Group would be at market rates and be based by reference to the then prevailing market rates for the Project Related Supplies of similar or comparable quality, reliability and service levels charged by the Group or, if not available, the then prevailing market rates no more favourable than that the relevant members of the Group may make available to independent customers for the Project Related Supplies of similar or comparable scope, scale, quality, reliability and service level.

The Group believes that the entering into of the Leasing Transactions and the Project Related Supplies Transactions (together the "2022 CCTs") will help to achieve business continuity and efficiency.

CKA has been deemed by the SEHK as a connected person of the Company under the Listing Rules. Accordingly, the 2022 CCTs constituted continuing connected transactions of the Company under the Listing Rules.

As disclosed in the Announcement, (i) the expected annual recognised amount of right-of-use assets in respect of the Leasing Transactions for the years ended 31 December 2021 and 31 December 2022 respectively, and for the year ending 31 December 2023 would not exceed HK\$750 million, HK\$780 million and HK\$910 million respectively; and (ii) the maximum aggregate annual amount in respect of the Project Related Supplies Transactions for the years ended 31 December 2021 and 31 December 2022 respectively, and the year ending 31 December 2023 would not exceed HK\$228 million, HK\$313 million and HK\$313 million respectively.

For the year ended 31 December 2022, the recognised amount of right-of-use assets in respect of the Leasing Transactions was approximately HK\$573 million (representing approximately 73% of the annual cap for 2022); and the aggregate amount in respect of the Project Related Supplies Transactions was approximately HK\$53 million (representing approximately 17% of the annual cap for 2022).

The internal audit of the Group has reviewed the 2022 CCTs and the relevant internal control procedures covering the price negotiation, review and approval, agreement management, reporting and consolidation processes of the 2022 CCTs, and is of the view that satisfactory controls were in place in respect of the areas reviewed.

Directors' Report

All the Independent Non-executive Directors of the Company, having reviewed the 2022 CCTs and the findings provided by the internal audit of the Group, confirmed that such transactions had been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged its external auditor, PricewaterhouseCoopers, to report on the 2022 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Based on the work performed, the external auditor of the Company has confirmed in its letter to the Board that nothing has come to its attention which causes it to believe that:

- (i) the 2022 CCTs have not been approved by the Board;
- (ii) the 2022 CCTs were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
- (iii) the 2022 CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) the aggregate amount in respect of the 2022 CCTs has exceeded the annual cap for 2022 as disclosed in the Announcement.

Related parties transactions of the Group during the year ended 31 December 2022 are described in note 39 to the financial statements. None of such related parties transactions constitutes a non-exempted connected transaction under the Listing Rules.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association of the Company provides that subject to the provisions of the relevant statutes, every Director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted, and against any loss in respect of his personal liability for the payment of any sum primarily due from the Company. Directors liability insurance is in place for the directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors. The relevant provisions in the Articles of Association of the Company and the Directors' liability insurance were in force during the financial year ended 31 December 2022 and as of the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures are set out in the section "Information on Directors" on pages 77 to 81.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

So far as the Directors and chief executives of the Company are aware, as at 31 December 2022, other than the interests of the Directors and chief executives of the Company as disclosed in the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" under "Information on Directors", the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK:

Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

Long positions in the shares of the Company

Names	Capacity	Number of Shares Held	Total	Approximate % of Shareholding ⁽³⁾
Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1")	Trustee	1,004,457,744	1,004,457,744 ⁽¹⁾	26.22%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1")	Trustee and beneficiary of a trust	1,004,457,744	1,004,457,744 ⁽¹⁾	26.22%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2")	Trustee and beneficiary of a trust	1,004,457,744	1,004,457,744 ⁽¹⁾	26.22%
Li Ka-shing	Interest of controlled corporations	1,659,300)))		
	Founder of discretionary trusts	1,161,272,710))	1,162,932,010 ⁽²⁾	30.36%

Notes:

- (1) The three references to 1,004,457,744 shares of the Company relate to the same block of shares of the Company. Of these 1,004,457,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 91,079,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is taken to have a duty of disclosure under the SFO in relation to the same 1,004,457,744 shares of the Company as described in Note (1)(a) under the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Information on Directors".
- (2) The 1,162,932,010 shares of the Company comprise:
 - (a) 1,659,300 shares of the Company of which:
 - (i) 407,800 shares are held by certain companies of which Mr Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings;
 - (ii) 951,500 shares are held by a company which is equally controlled by Mr Li Ka-shing and Mr Li Tzar Kuoi, Victor; and
 - (iii) 300,000 shares are held by Li Ka Shing Foundation Limited ("LKFS"). By virtue of the terms of the constituent documents of LKSF, Mr Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at its general meetings.
 - (b) 1,161,272,710 shares of the Company as described in Note (1) under the section titled "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Information on Directors". As Mr Li Ka-shing may be regarded as a founder of each of DT1, DT2 and two other discretionary trusts (DT3 and DT4) for the purpose of the SFO, Mr Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,161,272,710 shares of the Company after his retirement from the directorship of the Company.
- (3) The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2022, being 3,830,044,500 shares.

Save as disclosed above, as at 31 December 2022, no other person (other than the Directors and chief executives of the Company) had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

Directors' Report

BANK LOANS AND OTHER BORROWINGS

The Company did not have any borrowings (including debentures) for the year ended 31 December 2022.

The total borrowings (including debentures) of the Group as at 31 December 2022 amounted to HK\$284,326 million (2021: HK\$325,799 million). Particulars of borrowings are set out in note 26 to the financial statements on pages 192 to 196.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

SHARE OPTION SCHEME

Neither the Company nor its subsidiaries had any share option scheme during the year ended 31 December 2022.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, the Company repurchased a total of 4,490,000 ordinary shares of par value HK\$1.00 each in the share capital of the Company on the SEHK, with the aggregate consideration paid (before expenses) amounting to HK\$196,465,925.00. All the shares repurchased were subsequently cancelled. As at 31 December 2022, the total number of shares of the Company in issue was 3,830,044,500.

Particulars of the share repurchases are as follows:

Date	Number of Shares Repurchased	Highest (HK\$)	Lowest (HK\$)	Aggregate Consideration (before expenses) (HK\$)
March 2022	50,000	56.85	56.85	2,842,500.00
November 2022	1,990,000	43.65	42.25	85,929,175.00
December 2022	2,450,000	44.00	43.70	107,694,250.00

The Directors considered that such repurchases would enhance the earnings per share and increase the net asset value per share attributable to the shareholders.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the respective percentage of purchases attributable to the Group's five largest suppliers combined and the revenue from sales of goods or rendering of services attributable to the Group's five largest customers combined was less than 30% of the total value of Group purchases and total Group revenue.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the 2023 AGM.

By order of the Board

Edith Shih

Executive Director and Company Secretary

Hong Kong, 16 March 2023

Corporate Governance Report

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (the "Group") as it believes that an effective corporate governance framework is fundamental to promoting and safeguarding the interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles and practices that emphasise a quality board of Directors (the "Board"), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. It is, in addition, committed to continuously enhancing these standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group.

The Company has complied throughout the year ended 31 December 2022 with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than that in respect of the separate roles of Chairman and Group Co-Managing Directors.

THE BOARD

Corporate Purpose, Values and Culture

The Group's purpose is to create a better world through delivering the essential services that society needs, underpinned by the business values of innovation, collaboration, integrity and sustainability across all levels of the Group.

As a multinational conglomerate committed to the development, innovation and technology of core businesses of the Group, the Group lives up to this purpose by instilling a culture that is forward looking and agile to achieve competitiveness. It also respects and promotes creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions to enhance long-term sustainable growth and value as a principal objective of the Company. Guided by the Group's core values, the Board plays a leading role in defining the purpose and strategic direction of the Group, sets the tone and shapes the corporate culture of the Company to ensure all businesses across the Group are aligned with the same purpose. Alongside the Group's robust corporate governance framework and effective risk management and internal control systems, the desired culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relations with stakeholders, through active collaboration, effective engagement and regular training at all levels. Board oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, stringent financial reporting, effective and accessible whistleblowing framework, legal and regulatory compliance (including compliance with the Code of Conduct and group policies), as well as staff safety, wellbeing and support. From the Board performance evaluation conducted, the Directors are satisfied with the performance of the Board and acknowledged that the Board plays an effective role in the development and determination of the Group's culture, strategy and overall commercial objective. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, values and strategy of the Group are aligned.

Corporate Strategy

The principal objective of the Company is to enhance long-term total return for all its stakeholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings, cash flow and dividend growth without compromising the Group's financial strength and stability. The Group executes disciplined management of revenue growth, margin and costs, capital and investments to return ratio targets, earnings and cash flow accretive merger and acquisition activities, as well as organic growth in sectors or geographies where the Group has management experience and resources. Technology transformation also remains a key initiative of the Group to capture new cost and revenue opportunities in all businesses. At the same time, the Group is committed to maintaining long-term investment grade ratings, preserving strong liquidity and flexibility, sustaining a long and balanced debt maturity profile and actively managing cash flow and working capital. The Group explores opportunities to enhance shareholders' returns, which include potential telecom infrastructure divestures and solidifying strategic alliances with global technology partners. The Chairman's Statement and the Operations Review contained in this annual report and the Operations Analysis posted on the Group's website (<http://www.ckh.com.hk/en/ir/presentation.php>), include discussions and analyses of the Group's performance, the basis on which the Group generates and preserves value in the longer term and delivers the Group's objectives. The Group also focuses on sustainability and delivering business solutions that support social and environmental challenges, such as enabling the transition to a net-zero economy. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

Role of the Board

The Board is accountable to shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board, led by the Chairman, Mr Victor T K Li, fosters and oversees the culture, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company ("Management"). Management is responsible for the day-to-day operations of the Group under the leadership of the Group Co-Managing Directors, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

Board Composition

The Board currently comprises 17 Directors, including the Chairman and Group Co-Managing Director, Group Co-Managing Director, Group Finance Director and Deputy Managing Director ("GFD/DMD"), three Deputy Managing Directors, one Executive Director, four Non-executive Directors and six Independent Non-executive Directors. Throughout 2022, the number of Independent Non-executive Directors on the Board meets the one-third requirement under the Listing Rules.

The following changes to the Board composition have taken place since the date of the last corporate governance report:

- (1) Mr Cheng Hoi Chuen, Vincent, an Independent Non-executive Director, passed away on 28 August 2022;
- (2) The Hon Sir Michael David Kadoorie resigned as an Independent Non-executive Director and Mr William Elkin Mocatta ceased to be an Alternate Director, both with effect from 16 December 2022; and
- (3) Mr Philip Lawrence Kadoorie was appointed as an Independent Non-executive Director with effect from 16 December 2022.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 71 to 76 and on the website of the Group. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Group and Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkexnews.hk).

Chairman and Group Co-Managing Directors

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of other Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to promote effective communication and ongoing engagement with shareholders and other stakeholders, as outlined later in this report.

Corporate Governance Report

The Group Co-Managing Directors, assisted by other Executive Directors, are responsible for managing the businesses of the Group, attending to the formulation and successful implementation of Group policies and assuming full accountability to the Board for all Group operations. Acting as the principal managers of the Group's businesses, the Group Co-Managing Directors attend to developing strategic operating plans that reflect the long-term objectives and priorities established by the Board and are directly responsible for overseeing and delivering operational performance of the Group.

Working with the Executive Directors and the executive management team of each core business division, the Group Co-Managing Directors present annual budgets to the Board for consideration and approval, and ensure that the Board is fully apprised of the funding requirements of the Group. With the assistance of the GFD/DMD, the Group Co-Managing Directors ensure that the funding requirements of the businesses are met and monitor the operating and financial performance of the businesses against plans and budgets. The Group Co-Managing Directors maintain an ongoing dialogue with all Directors to keep them fully informed of all major business development and issues. In addition, they are also responsible for building and maintaining an effective executive team to support them in their roles.

The position of Managing Director of the Company has been jointly held by Mr Victor T K Li and Mr Fok Kin Ning, Canning as Group Co-Managing Directors since June 2015, and Mr Li also took on the position of Chairman in 2018. With the Group being a multinational conglomerate with diverse businesses in about 50 countries/markets, Mr Li and Mr Fok in their position as Group Co-Managing Directors share responsibilities in the overall strategic direction and day-to-day management of the Group, with no single individual having unfettered management decision power. Further, the Board which comprises experienced and seasoned professionals continues to scrutinise material business matters and monitor performance of the Group to ensure that management function is effectively and properly exercised with balance of power and authority. The Audit Committee, Nomination Committee and Remuneration Committee, all chaired by an Independent Non-executive Director, also provide strong independent oversight of the Management in their respective areas of responsibilities and expertise. Hence, the current arrangements provide checks and balances without jeopardising the independent exercise of powers of the Chairman and the Group Co-Managing Directors.

Board Process

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance and business activities of the Group. Throughout the year, in addition to Board meetings, Directors participate in the deliberation and approval of routine and operational matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives as and when required. Details of material or notable transactions of subsidiaries and associated companies are provided to Directors as appropriate. Whenever warranted, additional Board meetings are held. Further, Directors have full access to information on the Group and advice and services of the Company Secretary and the Group Legal Department ("GLD"). They also have full access to independent professional advice at all times whenever deemed necessary and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and a draft agenda for review and comment about three weeks prior thereto. The full set of Board papers is normally supplied no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Articles of Association of the Company and the Listing Rules, a Director would abstain from voting on resolutions approving any contract, transaction, arrangement or any other kind of proposal put forward to the Board in which he/she or any of his/her close associates is materially interested, and such Director is not counted for quorum determination purposes.

In 2022, the Company held four Board meetings with 100% attendance. All Directors also attended the annual general meeting of the Company held on 19 May 2022 (the "2022 AGM"). The attendance record is set out below:

Directors	Board Meetings Attended/ Eligible to Attend	Attendance at 2022 AGM
Chairman		
Victor T K Li ⁽¹⁾ (<i>Group Co-Managing Director</i>)	4/4	✓
Executive Directors		
Fok Kin Ning, Canning (<i>Group Co-Managing Director</i>)	4/4	✓
Frank John Sixt (<i>Group Finance Director and Deputy Managing Director</i>)	4/4	✓
Ip Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	4/4	✓
Kam Hing Lam ⁽¹⁾ (<i>Deputy Managing Director</i>)	4/4	✓
Lai Kai Ming, Dominic (<i>Deputy Managing Director</i>)	4/4	✓
Edith Shih	4/4	✓
Non-executive Directors		
Chow Kun Chee, Roland	4/4	✓
Chow Woo Mo Fong, Susan	4/4	✓
Lee Yeh Kwong, Charles	4/4	✓
George Colin Magnus	4/4	✓
Independent Non-executive Directors		
Cheng Hoi Chuen, Vincent ⁽²⁾	3/3	✓
Michael David Kadoorie ⁽³⁾	4/4	✓
Philip Lawrence Kadoorie ⁽⁴⁾	N/A	N/A
Lee Wai Mun, Rose	4/4	✓
Leung Lau Yau Fun, Sophie	4/4	✓
Paul Joseph Tighe	4/4	✓
Wong Kwai Lam	4/4	✓
Wong Yick-ming, Rosanna	4/4	✓

Notes:

(1) Mr Victor T K Li is a nephew of Mr Kam Hing Lam.

(2) Passed away on 28 August 2022.

(3) Resigned on 16 December 2022.

(4) Appointed on 16 December 2022.

In addition to Board meetings, in 2022 the Chairman held monthly meetings with the Executive Directors and also met with the Independent Non-executive Directors twice without the presence of other Directors. Such meetings provide an effective forum for the Chairman to listen to the views of the Independent Non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company.

Corporate Governance Report

All Non-executive Directors (other than Mr Philip Lawrence Kadoorie) entered into service contracts for an initial term ending on 31 December of the year of appointment. Thereafter, the appointment is automatically renewed for successive 12-month periods. While Mr Philip Lawrence Kadoorie's appointment does not have a specific term, his appointment is subject to the same rotation requirement as the other Directors. All Directors are subject to re-election by shareholders at general meetings at least once every three years on a rotation basis. A retiring Director is eligible for re-election, and the re-election of retiring Directors at general meetings is presented in separate resolutions. Further, no Director has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Board Performance

The Company regards board evaluation as a critical tool to assess Board effectiveness and efficiency. Performance evaluation on the Board and its committees had been conducted for year 2022. The evaluation involved each Director completing a questionnaire to provide individual ratings as well as comments covering a range of topics. The findings of the evaluation were then analysed and circulated to the Board. The objective of the evaluation is to ensure that the Board and its committees continue to act effectively in fulfilling the duties and responsibilities expected of them, and to develop action plans for improvement. The evaluation parameters included, amongst others, the composition, diversity and leadership of the Board as well as board processes. Based on the performance review, the Board considers its existing practice as effective and will arrange where appropriate more workshops and training for Directors. The Board is also satisfied that it has met its performance objectives and each Director has contributed positively to the overall effectiveness of the Board.

Board Independence

The Company recognises that Board independence is key to good corporate governance. As part of the established governance framework, the Group has in place effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The governance framework and mechanisms are kept under regular review to align with international best practice, ensuring their effectiveness. In March 2023, the Board conducted a review and considered that such mechanisms were properly implemented during 2022 and were effective.

The current composition of the Board (comprising more than one-third Independent Non-executive Directors) and the Audit Committee (comprising all Independent Non-executive Directors) exceed the independence requirements under the Listing Rules. The Nomination Committee and Remuneration Committee are both chaired by Independent Non-executive Director. The Company has a vigorous selection, nomination and appointment/re-appointment process for Directors (including Independent Non-executive Directors), see "Nomination Process" on pages 110 to 112 of this report. Fees to Independent Non-executive Directors are in the form of cash payment with additional fees payable to reflect membership or chairmanship of Board committees. None of these Directors receives remuneration based on performance of the Group. Information about remuneration of the Directors is set out on pages 114 and 115 of this report. The remuneration of Independent Non-executive Directors are also subject to a regular review mechanism to maintain competitiveness and commensurate with their responsibilities and workload.

To facilitate attendance and participation at Board and other Board committee meetings, the Company plans meeting schedules for the year well in advance, with electronic facilities for attendance as required. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. A guide for obtaining independent and legal or other professional advice is provided to Directors. The Board process, ranging from agenda setting, provision of information and focus on constructive debates and discussions, facilitates effective and active participation by all Independent Non-executive Directors (see "Board Process" on pages 96 to 98 of this report). Each year, the Chairman meets with the Independent Non-executive Directors twice without the presence of other Directors, enabling them to express their views outside the boardroom.

The Independent Non-executive Directors have historically and consistently demonstrated strong commitment, and the ability to devote sufficient time to discharge their responsibilities at the Board. Their commitment is also subject to self-confirmation each year.

Training and Commitment

Upon appointment to the Board, Directors receive a package of comprehensive orientation materials on the Group comprising information on the Group, duties as a director and board committee member, as well as internal governance and sustainability policies of the Group. These orientation materials are presented to the Directors by senior executives in the form of a detailed induction to the Group's businesses, strategic direction and governance practice.

The Company arranges and provides Continuous Professional Development ("CPD") training in the forms of seminars, webcasts and selected reading materials to Directors to help them to keep abreast of current trends and issues facing the Group, including the latest changes in the commercial (including industry-specific and innovative changes), legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, CPD may take the form of attendance at external forums or briefing sessions (including delivery of speeches) on relevant topics. CPD training of approximately 38.5 hours had been provided to Directors during the year.

The Directors are required to provide the Company with details of CPD training undertaken by them from time to time. The training records are maintained by the Company Secretary and are made available for regular review by the Audit Committee. Based on the details so provided, the CPD training undertaken by the Directors during the year is summarised as follows, representing an average of approximately 16.5 hours undertaken by each Director during the year:

Directors	Areas			
	Legal and Regulatory	Corporate Governance/ Sustainability Practices	Financial Reporting/ Risk Management	Group's Businesses/ Directors' Duties
Chairman Victor T K Li (<i>Group Co-Managing Director</i>)	√	√	√	√
Executive Directors				
Fok Kin Ning, Canning (<i>Group Co-Managing Director</i>)	√	√	√	√
Frank John Sixt (<i>Group Finance Director and Deputy Managing Director</i>)	√	√	√	√
Ip Tak Chuen, Edmond (<i>Deputy Managing Director</i>)	√	√	√	√
Kam Hing Lam (<i>Deputy Managing Director</i>)	√	√	√	√
Lai Kai Ming, Dominic (<i>Deputy Managing Director</i>)	√	√	√	√
Edith Shih	√	√	√	√
Non-executive Directors				
Chow Kun Chee, Roland	√	√	√	√
Chow Woo Mo Fong, Susan	√	√	√	√
Lee Yeh Kwong, Charles	√	√	√	√
George Colin Magnus	√	√	√	√
Independent Non-executive Directors				
Cheng Hoi Chuen, Vincent ⁽¹⁾	√	√	-	√
Michael David Kadoorie ⁽²⁾	√	√	√	√
Philip Lawrence Kadoorie ⁽³⁾	N/A	N/A	N/A	N/A
Lee Wai Mun, Rose	√	√	√	√
Leung Lau Yau Fun, Sophie	√	√	√	√
Paul Joseph Tighe	√	√	√	√
Wong Kwai Lam	√	√	√	√
Wong Yick-ming, Rosanna	√	√	√	√
Alternate Director				
William Elkin Mocatta (<i>Alternate Director to Michael David Kadoorie</i>) ⁽⁴⁾	√	√	√	√

Corporate Governance Report

Notes:

- (1) Passed away on 28 August 2022.
- (2) Resigned on 16 December 2022.
- (3) Appointed on 16 December 2022.
- (4) Ceased to be an Alternate Director on 16 December 2022 upon the resignation of The Hon Sir Michael David Kadoorie on the same day.

All Directors have confirmed that they have given sufficient time and attention to the affairs of the Group for the year. In addition, Directors disclose to the Company in a timely manner their other commitments, such as directorships in other public listed companies and major appointments as well as update the Company on any subsequent changes.

Securities Transactions

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In summary, a Director who wishes to deal in the securities of the Company must notify the Chairman (or a Director designated by the Board for such specific purpose) in writing prior to any dealings and obtain a dated written acknowledgement before any dealing. Any clearance to deal granted in response to a Director's request would be valid for no longer than five business days of clearance being received. After dealings, the Director must submit a disclosure of interests filing with respect to the dealing, within the time frame required under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO").

In response to specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in such code regarding their securities transactions throughout their tenure during the year ended 31 December 2022.

Board Committees

The Board is supported by four permanent board committees: Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, details of which are described later in this report. The terms of reference for these Committees, which have been adopted by the Board, are available on the websites of the Group and HKEx. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

COMPANY SECRETARY

The Company Secretary is accountable to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and timely preparation of and dissemination to Directors comprehensive Board meeting papers. Minutes of all meetings of the Board and Board Committees are prepared and maintained by the Company Secretary to record in sufficient detail the matters considered and decisions reached by the Board or Board Committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board Committees are sent to Directors or Board Committee members as appropriate for comments, approval and records. Board records are available for inspection by any Director upon request.

The Company Secretary who works closely with the Board to formulate the purpose, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both mounting regulatory and investor expectations, and to ensure the culture and the purpose, values and strategy of the Group are aligned.

The Company Secretary plays a leading role in helping the Company to develop and maintain a sound and effective corporate governance framework, in particular, a set of risk management and internal control systems to ensure that regulatory compliance, good corporate governance practices and culture are upheld by the Company.

The Company Secretary is responsible for ensuring that the Board is fully apprised of all legislative, regulatory, corporate governance and sustainability developments of relevance to the Group and that it takes these developments into consideration when making decisions for the Group. From time to time, the Company Secretary organises seminars on specific topics of importance and interest and disseminates reference materials to Directors for their information.

The Company Secretary is also directly responsible for the Group's compliance with all obligations under the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, and the timely dissemination to shareholders and the market of information relating to the Group.

Furthermore, the Company Secretary advises the Directors on connected transactions, notifiable transactions, price-sensitive/inside information, and Directors' obligations for disclosure of interests and dealings in the Group's securities, to ensure that the standards and disclosure requirements under the Listing Rules and applicable laws, rules and regulations are complied with and, where required, reported in the annual reports of the Company.

The Company Secretary also serves as a crucial conduit of communications internally and externally. She facilitates information flow and communication among Directors and also conveys the Board's decisions to the Management from time to time and ensures a good channel of communication with shareholders. She also works with the Board and Management to assist in responding to regulators in a timely manner.

The appointment and removal of the Company Secretary is subject to Board approval. Whilst the Company Secretary reports to the Chairman and the Group Co-Managing Directors, all members of the Board have access to her advice and service. The Company Secretary has day-to-day knowledge of the Group's affairs. She confirms that she has complied with all the required qualifications, experience and training requirements under the Listing Rules.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year end.

The responsibility of Directors in relation to the financial statements is set out below. This should be read in conjunction with, but distinguished from, the independent auditor's report on pages 121 to 125 which acknowledges the reporting responsibility of the Group's auditor.

Annual Report and Financial Statements

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company. The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and comply with the applicable disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") and the Listing Rules. Directors should incorporate such internal control as the Directors determine as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has adopted appropriate accounting policies and made judgements and estimates that are reasonable in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position and reflect the transactions of the Group, upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

Safeguarding Assets

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

Going Concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

Corporate Governance Report

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors who possess the relevant financial and business management experience and skills to understand financial statements and monitor the financial governance, risk management and internal controls of the Company. The composition of the Audit Committee exceeds the independence requirements under the Listing Rules. It is chaired by Mr Wong Kwai Lam with Ms Lee Wai Mun, Rose (appointed on 29 August 2022) and Mr Paul Joseph Tighe as members. Mr Cheng Hoi Chuen, Vincent, former Chairman of the Audit Committee, passed away on 28 August 2022.

The Audit Committee held four meetings in 2022 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Kwai Lam ⁽¹⁾ (<i>Chairman</i>)	4/4
Cheng Hoi Chuen, Vincent ⁽²⁾	4/4
Lee Wai Mun, Rose ⁽³⁾	N/A
Paul Joseph Tighe	4/4

Notes:

- (1) Appointed as Chairman on 29 August 2022.
- (2) Passed away on 28 August 2022.
- (3) Appointed on 29 August 2022.

The internal and external auditors attended all Audit Committee meetings. In addition, the Audit Committee held private sessions with them, as well as GFD/DMD, separately without the presence of Management.

The function of the Audit Committee is to assist the Board in fulfilling its duties through the review and supervision of the Company's financial reporting, risk management and internal control systems (including cyber risks) and to take on any other responsibility as may be delegated by the Board from time to time. The Audit Committee is responsible for monitoring the integrity of the Group's interim and annual results and financial statements, and reviewing the significant financial reporting judgements contained therein as well as overseeing the relationship between the Company and its external auditor. It is also required to develop and review the Company's policies and practices on corporate governance, including compliance with statutory and Listing Rules requirements; and review the scope, extent and effectiveness of the activities of the Group's internal audit function. In addition, it is authorised to engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Throughout 2022, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The following paragraphs of this report set out a summary of the work performed by the Audit Committee during 2022 and 2023 (up to the date of this report).

During 2022 and 2023 (up to the date of this report), the Audit Committee met with the GFD/DMD, other senior management, the General Manager of Group Management Services Department ("GMSD", the Group's internal audit function) ("Internal Audit GM") and external auditor, PricewaterhouseCoopers ("PwC"), to review the 2022 interim and 2021 and 2022 annual results, reports and financial statements, and other financial, corporate governance, risk management, internal control and cyber risks of the Group. It received, considered and discussed the reports and presentations of Management, the Internal Audit GM and PwC. As part of these reviews and discussions, the Audit Committee evaluated the application by Management of critical accounting policies and material areas in which significant accounting judgements were applied, and focused on key audit matters reported by PwC, including the approach of Management on goodwill, other indefinite life intangible assets and investments in associated companies and joint ventures impairment testing. The Audit Committee also challenged Management to review all aspects of its impairment assessment approach to ensure the approach remains robust in terms of accounting judgements including compliance with the relevant accounting requirements to ensure that the Group's 2021 and 2022 annual results, reports and financial statements were prepared in accordance with HKFRS and comply with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules, and for such control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Based on these reviews and discussions, the Audit Committee is satisfied that the Group's 2022 interim and the Group's 2021 and 2022 annual results, reports and financial statements have been prepared in accordance with the aforementioned requirements and recommended that these be approved by the Board.

The Audit Committee met four times during 2022 and two times during 2023 (up to the date of this report) with PwC to consider its reports on the scope, strategy, progress and outcome of its independent review of the Group's 2022 interim financial statements and audit of the Group's 2021 and 2022 annual financial statements. It reviewed the composition of the audit engagement teams and PwC's strategy and approach for the review and the annual audit, including the audit risk and materiality assessment, the nature, timing and scope of the audit procedures, and PwC's reporting obligations before the audit commenced. It received and discussed updates with PwC on the audit including observations on the control environment and material areas in which significant accounting judgements were applied, as well as information about the firm's quality management and monitoring process for the audit, recent results from internal and external key quality reviews and inspections across the Group, as well as audit quality indicators focused on (i) the delivery of audit deliverables against agreed timetable and milestones; (ii) the hours of audit work delivered by senior PwC audit team members; (iii) the involvement of specialist and expert; (iv) the findings and results from internal and external reviews and inspections; and (v) the use of technology. The Audit Committee is satisfied with PwC's competence, expertise, resources, as well as the effectiveness of the audit process.

There were no breaches of the policy on hiring employees or former employees of the external auditor during the reported period. The Audit Committee reviewed the audit fees and the fees for non-audit services payable to PwC. The non-audit services were carried out in accordance with PwC's independence policy to ensure that they do not create a conflict of interest and they comply with the Group's policy regarding the engagement of its external auditors for the various services.

During the reported period, the Audit Committee also reviewed the independence and objectivity of the external auditor. It had considered all relationships (including requirements for rotation of audit partners, provision of non-audit services and long-term audit relationship) between the Company and PwC when assessing the independence and objectivity of the external auditor. The Audit Committee considered PwC to be independent and PwC, in accordance with applicable professional ethical standards, provided the Audit Committee written confirmation of its independence and objectivity for 2022.

To assist the Board in assessing the overall governance, financial reporting, risk management and internal control framework and maintaining effective risk management and internal control systems covering all material controls, including financial, operational and compliance controls, in 2022, the Audit Committee reviewed the process by which the Group evaluated its control environment and managed significant risks (including cyber risks). It received, considered and provided feedback on the risk management report, the composite risk register, the risk heat map, the presentations of the Internal Audit GM and Management on their review with respect to the effectiveness of the risk management and internal control systems of the Group. Based on these reviews, the Audit Committee concurred with Management confirmation that such systems are effective and adequate. It also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

In addition, the Audit Committee reviewed, in conjunction with GMSD, the 2022 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal control systems (including cyber risks) of the Group. Further, it also considered the reports from the GLD on the Group's material litigation proceedings and compliance status on key legal and regulatory requirements. These reviews and reports were taken into consideration by the Audit Committee when it made its recommendation to the Board for approval of the consolidated financial statements. During 2022, the Audit Committee also received periodic presentations on, and reviewed, the compliance status of the Group with respect to the CG Code as well as other corporate governance topics including the Group's policies and practices on compliance with legal and regulatory requirements, and ensured that any deviation from the CG Code was properly explained and disclosed in this report. In January 2023, the Audit Committee also reviewed and recommended to the Board updates to its terms of reference and certain corporate governance policies including the Code of Conduct, Anti-Fraud and Anti-Bribery Policy, and Whistleblowing Policy. It has also received update reports on CPD training of Directors.

The Audit Committee, on behalf of the Board, also conducted a review of the implementation and effectiveness of the Shareholders Communication Policy in March 2023. Having considered the multiple channels of communication and engagement in place (see "Relationship with Shareholders and Other Stakeholders" on pages 115 to 117 of this report), the Audit Committee is satisfied that the Shareholders Communication Policy has been properly implemented during 2022 and is effective.

Corporate Governance Report

External Auditor

The Group's policy regarding the engagement of its external auditors for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by the external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, such as audits of the Group's pension plans, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that must be undertaken, or is otherwise best placed to undertake, by it in its capacity as auditor.
- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group engages the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.
- Other services – include, amongst others, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and GMSD with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditors is shown in note 7(b) to the financial statements. For the year ended 31 December 2022, PwC fees, amounting to HK\$224 million were primarily for audit services and those for non-audit services (which included tax compliance and other tax related services, and financial due diligence services) amounted to HK\$56 million, representing approximately 20% of the total PwC fees (audit and non-audit).

The lead audit engagement partner who has been in the role since 2017 and, in accordance with PwC's policy, will be due for rotation after completing the annual audit for the year 2023 if PwC is re-appointed as external auditor. This requires succession planning on the part of PwC, a process in which the Company is involved. In 2023, the Audit Committee will discuss with PwC the provisions the firm has in place for rotation of the lead audit engagement partner.

The Audit Committee is satisfied with PwC's competence, expertise, resources, independence and objectivity, as well as the effectiveness of the audit process, and recommended to the Board on the re-appointment of PwC as the external auditor which will be considered by the shareholders at the forthcoming annual general meeting.

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2022 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The unqualified auditor's report is set out on pages 121 to 125. The consolidated financial statements of the Group for the year ended 31 December 2022 have also been reviewed by the Audit Committee.

RISK MANAGEMENT, INTERNAL CONTROL AND LEGAL & REGULATORY COMPLIANCE

Board Oversight

The Board has overall responsibility for the Group's systems of risk management, internal control and legal and regulatory compliance.

In meeting its responsibilities, the Board, with due regard to the Company's risk appetite, evaluates and determines the nature and extent of the risks (including sustainability and cyber risks) that the Company is willing to accept in pursuit of its strategic and business objectives. The Board inculcates appropriate risk culture across the Group's business operations and has put in place a comprehensive range of policies and systems, including parameters of delegated authority, which provide a framework for the identification, reporting and management of risks. It also reviews and monitors the effectiveness of the systems of risk management and internal control on an ongoing basis. The reporting and review processes include the review by Executive Directors and the Board of budgets, strategic plans, and detailed operational and financial reports as provided by business unit management, as well as review by the Audit Committee of ongoing work of GMSD.

On behalf of the Board, the Audit Committee also regularly reviews the corporate governance structure and practices within the Group and monitors compliance fulfilment on an ongoing basis. To assist the Audit Committee in discharging its responsibilities, a Governance Working Group, chaired by the Executive Director and Company Secretary and comprising representatives from key departments of the Company, provides timely updates, identifies emerging matters of compliance, and establishes appropriate compliance policies and procedures for group-wide adoption. The Competition, Regulatory and Public Affairs Group reviews, assesses, escalates and where appropriate, proposes handling measures on competition, regulatory and public affairs matters affecting business units. It meets regularly with business units to monitor compliance requirements and to formulate strategies and share information and expertise across jurisdictions and businesses. It also provides regular updates to the Governance Working Group. A Cyber Security Working Group, chaired by the GFD/DMD and including technical specialists from the core business divisions, as well as representatives from GMSD and the Group Information Services Department, manages the cyber security defences of the Group, monitors cyber threat landscape and set strategic plan. It also ensures that the Group's efforts in managing the cyber risks are effective, coherent and well-coordinated, and makes recommendations as it deems appropriate to the Audit Committee on any area within its remit.

The Audit Committee is satisfied that the Company has complied throughout the year with all applicable code provisions of the CG Code, other than that in respect of the separate roles of Chairman and Group Co-Managing Directors as explained in this report.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

Risk Management

The Company adopts an Enterprise Risk Management framework which is consistent with the COSO (the Committee of Sponsoring Organisations of the Treadway Commission) framework. The framework facilitates a systematic approach in identifying, assessing and managing risks (including sustainability and cyber risks) within the Group, be they of strategic, financial, operational or compliance nature.

Risk management is an integral part of the day-to-day operations and management of the Group and is a continuous process carried out at all levels of the Group. There are ongoing dialogues between the Executive Directors and the executive management teams of each core business about the current and emerging risks (including sustainability and cyber risks), their plausible impact and mitigation measures to ensure that the executive management teams of each core business has performed its duty to have effective system. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks that the Group's businesses face. The latter also includes Directors and Officers Liability Insurance to protect Directors and officers of the Group against potential personal legal liabilities.

In terms of formal risk review and reporting, the Group adopts a "top-down and bottom-up" approach, involving regular input from each core business as well as discussions and reviews by the Executive Directors and the Board, through the Audit Committee. More specifically, on a half-yearly basis, each core business is required to formally identify and assess the significant risks (including sustainability and cyber risks) their business faces, whilst the Executive Directors provide input after taking a holistic assessment of all the significant risks that the Group faces. Relevant risk information including key mitigation measures and plans are recorded in a risk register to facilitate the ongoing review and tracking of progress.

The composite risk register together with the risk heat map, as confirmed by the Executive Directors, form part of the risk management report for review and approval by the Audit Committee on a half-yearly basis. The Audit Committee, on behalf of the Board, reviews the report, discusses the risk management and internal control systems, including matters related to cyber risks, with the Internal Audit GM and Executive Directors, and provides input as appropriate so as to ensure effective systems in place. Pages 64 to 70 of this annual report provide a description of the Group's risk factors which could affect the Group's financial condition or results of operations that differ materially from expected or historical results.

Corporate Governance Report

Internal Control Environment

Group structures covering all subsidiaries, associated companies and joint ventures are maintained and updated on a timely and regular basis. Executive Directors are appointed to the boards of all material operating subsidiaries and associated companies for overseeing and monitoring those companies, including attendance at board meetings, review and approval of budgets and plans, and determination of business strategies with associated risks identified and key business performance targets set. The executive management team of each core business division is accountable for the conduct and performance of each business in the division within the agreed strategies, and similarly, management of each business is accountable for its conduct and performance. The Group Co-Managing Directors monitor the performance and review the risk profiles of the Group companies on an ongoing basis.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management teams of each core business and the Executive Directors.

Business plans and budgets are prepared annually by management of individual businesses and subject to review and approval by both the executive management teams and Executive Directors as part of the Group's five-year corporate planning cycle. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

Executive Directors review monthly management reports on the financial results and key operating statistics of each business and hold monthly meetings with the executive management team and senior management of business operations to review these reports, business performance against budgets, forecasts, significant business risk sensitivities and strategies. In addition, finance directors and financial controllers of the executive management teams of each core business attend monthly meetings with the GFD/DMD and members of his finance team to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its unlisted subsidiary operations. The Group's Treasury function oversees the Group's investment and lending activities and also evaluates and monitors financial and operational risks, and makes recommendations to Management to mitigate those risks. Treasury reports on the Group's cash and liquid investments, borrowings and movements thereof are distributed to the Management weekly.

The Group has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specifically, material expenditures within the approved budget as well as unbudgeted expenditures are subject to approval by the GFD/DMD or an Executive Director prior to commitment. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The Group has also established treasury policies covering specific aspects, such as bank account control and procedures, monitoring and compliance control for loan covenants, approval and reporting process for derivatives and hedging transactions.

In terms of formal review of the Group's risk management and internal control systems, a risk management and internal control self-assessment process that requires the executive management team and senior management of each core business to review, evaluate and declare the effectiveness of such systems covering all material controls, including financial, operational and compliance controls over the operations of the business and devise action plans to address the issues, if any, is in place. These assessment results, together with the risk management report as mentioned earlier and the independent assessments by the internal and external auditors, form part of the bases on which the Audit Committee formulates its opinion on the effectiveness of the Group's risk management and internal control systems.

Legal and Regulatory Compliance

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. The GLD has the responsibility of safeguarding the legal interests of the Group. The Group has in place a Policy on Legal Documentation Review and Reporting Procedures and Litigation Proceedings which is applicable to material legal matters across the entire Group worldwide, subject to variations that may be agreed between the GLD and an individual division from time to time.

In addition, the Group has established a Policy on Corporate Secretarial Practices which sets out the procedures for corporate secretarial compliance, including corporate authorisation for execution of documentation, preparation, approval and signing of minutes of Board and committee meetings and Board resolutions. In respect of any transaction which requires GLD clearance, Group Corporate Secretarial Department ("GCSD") will require confirmation of GLD clearance before it would arrange for the convening of Board meetings or the signing of Board resolutions. The GCSD is also responsible for regulatory filings and Listing Rules compliance.

The GLD team, led by the Head Group General Counsel, is responsible for monitoring the day-to-day legal affairs of the Group, including preparing, reviewing and approving all legal documentation of Group companies, working in conjunction with finance, tax, treasury, corporate secretarial and business unit personnel on the review and co-ordination process, and advising Management on legal and commercial issues of concern. In addition, the GLD is also responsible for overseeing regulatory compliance matters of all Group companies. It analyses and monitors the regulatory frameworks within which the Group operates, including reviewing applicable laws and regulations and preparing and submitting responses or filings with relevant regulatory and/or government authorities on regulatory issues and consultations.

GLD also prepares and updates internal policies and conducts tailor-made workshops where necessary so as to strengthen the internal controls and compliance procedures of the Group. It determines and approves the engagement of external legal advisers, ensuring the requisite professional standards are adhered to as well as the most cost effective services are rendered. Further, GLD organises and holds continuing education seminars/conferences on legal and regulatory matters of relevance to the Group for Directors, business executives and the Group legal and corporate secretarial teams.

On the listed companies level, the Group is subject to the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Cayman Islands Companies Act, the Companies Ordinance, the SFO and/or the laws, rules and regulations of the jurisdictions where the Group companies are incorporated and where their securities are listed and traded. The GLD is vigilant with the legal requirements under these statutes, rules and regulations which would have a material implication or impact on the Group. The Group is not aware of any incidents of non-compliance with such laws and regulations that may have a significant impact on the Group.

Governance Policies

The Group places utmost importance on the ethical, personal and professional standards of Directors and employees of the Group. All employees adhere to various Group policies that reflect the core values and corporate culture of the Group. The Code of Conduct is the central tool through which the Company sets the conduct expectations for employees underscoring the strong commitment of the Group to upholding high standards of business integrity, honesty and transparency in all its business dealings. The Company has also established anti-corruption and whistleblowing policies and systems, which are conducive to setting a healthy corporate culture and good corporate governance practices. In addition, the Group has adopted and implemented a number of other governance policies to incorporate the core values of the Group into its operations and practices. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group's businesses, corporate strategy and stakeholder expectations.

Key governance policies and guidelines of the Group, which are posted on the website of the Group, include:

Code of Conduct

The Code of Conduct of the Group sets the standards for employees as are reasonably necessary to promote honest and ethical conduct, accurate and timely disclosure in the reports and documents that the Group files or submits to regulators, compliance with applicable laws and regulations, prompt internal reporting of violations and accountability for adherence to the Code of Conduct. Every employee is required to undertake to adhere to the Code of Conduct, which includes provisions dealing with conflict of interest, equal opportunities, diversity and a respectful workplace, health and safety, protection and proper use of company assets, record keeping, bribery and corruption, personal data protection and privacy as well as reporting procedures for illegal and unethical behaviour. Employees are required to report any non-compliance with the Code of Conduct in accordance with the established reporting and escalation procedures.

Whistleblowing Policy

In line with the commitment to achieve and maintain the highest standards of openness, probity and accountability, the Company expects and encourages employees of the Group and those who deal with the Group (e.g. customers, suppliers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice within the Group. In this regard, the Company has adopted the Whistleblowing Policy. The policy aims to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system, including anonymity and legal protection against unfair dismissal or victimisation for any genuine reports made. The Board delegated the authority to the Audit Committee, which is responsible for ensuring that proper arrangements are in place for fair and independent investigation of any matters raised and appropriate follow-up actions are taken.

Corporate Governance Report

Anti-Fraud and Anti-Bribery Policy

In its business dealings, the Group does not tolerate any form of fraud or bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Anti-Fraud and Anti-Bribery Policy, which outlines the Group's zero-tolerance stance against bribery and corruption, assists employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance where necessary. Each Group company is required to report any actual or suspected incidents of bribery, theft, fraud or similar offences to the GFD/DMD and the Internal Audit GM for independent analyses and necessary follow up (see page 109 of this report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to exercising proper controls in engaging third party representatives (such as advisers, agents, consultants, introducers and finders). All Group companies are required to exercise due care and diligence in selecting third party representatives and in monitoring their activities, and should adhere to the Group's Policy on Appointment of Third Party Representatives in this regard.

Corporate Communications Policy

The Group highly values its reputation in the communities and countries where it operates. Employees are required to observe the Corporate Communications Policy to ensure that the market receives timely and accurate information about the Group. The Group Corporate Affairs Department ("GCAD") and subsidiary corporate communications/public relations departments assist the Management to provide clear, consistent and congruent messages for the Group's businesses through the media in a speedy, professional and well-coordinated manner.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Group. The Shareholders Communication Policy sets out the framework the Company has put in place to promote effective two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information

With a view to ensuring that inside information is identified, handled and disseminated in compliance with the SFO, and proper internal control procedures are in place to guard against mishandling of inside information which may constitute insider dealing or breach of any other statutory obligations, the Group has implemented the Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information. The policy also adopts additional precautions which should be taken by employees who are in possession of inside information, including identification of project by code name and dissemination of information for stated purpose and on a need-to-know basis only. Whilst all employees are absolutely prohibited at all times from dealing in the securities of any listed entity within the Group when they are in possession of unpublished and price-sensitive information or confidential information, certain members of senior management or staff are subject to specific additional compliance requirements as are communicated to them individually from time to time (including but not limited to obtaining written pre-clearance from designated members of management prior to any dealing in any such securities). Further, certain staff members in the Group Finance Department are subject to a two-month blackout period prior to the release of the Company's annual results and a one-month blackout period prior to the release of interim results, while relevant staff in the GCSD and GCAD are subject to a two-week blackout period.

Policy on Personal Data Governance

The Group is also committed to the safeguard and protection of the personal data of its customers and employees. Employees must only collect and use personal data in accordance with applicable data protection laws, as well as the Policy on Personal Data Governance and the applicable local policies and procedures.

Information Security Policy

Employees must not disclose any confidential information of the Group, its customers, suppliers, business partners or shareholders, except when disclosure is authorised by the Group in accordance with the Information Security Policy which defines the common policies for information confidentiality, integrity and availability to be applied across the entire Group.

Employees are required to make a self-declaration every year to confirm that he/she has read, understood and will continue to comply with the various Group policies.

Board Diversity Policy and Director Nomination Policy

The two Board policies, Board Diversity Policy and Director Nomination Policy, set out the approach to achieving diversity as well as the approach and procedures the Board adopts for the nomination and selection of Directors. Further details of the policies are provided on page 110 of this report.

Internal Audit

The Internal Audit GM, reporting directly to the Audit Committee and also to the GFD/DMD, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the Group's business operations worldwide. It has wide authority to access to documents, records, properties and personnel of the Group. By applying risk assessment methodology and considering the dynamics of the Group's activities, internal audit devises its three-year risk-based audit plan for review by the Audit Committee. The audit plan is subject to continuous reassessment taking into account external and internal factors such as macro economic and regulatory changes, business and operational changes, emerging risks and opportunities (including sustainability and cyber-related ones), as well as audit and fraud findings which may affect the risk profile of the Group during the year.

GMSD is responsible for assessing the Group's risk management and internal control systems, including reviewing the continuing connected transactions of the Company (refer to pages 89 and 90 of this annual report for more details), formulating an impartial opinion on the systems, and reporting its findings to the Audit Committee, the GFD/DMD and the senior management concerned as well as following up on the issues to ensure that they are satisfactorily resolved within the agreed timeline. In addition, GMSD maintains a regular dialogue with PwC so that the parties are aware of the significant factors which may affect their respective scope of work.

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by GMSD includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

GMSD is also responsible for periodic fraud analyses and independent investigations. In accordance with the Group's Code of Conduct and Anti-Fraud and Anti-Bribery Policy, each core business derives its own set of escalation procedures to cater for its operational needs, and is required to report to the GFD/DMD and the Internal Audit GM any actual or suspected fraudulent activities within a 24-hour timeframe should the amount involved exceeds the de minimis threshold as agreed between the GFD/DMD and the executive management team of each core business. In addition, each core business submits a summary of fraud incidents statistics to the GFD/DMD and the Internal Audit GM on a quarterly basis. These cases, together with those escalated through the whistleblowing channels, are recorded in the Company's centralised fraud incidents register under the custody of the Internal Audit GM, and are independently assessed and investigated as appropriate. The Internal Audit GM would promptly escalate any incidents of a material nature to the Chairman of the Audit Committee for his direction. Also, a summary of the fraud incidents and relevant statistics (including results of independent investigations and actions taken) is presented to the Audit Committee and the Executive Directors on a quarterly basis.

Reports from PwC on internal controls and relevant financial reporting matters are presented to the Internal Audit GM and, as appropriate, to the GFD/DMD and the finance director or financial controller of the relevant executive management team. These reports are reviewed and appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2022 covering all material controls, including financial, operational and compliance controls, and concurs with Management confirmation that such systems are effective and adequate. In addition, the Board, through the Audit Committee and the Sustainability Committee, has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting, and sustainability performance and reporting functions.

Corporate Governance Report

NOMINATION OF DIRECTORS

Nomination Committee

The Nomination Committee, chaired by Dr Rosanna Wong, an Independent Non-executive Director and with the Chairman Mr Victor T K Li and Independent Non-executive Director Mrs Sophie Leung as members, is in full compliance with the code provisions of the CG Code.

The responsibilities of the Nomination Committee are to review the structure, size, diversity profile and skills set of members of the Board against its needs and make recommendation on the composition of the Board to achieve the Group's corporate strategy as well as promote shareholder value. It identifies suitable director candidates and selects or makes recommendation to the Board on the appointment or re-appointment of Directors and succession planning of Directors. Furthermore, it also assesses the independence of Independent Non-executive Directors having regard to the criteria under the Listing Rules and reviews the Director Nomination Policy and the Board Diversity Policy periodically and makes recommendation on any proposed revisions to the Board.

Nomination Process

The nomination process has been, and will continue to be, conducted in accordance with the Director Nomination Policy and the Board Diversity Policy, which are available on the website of the Group. The Board will from time to time review these policies and monitor their implementation to ensure continued effectiveness and compliance with regulatory requirements and good corporate governance practices.

Pursuant to the Director Nomination Policy, the Nomination Committee, in determining the suitability of a candidate, will consider the potential contributions a candidate can bring to the Board including the attributes complementary to the Board, the commitment, motivation and integrity of the candidate, having due consideration of the benefits of a diversified Board.

Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits of various aspects of diversity, including gender, age, culture, ethnicity, educational background, professional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board.

The Board comprises 17 Directors. The table below shows the Board structure, and skills set, expertise and competencies of the Directors:

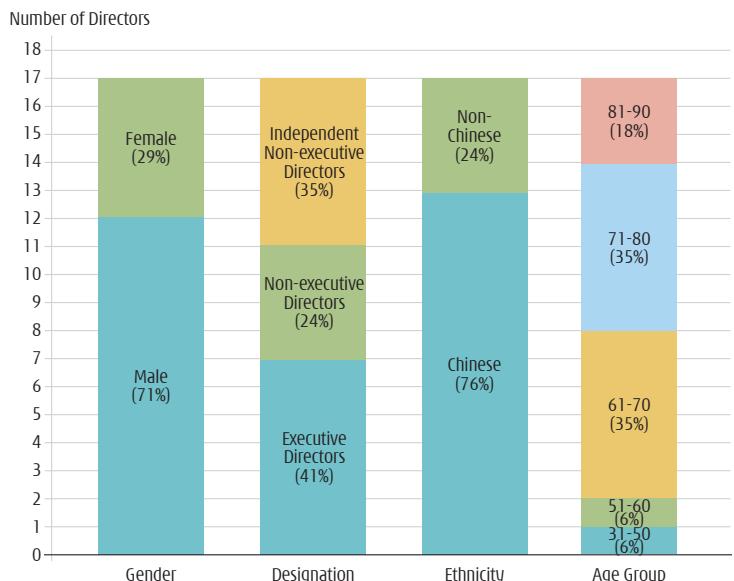
Name	Structure and Size				Committees			Skills and Expertise						
	Age	Gender	Ethnicity	ED/NED/INED	Audit	Nomination	Remuneration	Sustainability	Business Management	Strategic Planning & Risk Management	Financial Reporting/ Banking	Legal/Regulatory	Sustainability	Related Industry Knowledge/ Experience
Mr Victor T K Li	58	M	C	ED	✓	✓			✓	✓	✓			✓
Mr Canning Fok	71	M	C	ED				✓	✓	✓	✓			✓
Mr Frank Sixt	71	M	NC	ED				✓	✓	✓	✓	✓	✓	✓
Mr Edmond Ip	70	M	C	ED				✓	✓	✓	✓		✓	✓
Mr Kam Hing Lam	76	M	C	ED				✓	✓	✓	✓			✓
Mr Dominic Lai	69	M	C	ED				✓	✓	✓	✓			✓
Ms Edith Shih	71	F	C	ED				✓	✓	✓	✓	✓	✓	✓
Mr Roland Chow	85	M	C	NED				✓	✓			✓		✓
Mrs Susan Chow	69	F	C	NED				✓	✓			✓		✓
Mr Charles Lee	86	M	C	NED				✓	✓		✓	✓		✓
Mr George Magnus	87	M	NC	NED				✓	✓		✓			✓
Mr Philip Kadoorie	31	M	NC	INED				✓	✓					
Ms Rose Lee	70	F	C	INED	✓			✓	✓	✓	✓			
Mrs Sophie Leung	77	F	C	INED		✓		✓	✓	✓	✓	✓	✓	
Mr Paul Tighe	66	M	NC	INED	✓				✓	✓	✓	✓	✓	✓
Mr Wong Kwai Lam	73	M	C	INED	✓		✓		✓	✓	✓			
Dr Rosanna Wong	70	F	C	INED		✓	✓	✓	✓	✓	✓			✓

F: Female
M: Male

C: Chinese
NC: Non-Chinese

ED: Executive Director
NED: Non-executive Director
INED: Independent Non-executive Director

The charts below show the diverse skills set of the Directors and the diversity profile of the Board as at 31 December 2022:



Female representation at the Board stands at a relatively high level (29.4%, five out of 17 Directors) amongst companies listed on The Stock Exchange of Hong Kong Limited, increasing from 28% in 2021. The Company cements its commitment to gender diversity within its business so it continues to review and assess the appropriate level of gender diversity and composition that aligns with the strategy of the Company. The Board is of the view that it is not necessary to set numerical targets and timeline for board gender diversity for the time being. The Company actively seeks to ensure it has an appropriate mix of diversity and has a number of initiatives in place to meet its strategic imperative of ensuring it has a diverse Board. It also conducts structured recruitment, selection and training programmes at various levels within the Group to develop a broader pool of skilled and experienced potential Board members.

The Board also places tremendous emphasis on diversity (including gender diversity) across all levels of the Group. The total gender diversity of the Group is balanced, with a slightly higher female employee base driven by the Retail division. To support diversity across all facets, beyond gender, including race and ethnicity, disability, LGBTQ+, social mobility and age, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours. Further details on the gender ratio of the Group and initiatives taken to improve gender diversity across senior management and the wider workforce, together with relevant data, can be found in the 2022 Sustainability Report of the Group, which will be published together with this annual report.

If the Board determines that an additional or replacement Director is required, the Nomination Committee will deploy multiple channels for identifying suitable director candidates, including referral from Directors, shareholders, management, advisers of the Company and external executive search firms. Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee will consider and, if appropriate, recommend such retiring Director to stand for re-election. A circular containing the requisite information on retiring Directors will be sent to shareholders prior to the general meeting at which such Directors are to be proposed for re-election, in accordance with the Listing Rules.

Shareholders of the Company may also nominate a person to stand for election as a Director at a general meeting in accordance with the Articles of Association of the Company and applicable laws and regulations. The procedures for such proposal are posted on the website of the Group.

Corporate Governance Report

The Nomination Committee held two meetings in 2022 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna (<i>Chairman</i>)	2/2
Victor T K Li	2/2
Cheng Hoi Chuen, Vincent ⁽¹⁾	1/1
Leung Lau Yau Fun, Sophie ⁽²⁾	1/1

Notes:

(1) Passed away on 28 August 2022.

(2) Appointed on 29 August 2022.

During 2022, the Nomination Committee reviewed the structure, size and composition of the Board, ensuring that it has sound diversity and a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of existing Directors. The Nomination Committee in December 2022 recommended to the Board the appointment of Mr Philip Lawrence Kadoorie as an Independent Non-executive Director. Mr Philip Lawrence Kadoorie is the son of The Hon Sir Michael David Kadoorie, a former Independent Non-executive Director whose resignation took effect on 16 December 2022 with no overlapping period of tenure between the two. The appointment of Mr Kadoorie was subject to a stringent assessment process in accordance with the Director Nomination Policy and Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy. The Company believes that Mr Kadoorie's substantial experience in power generation, transmission and distribution industry in Hong Kong, the Mainland China, Australia, India and Southeast Asia, his global market experience in the power industry as well as his property industry experience can bring in fresh perspectives and provide objective insights and independent judgment to the Board. Mr Kadoorie has also provided his confirmation of independence in respect of Rule 3.13 of the Listing Rules, and the Company is not aware of any factor adversely affecting his independence. Having taken into account the above and the independence criteria set out in Rule 3.13 of the Listing Rules, the Board is satisfied with the independence of Mr Philip Lawrence Kadoorie in acting as Independent Non-executive Director, and the Company considers that the above family relationship has no bearing on his independence as an Independent Non-executive Director.

The Nomination Committee also assessed the independence of all other Independent Non-executive Directors and considered all of them to be independent having regard to their annual independence confirmation and the assessment of their independence with reference to the independence criteria set out in Rule 3.13 of the Listing Rules. In particular, the Nomination Committee considered that all Independent Non-executive Directors continue to provide a balanced and independent view to the Board and play a leading role in the Board committees and bring independent and external dimension as well as constructive and informed comments on issues of the Group's strategy, policy, performance, accountability, resources, key appointments and standards of conduct. None of the Independent Non-executive Directors have any involvement in the daily management of the Company, or any financial or other interests or relationships in the business of the Company. In addition, there are no circumstances which would materially interfere with their exercise of independent judgment.

At its meeting in February 2023, the Nomination Committee reviewed again the structure, skills set, expertise and competencies of members of the Board, affirmed the independence of the Independent Non-executive Directors, deliberated and selected Directors for retirement and re-election at the 2023 annual general meeting and recommended to the Board for consideration. It also reviewed the Board Diversity Policy and Director Nomination Policy as well as their implementation and effectiveness during 2022. These are determined to be effective.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Remuneration Committee is chaired by Dr Rosanna Wong, an Independent Non-executive Director, with the Chairman Mr Victor T K Li and an Independent Non-executive Director Mr Wong Kwai Lam as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence under the Listing Rules. The Remuneration Committee meets towards the end of each year to determine the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and where warranted, at additional meetings.

The Remuneration Committee held one meeting in 2022 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna (<i>Chairman</i>)	1/1
Victor T K Li	1/1
Cheng Hoi Chuen, Vincent #	N/A
Wong Kwai Lam	1/1

Passed away on 28 August 2022.

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objectives of attracting, retaining and motivating a broader and more diverse pool of employees of the highest calibre and experience needed to shape and execute the strategy across the Group's substantial, diverse and international business operations. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the Group's business activities and human resources issues, and headcount and staff costs. It also reviewed and approved the proposed 2023 directors' fees for Executive Directors and made recommendation to the Board on the proposed 2023 directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2023 remuneration package of Executive Directors, subsidiaries' managing directors and senior executives of the Group. No Director or any of his/her associates is involved in deciding his/her own remuneration. The Remuneration Committee also reviewed and recommended to the Board updates to its terms of reference based on the latest CG Code which took effect on 1 January 2023.

Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Executive Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

Corporate Governance Report

2022 Remuneration

Directors' emoluments comprise payments to Directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments exclude amounts received from the Company's listed subsidiaries and paid to the Company. Details of emoluments paid to each Director in 2022 are set out below:

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	5.01	69.84	–	–	75.16
<i>Paid by CK Infrastructure Holdings Limited ("CKI")</i>	0.13	–	30.65	–	–	30.78
FOK Kin Ning, Canning ⁽³⁾	0.44	5.01	100.49	–	–	105.94
Frank John SIXT ⁽³⁾⁽⁴⁾	0.22	11.88	191.03	1.07	–	204.20
IP Tak Chuen, Edmond	0.28	9.03	65.96	0.77	–	76.04
<i>Paid by the Company</i>	0.22	1.67	9.93	–	–	11.82
<i>Paid by CKI</i>	0.10	1.80	12.45	–	–	14.35
	0.32	3.47	22.38	–	–	26.17
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.47	9.24	–	–	11.93
<i>Paid by CKI</i>	0.08	4.20	11.42	–	–	15.70
	0.30	6.67	20.66	–	–	27.63
LAI Kai Ming, Dominic ⁽³⁾	0.22	6.09	63.58	0.49	–	70.38
Edith SHIH ⁽³⁾⁽⁴⁾	0.28	4.71	18.03	0.34	–	23.36
CHOW Kun Chee, Roland ⁽⁵⁾	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
George Colin MAGNUS ⁽⁵⁾						
<i>Paid by the Company</i>	0.22	–	–	–	–	0.22
<i>Paid by CKI</i>	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
CHENG Hoi Chuen, Vincent ⁽⁶⁾	0.29	–	–	–	–	0.29
Michael David KADOORIE ⁽⁷⁾	0.21	–	–	–	–	0.21
Philip Lawrence KADOORIE ⁽⁸⁾⁽⁹⁾	0.01	–	–	–	–	0.01
LEE Wai Mun, Rose ⁽⁹⁾⁽¹⁰⁾	0.26	–	–	–	–	0.26
LEUNG LAU Yau Fun, Sophie ⁽¹⁾⁽⁹⁾	0.23	–	–	–	–	0.23
Paul Joseph TIGHE ⁽⁹⁾⁽¹⁰⁾						
<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⁾⁽⁹⁾⁽¹⁰⁾	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁹⁾	0.37	–	–	–	–	0.37
Total:	5.35	46.86	482.13	2.67	–	537.01

Notes:

- (1) Member of the Nomination Committee.
- (2) Member of the Remuneration Committee.
- (3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.
- (4) Member of the Sustainability Committee.
- (5) Non-executive Director.
- (6) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Passed away on 28 August 2022.
- (7) Former Independent Non-executive Director. Resigned on 16 December 2022.
- (8) Appointed on 16 December 2022.
- (9) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.33 million (2021: HK\$2.29 million).
- (10) Member of the Audit Committee.

The remuneration paid to the members of senior management by bands during the year is set out below:

Remuneration Bands*	Number of Individuals
HK\$15 million to HK\$19 million	1
HK\$20 million to HK\$24 million	3
HK\$25 million to HK\$29 million	2
HK\$70 million to HK\$74 million	1

* Rounding to the nearest million.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

In order to stay attuned to changing expectations of stakeholders, the Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Multiple channels of communication and engagement are available.

Through its Executive Directors, the GCAD, Group Investor Relations Department and the GCSD, the Group engages with and responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, webcasts, conference calls and presentations. In 2022, about 300 meetings were conducted with institutional investors and analysts by means of video calls, conference calls, group and one-on-one meetings and roadshows, with an increasing emphasis on sustainability strategy and priorities.

The Board also provides clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. The Memorandum and Articles of Association of the Company is published on the websites of the Group and HKEx. Moreover, a wide range of information on the Group is available to shareholders and stakeholders through the Investor Relations page on the Group's website. A dedicated Corporate Governance section is also available on the Group's website. This report and the corporate governance policies and practices are available and updated on a regular basis. There is also an expanded Sustainability section on the website containing further information on sustainability as well as the sustainability policies.

Corporate Governance Report

Annual general meetings and other general meetings of the Company provide one of the primary forums for communication with shareholders and for shareholder participation. Such meetings provide shareholders with the opportunity to share their views and to meet the Board and certain members of senior management. Question and answer sessions at general meetings foster constructive dialogues between shareholders of the Company, Board members and Management.

Shareholders are encouraged to participate at general meetings of the Company physically, through electronic means, or by proxy if they are unable to attend in person. Pursuant to the Articles of Association of the Company, any two or more shareholders (or one shareholder which is a recognised clearing house, or its nominee(s)) holding not less than one-tenth of the paid up share capital of the Company, carrying the right of voting at general meetings of the Company, have rights to call for general meetings and to put forward agenda items for consideration by shareholders, by depositing at the principal office of the Company in Hong Kong a written requisition for such general meetings, signed by the shareholders concerned together with the objects of the meeting. The Board would within 21 days from the date of deposit of requisition convene the meeting to be held within a further 21 days.

All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Company's Hong Kong Share Registrar. The results of the poll are published on the websites of the Group and HKEx. In addition, regular updated financial, business and other information on the Group are made available to the shareholders and stakeholders on the Group's website.

The Company held one shareholders' meeting in 2022, being the 2022 AGM held on 19 May 2022 at Harbour Grand Kowloon as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2022 AGM was attended by all of the Directors and PwC. The respective chairpersons of the Board, Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee all attended the 2022 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2022 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcement of the Company dated 19 May 2022 are set out below:

Resolutions proposed at the 2022 AGM	Percentage of Votes
1 Adoption of the audited Financial Statements, the Reports of the Directors and the Independent Auditor for the year ended 31 December 2021	99.8382%
2 Declaration of a final dividend	99.9998%
3(a) Re-election of Mr Li Tzar Kuoi, Victor as Director	86.8801%
3(b) Re-election of Mr Frank John Sixt as Director	74.7243%
3(c) Re-election of Ms Edith Shih as Director	94.0918%
3(d) Re-election of Mrs Chow Woo Mo Fong, Susan as Director	95.8099%
3(e) Re-election of The Hon Sir Michael David Kadoorie as Director	97.1673%
3(f) Re-election of Ms Lee Wai Mun, Rose as Director	99.3391%
3(g) Re-election of Mrs Leung Lau Yau Fun, Sophie as Director	99.4409%
4 Re-appointment of PricewaterhouseCoopers as Independent Auditor and authorisation of Directors to fix the Auditor's remuneration	99.6407%
5(1) Granting of a general mandate to Directors to issue additional shares of the Company	97.9583%
5(2) Granting of a general mandate to Directors to repurchase shares of the Company	99.8219%

Accordingly, all resolutions put to shareholders at the 2022 AGM were passed. The results of the voting by poll were published on the websites of the Group and HKEx.

Other corporate information relating to the Company is set out in the “Information for Shareholders” section of this annual report. This includes, among others, dates for key corporate events for 2023 and public float capitalisation as at 31 December 2022.

The Group values feedback from shareholders and other stakeholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Company Secretary by mail to 48th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong or by email at cosec@ckh.com.hk. Institutional investors and analysts can contact the Group Investor Relations of the Company by mail to 47th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong or by email at ir@ckh.com.hk. The Company also sets up a dedicated email address (sustainability@ckh.com.hk) for stakeholders to provide feedback and suggestions on the sustainability reports and sustainability issues. The Board receives updates from the Company Secretary, the Head of Group Investor Relations and the Group’s sustainability lead from time to time on key issues raised by shareholders and investors. In developing and formulating Group strategy, the Board considers such key issues raised and takes shareholder and stakeholder feedback into account (see also page 120 of this report on the Group’s efforts to engage with a broad range of stakeholders on sustainability topics).

Shareholders Communication Policy

The Audit Committee is responsible for regular review of the effectiveness and compliance with prevailing regulatory and other requirements of the Shareholders Communication Policy. In August 2021, the policy was updated to elaborate on the multiple avenues available for shareholders to communicate with the Company and vice versa. In March 2023, the Audit Committee reviewed the policy again and considered that the implementation of the policy was effective during 2022 (see “Audit Committee” on page 103 of this report).

Dividend Policy

The Board adopted a Dividend Policy for the Company and is committed to maintaining an optimal capital structure and investment grade credit ratings. The policy is pursued to deliver returns to shareholders whilst ensuring that adequate capital resources are available for business growth and investment opportunities. Subject to business conditions, market opportunities and maintenance of the Company’s strong investment grade credit ratings, the Board aims to deliver a sustainable dividend that is in line with earnings improvement and long-term growth of the Company.

SUSTAINABILITY

Sustainability Governance

The Group’s sustainability governance structure provides a solid foundation for developing and delivering its commitment to sustainability, which is embedded at all levels of the Group, including the Board, the Sustainability Committee, the Audit Committee, the Sustainability Working Group, the Governance Working Group and the Cyber Security Working Group as well as the sustainability functions embedded across all core businesses.

The Board level Sustainability Committee is chaired by Mr Frank Sixt with Ms Edith Shih and Dr Rosanna Wong as members.

The responsibilities of the Sustainability Committee are to propose and recommend to the Board on the Group’s sustainability objectives, strategies, priorities, initiatives and goals. It oversees, reviews and evaluates actions taken by the Group in furtherance of sustainability priorities and goals, including coordinating with business divisions of the Group and ensuring that their operations and practices adhere to the relevant priorities and goals. The Sustainability Committee also reviews and reports to the Board on sustainability risks and opportunities, monitors and assesses emerging sustainability issues and trends that could impact the business operations and performance of the Group. Moreover, it considers the impact of the Company’s sustainability programmes on its stakeholders, including employees, shareholders, investors, customers, business partners, suppliers, governments and regulators, local communities, non-government organisations, and the environment, and appraises and advises the Board on the Company’s public communication, disclosure and publications as regards to its sustainability performance.

Corporate Governance Report

The Sustainability Committee held two meetings in 2022 with 100% attendance.

Members	Attended/Eligible to Attend
Frank John Sixt (<i>Chairman</i>)	2/2
Edith Shih	2/2
Wong Yick-ming, Rosanna	2/2

During 2022, the Sustainability Committee focused on reviewing progress in 2021 against the actions the Group committed to in the 2020 Sustainability Report. It also reviewed and approved the 2021 Sustainability Report published in May 2022. The Sustainability Committee received a report on the allocation of the proceeds and the impact created from the green bond issued in October 2021. The adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was also examined and considered satisfactory by the Sustainability Committee.

At its meeting in March 2023, the Sustainability Committee reviewed the progress on 2021 sustainability goals and approved future goals. It also reviewed and recommended to the Board for approval the 2022 Sustainability Report, which will be published together with this annual report.

Supporting the Sustainability Committee is the Sustainability Working Group, comprising two Executive Directors as Co-Chairs, as well as other senior executives from key departments that impact the material sustainability issues of the Group.

Sustainability is embedded in the risk management approach of the Group, through the bi-annual formal examination of all business divisions as to their material sustainability risks and presentations to senior management their plans on how these risks are managed as part of the bi-annual review of risk management and internal control systems. As an integral part of sustainability governance, these self-assessment results are subject to internal audits, then submission to the GFD/DMD biannually as well as the Audit Committee and Sustainability Committee respectively for review and approval.

Sustainability Framework

The Group's overall sustainability approach and priorities are built on four pillars: Environmental, Social, Governance and Sustainable Business Model & Innovation, with the latter pillar underscoring the importance of sustainability integration into the business strategies of the Group and the commercial opportunities that sustainability presents. The Group-level framework includes eight goals which extend to all core businesses which complement, rather than replace, the business division level strategies which should always serve to address their individual material sustainability issues based on the sectors and geographies in which they operate.

Each pillar is supported by Group-wide policies, leadership at Group level and collective efforts of each core business division. On an ongoing basis, the Group continues to assess, update and refine its sustainability policies with a view of ensuring that its systems, processes, standards and practices are enabling the achievement of the sustainability objectives of the Group which also evolve to reflect emerging sustainability trends. These policies can be found in the "Sustainability Policies" section of the Group's website (https://www.ckh.com.hk/en/esg/esg_policies.php). These policies and the governance policies mentioned earlier in this report form the foundation of the sustainability governance framework of the Group.

Progress

Beyond the following sustainability summary of progress, the standalone Sustainability Report of the Group, which will be published together with this annual report, will provide more details of the Group's sustainability initiatives and efforts.

During 2022, the Group dedicated significant efforts to accelerating its climate strategy focusing on developing science-based targets, net-zero pathways and scope 3 footprints.

With the Group's core businesses having set emissions reduction targets, underpinned by expansive action plans, the Group has decided to set its own Group-wide commitment of reducing scope 1 and 2 emissions by 50% by 2035 versus a 2020 baseline, as well as committing to the long-term pursuit of net-zero carbon emissions across its value chain by 2050. This target is based on the significant efforts by each of its core businesses in recent years to develop ambitious targets that are supported by expansive plans. During 2022, both A.S Watson and CK Hutchison Group Telecom had their targets validated as science based by the Science Based Targets initiative (SBTi). The Ports division also formally committed to having its newly developed targets validated by the SBTi during 2023. During the year, the Infrastructure division's business units continued to make progress towards their net-zero ambitions.

As part of the ongoing efforts to align the Group's climate action strategy development and reporting to leading practice frameworks, the Company has leveraged the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to provide more detailed insight to the Group's climate-related governance, strategy, risk management, and metrics and targets. During 2022, the Group published its first standalone TCFD report which it plans to supplement its next iteration with further scenario analyses during 2023.

To finance or refinance green projects, the Group also launched its inaugural green bond in October 2021 alongside its Sustainable Finance Framework. This first issuance was closed out during 2022 and the Group's first Green Bond Report is available on the Group's website.

Sustainability is prioritised by the Group not only because of the risks it poses but also as it acts as a growth opportunity for the Group. Throughout 2022, the Group's core businesses continued to invest in innovation and technology to create competitive advantage and future-ready its business:

- The Ports division finalised its net-zero transition strategy in line with its long-term ambition of achieving net-zero before 2050. To support this, it has mandated that all new investments in mobile and stationary machinery will be fully electric or supplemented with other forms of clean energy.
- Through its Greener Stores Framework launched in 2022, the Retail division is aiming for higher levels of sustainability integration in the way its business units design, construct, operate and maintain stores. A.S. Watson brands also continued to expand their sustainable product portfolio focusing on the use of sustainable raw materials in product and packaging, incorporating circular economy approaches, and making their beauty lines more inclusive.
- CKI's businesses continued to invest in innovation and technology to develop solutions for the hydrogen transition in gas networks; hydrogen-powered trains; distributed solar-powered systems; remote and renewable energy generation solutions; renewable natural gas; carbon capture, use and storage; and smart city solutions. As highlights during 2022, Northern Gas Networks achieved a world-first when it completed a six-month trial of supplying 100% hydrogen through existing natural gas infrastructure. Hong Kong Electric also continued its plans to phase out all coal-fired power generation before 2035 by putting its second of three new 380-MW gas-fired combined-cycle generating units into commercial operation in May 2022.
- The ongoing investment in the 5G rollout of the Telecommunications division is enabling greater opportunities for mobile connected technologies that can facilitate rapid reductions in emissions as well as greater levels of digital inclusion to less connected segments of society.

Corporate Governance Report

Stakeholders Engagement

Throughout 2022, the Group continued its ongoing efforts to engage with a variety of stakeholders. As the Group has a diverse range of businesses and operates in about 50 countries/markets, maintaining a close dialogue with key stakeholders in each industry and geographical jurisdiction is critical when making business decisions and considering their potential sustainability impact. Recognising that sustainability performance is becoming an important investment decision factor for investors, the Company is dedicating significant efforts to investor outreach on sustainability topics as well as engaging with the ESG ratings agencies highlighted as most important to the Group's top investors. In recognition of this effort, the Group's ESG rating by MSCI was upgraded two notches from a B to a BBB (see "Relationship with Shareholders and Other Stakeholders" on pages 115 to 117 of this report).

The Group aspires to be an employer of choice through competitive remuneration packages, continuous professional training, and a safe and inclusive working environment. As part of the talent pipeline development, monthly in-house and external training courses and programmes covering a wide range of topics including technical skills development training, soft skills training and wellness programmes are provided to employees at all levels. Further, Group companies work with educational and professional institutions to inspire, train and mentor the younger generation for future careers with the Group. The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, sexual preference or position. It is a Group policy to provide equal opportunity to all employees with regard to hiring, pay rates, training and development, promotions and other terms of employment.

Focusing on inclusion and diversity continues to be a priority focus area. Recognising there are multiple pillars to inclusive workplaces, each business division dedicated focus to areas most in need of attention and of greatest importance to their employees. For the Ports, Telecommunications and Infrastructure divisions, creating more gender diverse workplaces continues to be a top focus with these businesses facing barriers relating to stereotypes of being traditionally male-dominated. Recognising leadership approaches to inclusion and diversity, among other awards received across the businesses, both Wind Tre and Superdrug were recognised in the 2022 Financial Times' Diversity Leaders Index. Superdrug is celebrated for its expansive programme encompassing six focuses: Age, Social Mobility, Disability, Gender Equality, LGBTQ+, and Race & Ethnicity. Wind Tre's proactive approach extends to the inclusion of diversity goals and metrics in management compensation schemes. In 2022, Wind Tre also became the first telecommunications company to achieve the EQUAL-SALARY certification from the EQUAL-SALARY Foundation following a successful audit by PwC to show it has applied equal pay for women and men.

Compliance with Laws and Regulations

Many of the Group's businesses operate in highly regulated environments. Regulatory frameworks are closely analysed and monitored and internal policies are prepared and updated accordingly. Tailor-made workshops are conducted to strengthen awareness and understanding of the Group's internal controls and compliance procedures. In addition, refresher courses on ethical business practices are provided on a regular basis. Where appropriate, best practices are shared amongst Group companies to increase cross-fertilisation of ideas and know-how. Further, GMSD is responsible for the assessment of the Group's sustainability practices and relevant regulatory compliance.

The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning employment, occupational health and safety or labour standards, product responsibility, anti-corruption, air and water discharges, and generation of waste during the year (see also page 107 of this report on the Group's compliance with the relevant laws and regulations which have a significant impact on the Group).

By order of the Board

Edith Shih

Executive Director and Company Secretary

Hong Kong, 16 March 2023

Independent Auditor's Report

To the Shareholders of CK Hutchison Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which are set out on pages 126 to 266, comprise:

- the consolidated and Company statements of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022, and of its consolidated profit and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Independence

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

Independent Auditor's Report

Key Audit Matters

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

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

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

Key Audit Matter

Goodwill and brand names with an indefinite useful life

Refer to notes 5(b)(xvi), 7(c)(i), 15, 16 and 46 to the consolidated financial statements

The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2022, goodwill amounted to approximately HK\$268 billion and brand names with an indefinite useful life amounted to approximately HK\$67 billion.

Goodwill and brand names with an indefinite useful life are subject to impairment assessments annually and when there is an indication of impairment.

In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts, being the higher of the fair value less costs of disposal and value in use. The recoverable amounts are estimated taking into consideration the future cash flows of the respective business units based on the latest approved financial budgets for the next five years and a number of other assumptions, including the growth rates to extrapolate the cash flows beyond the budget period and the discount rates to bring the future cash flows back to their present values.

The Group recognised the impairment of goodwill of approximately HK\$11 billion relating to the mobile telecommunications business in Italy for the year ended 31 December 2022. Refer to notes 5(b)(xvi), 7(c)(i) and 16 to the consolidated financial statements for details. The significant assumptions are disclosed in notes 7(c)(i), 16 and 46 to the consolidated financial statements.

We considered this is a key audit matter as significant judgements are involved in the impairment assessments.

How our audit addressed the Key Audit Matter

Our procedures to address this key audit matter included:

- Understanding the management's assessment process of impairment of goodwill and brand names with an indefinite useful life and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used in management's estimation of recoverable amounts based on our knowledge of the relevant businesses and industries, other appropriate supporting evidence, and with the involvement of our valuations experts;
- Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of these budgets; and
- Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts including the growth rates and discount rates as these are the key assumptions to which the measurement of recoverable amounts is the most sensitive.

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

Key Audit Matters (continued)

Key Audit Matter

Investments in associated companies and joint ventures

Refer to notes 17, 18 and 46 to the consolidated financial statements

The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2022, investments in associated companies and joint ventures amounted to approximately HK\$289 billion.

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

How our audit addressed the Key Audit Matter

Our procedures to address this key audit matter included:

- Understanding the management's assessment process of identification of impairment indicators and impairment assessments of investments in associated companies and joint ventures and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgements involved in determining the assumptions to be applied;
- Assessing the appropriateness of the valuation methodologies used;
- Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the growth rates and discount rates; and comparing cash flow projections to supporting evidence, such as approved budgets; and
- Performing sensitivity analyses on the key assumptions, including the growth rates and discount rates, to evaluate the potential impacts on the recoverable amounts.

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

Independent Auditor's Report

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2023

Consolidated Income Statement

for the year ended 31 December 2022

	2022 [#] US\$ million	Note	2022 HK\$ million	2021 HK\$ million
33,653	Revenue	4, 5	262,497	280,847
(13,042)	Cost of inventories sold	7	(101,724)	(104,266)
(4,765)	Staff costs		(37,170)	(37,462)
(1,862)	Expensed customer acquisition and retention costs		(14,527)	(16,411)
(5,101)	Depreciation and amortisation	7	(39,788)	(45,256)
(7,145)	Other expenses and losses	7	(55,727)	(63,758)
3,613	Other income and gains	7	28,180	27,505
	Share of profits less losses of:			
1,516	Associated companies		11,822	5,718
952	Joint ventures		7,422	6,393
7,819			60,985	53,310
(1,161)	Interest expenses and other finance costs	8	(9,052)	(10,608)
6,658	Profit before tax		51,933	42,702
(697)	Current tax	9	(5,435)	(4,029)
(364)	Deferred tax credit (charge)	9	(2,839)	1,799
5,597	Profit after tax		43,659	40,472
(895)	Profit attributable to non-controlling interests and holders of perpetual capital securities		(6,979)	(6,988)
4,702	Profit attributable to ordinary shareholders		36,680	33,484
US\$ 1.23	Earnings per share for profit attributable to ordinary shareholders	10	HK\$ 9.57	HK\$ 8.70

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

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	2022 [#] US\$ million	Note	2022 HK\$ million	2021 HK\$ million
5,597	Profit after tax		43,659	40,472
	Other comprehensive income (losses)			
	Items that will not be reclassified to profit or loss			
	Equity securities at fair value through other comprehensive income ("FVOCI")			
(192)	Valuation gains (losses) recognised directly in reserves		(1,493)	265
90	Remeasurement of defined benefit obligations recognised directly in reserves		701	1,034
(11)	Share of other comprehensive income (losses) of associated companies		(83)	766
(67)	Share of other comprehensive income (losses) of joint ventures		(520)	1,684
(33)	Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	33 (c)	(255)	80
(213)			(1,650)	3,829
	Items that may be reclassified to profit or loss			
	Debt securities at FVOCI			
(47)	Valuation losses recognised directly in reserves		(369)	(60)
-	Valuation losses (gains) previously in reserves recognised in income statement		2	(7)
282	Gains on cash flow hedges recognised directly in reserves		2,201	1,020
568	Gains on net investment hedges recognised directly in reserves		4,433	1,767
(2,061)	Losses on translating overseas subsidiaries' net assets recognised directly in reserves		(16,078)	(10,567)
285	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement		2,220	2,913
(320)	Share of other comprehensive income (losses) of associated companies		(2,495)	(708)
(520)	Share of other comprehensive income (losses) of joint ventures		(4,061)	(2,184)
(1)	Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	33 (c)	(12)	(8)
(1,814)			(14,159)	(7,834)
(2,027)	Other comprehensive income (losses), net of tax		(15,809)	(4,005)
3,570	Total comprehensive income		27,850	36,467
(740)	Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities		(5,774)	(6,753)
2,830	Total comprehensive income attributable to ordinary shareholders		22,076	29,714

See note 44.

Consolidated Statement of Financial Position

at 31 December 2022

	2022 [#] US\$ million		2022 HK\$ million	2021 HK\$ million
		Note		
	Non-current assets			
14,442	Fixed assets	12	112,650	131,099
7,607	Right-of-use assets	13	59,337	76,852
7,781	Telecommunications licences	14	60,689	69,985
10,730	Brand names and other rights	15	83,694	89,019
34,360	Goodwill	16	268,008	289,340
18,040	Associated companies	17	140,711	137,781
19,046	Interests in joint ventures	18	148,561	141,344
2,373	Deferred tax assets	19	18,509	21,188
2,064	Liquid funds and other listed investments	20	16,103	8,227
2,039	Other non-current assets	21	15,900	14,202
118,482			924,162	979,037
	Current assets			
17,703	Cash and cash equivalents	23	138,085	153,133
2,985	Inventories		23,283	23,625
7,283	Trade receivables and other current assets	24	56,811	57,731
27,971			218,179	234,489
782	Assets classified as held for sale	25	6,096	–
28,753			224,275	234,489
	Current liabilities			
8,991	Bank and other debts	26	70,130	66,361
513	Current tax liabilities		4,001	2,402
1,555	Lease liabilities	13	12,128	16,085
11,427	Trade payables and other current liabilities	27	89,129	96,565
22,486			175,388	181,413
144	Liabilities directly associated with assets classified as held for sale	25	1,127	–
22,630			176,515	181,413
6,123	Net current assets		47,760	53,076
124,605	Total assets less current liabilities		971,922	1,032,113
	Non-current liabilities			
27,461	Bank and other debts	26	214,196	259,438
329	Interest bearing loans from non-controlling shareholders	29	2,567	759
6,914	Lease liabilities	13	53,931	68,994
2,473	Deferred tax liabilities	19	19,290	17,383
350	Pension obligations	30	2,730	3,466
4,090	Other non-current liabilities	31	31,899	37,818
41,617			324,613	387,858
82,988	Net assets		647,309	644,255

	2022 [#] US\$ million		Note	2022 HK\$ million	2021 HK\$ million
	Capital and reserves				
491	Share capital		32 (a)	3,830	3,834
31,150	Share premium		32 (a)	242,972	243,169
35,476	Reserves		33	276,711	266,149
67,117	Total ordinary shareholders' funds			523,513	513,152
585	Perpetual capital securities		32 (b)	4,561	12,414
15,286	Non-controlling interests			119,235	118,689
82,988	Total equity			647,309	644,255

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Total equity [#] US\$ million		Attributable to					
		Ordinary shareholders					
		Share capital and share premium ^(a) HK\$ million	Reserves ^(b) HK\$ million	Total ordinary shareholders' funds HK\$ million	Holders of perpetual capital securities HK\$ million	Non- controlling interests HK\$ million	Total equity HK\$ million
82,596	At 1 January 2022	247,003	266,149	513,152	12,414	118,689	644,255
5,597	Profit for the year	-	36,680	36,680	263	6,716	43,659
	Other comprehensive income (losses)						
	Equity securities at FVOCI						
(192)	Valuation losses recognised directly in reserves	-	(1,493)	(1,493)	-	-	(1,493)
	Debt securities at FVOCI						
(47)	Valuation losses recognised directly in reserves	-	(369)	(369)	-	-	(369)
	Valuation losses previously in reserves recognised in income statement	-	2	2	-	-	2
-	Remeasurement of defined benefit obligations recognised directly in reserves	-	569	569	-	132	701
90	Gains on cash flow hedges recognised directly in reserves	-	2,127	2,127	-	74	2,201
282	Gains on net investment hedges recognised directly in reserves	-	3,380	3,380	-	1,053	4,433
568	Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(14,538)	(14,538)	-	(1,540)	(16,078)
(2,061)	Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	-	2,090	2,090	-	130	2,220
285	Share of other comprehensive income (losses) of associated companies	-	(2,576)	(2,576)	-	(2)	(2,578)
(331)	Share of other comprehensive income (losses) of joint ventures	-	(3,578)	(3,578)	-	(1,003)	(4,581)
(587)	Tax relating to components of other comprehensive income (losses)	-	(218)	(218)	-	(49)	(267)
(2,027)	Other comprehensive income (losses), net of tax	-	(14,604)	(14,604)	-	(1,205)	(15,809)
3,570	Total comprehensive income	-	22,076	22,076	263	5,511	27,850
(4)	Impact of hyperinflation	-	(23)	(23)	-	(6)	(29)
	Transactions with owners in their capacity as owners:						
(914)	Dividends paid relating to 2021	-	(7,132)	(7,132)	-	-	(7,132)
(412)	Dividends paid relating to 2022	-	(3,221)	(3,221)	-	-	(3,221)
(619)	Dividends paid to non-controlling interests	-	-	-	-	(4,826)	(4,826)
(41)	Distribution paid on perpetual capital securities	-	-	-	(316)	-	(316)
24	Equity contribution from non-controlling interests	-	-	-	-	191	191
(1,000)	Redemption of perpetual capital securities	-	-	-	(7,800)	-	(7,800)
(25)	Buy-back and cancellation of issued shares (see note 32(a)(iii))	(201)	4	(197)	-	-	(197)
(187)	Relating to purchase of non-controlling interests ^(c)	-	(1,133)	(1,133)	-	(333)	(1,466)
-	Relating to partial disposal of subsidiary companies	-	(9)	(9)	-	9	-
(3,178)		(201)	(11,514)	(11,715)	(8,116)	(4,965)	(24,796)
82,988	At 31 December 2022	246,802	276,711	523,513	4,561	119,235	647,309

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

See note 44.

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

(b) See note 33 for details on reserves.

(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	2022 [#] US\$ million	Note	2022 HK\$ million	2021 HK\$ million
	Operating activities			
9,474	Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	34 (a)	73,897	85,933
(1,160)	Interest expenses and other finance costs paid (net of capitalisation)		(9,051)	(10,577)
(456)	Tax paid		(3,552)	(4,092)
7,858	Funds from operations (before principal elements of lease payments)		61,294	71,264
(587)	Changes in working capital	34 (b)	(4,580)	(19,080)
7,271	Net cash from operating activities		56,714	52,184
	Investing activities			
(3,062)	Purchase of fixed assets		(23,885)	(27,056)
(21)	Additions to telecommunications licences		(160)	(8,158)
(232)	Additions to brand names and other rights		(1,807)	(4,429)
–	Purchase of subsidiary companies, net of cash acquired	34 (c)	–	(138)
(72)	Additions to unlisted investments		(564)	(142)
48	Repayments of loans from associated companies and joint ventures		374	1,044
(444)	Purchase of and advances to associated companies and joint ventures		(3,464)	(1,753)
43	Proceeds from disposal of fixed assets		335	438
2,192	Proceeds from disposal of subsidiary companies, net of cash disposed	34 (d)	17,096	38,425
670	Proceeds from partial disposal / disposal of associated companies and joint ventures		5,226	928
300	Proceeds from disposal of other unlisted investments		2,336	11
(578)	Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments		(4,513)	(830)
20	Disposal of liquid funds and other listed investments		157	318
–	Additions to liquid funds and other listed investments		–	(38)
(558)	Cash flows used in investing activities		(4,356)	(550)
6,713	Net cash inflow before financing activities		52,358	51,634
	Financing activities			
4,762	New borrowings	34 (e)	37,147	70,901
(8,726)	Repayment of borrowings	34 (e)	(68,063)	(83,546)
(1,834)	Principal elements of lease payments	34 (e)	(14,307)	(17,407)
271	Net loans from non-controlling shareholders	34 (e)	2,118	47
11	Issue of equity securities by subsidiary companies to non-controlling shareholders		85	95
(116)	Payments to acquire additional interests in subsidiary companies		(904)	(1,955)
–	Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs		–	4,648
(1,000)	Redemption of perpetual capital securities by a subsidiary		(7,800)	(9,360)
(25)	Payments for buy-back and cancellation of issued shares		(197)	(1,239)
(1,326)	Dividends paid to ordinary shareholders		(10,353)	(9,627)
(618)	Dividends paid to non-controlling interests		(4,816)	(6,518)
(41)	Distribution paid on perpetual capital securities		(316)	(491)
(8,642)	Cash flows used in financing activities		(67,406)	(54,452)
(1,929)	Decrease in cash and cash equivalents		(15,048)	(2,818)
19,632	Cash and cash equivalents at 1 January		153,133	155,951
17,703	Cash and cash equivalents at 31 December		138,085	153,133

	2022[#] US\$ million		2022 Note HK\$ million	2021 HK\$ million
	Analysis of cash, liquid funds and other listed investments			
17,703	Cash and cash equivalents, as above	23	138,085	153,133
2,064	Liquid funds and other listed investments	20	16,103	8,227
19,767	Total cash, liquid funds and other listed investments		154,188	161,360
36,696	Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	26	286,230	328,253
329	Interest bearing loans from non-controlling shareholders	29	2,567	759
17,258	Net debt		134,609	167,652
(329)	Interest bearing loans from non-controlling shareholders		(2,567)	(759)
16,929	Net debt (excluding interest bearing loans from non-controlling shareholders)		132,042	166,893

See note 44.

Notes to the Financial Statements

1 General information

CK Hutchison Holdings Limited (the "Company" or "CKHH") is a company incorporated in the Cayman Islands with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2022 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 16 March 2023.

The Chairman's Statement, the Operations Review, the Group Capital Resources and Liquidity, and the Risk Factors, issued outside the Annual Financial Statements as part of the announcement of the Group's results for the year ended 31 December 2022 and the Group's 2022 Annual Report, include discussions of the performance of the Group's businesses for the current year, the principal risk and uncertainties affecting the Group's businesses, the important corporate transactions concluded since the end of the 2021 financial year, and the Group's liquidity and financial profile.

2 Use of judgements, assumptions and estimates

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

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

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with HKFRS and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

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

There were no new accounting standards or interpretations adopted during the year ended 31 December 2022 that had a significant effect on the Group in 2022. A summary of the Group's significant accounting policies, including changes thereto, are included in note 47.

4 Revenue

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

	2022 HK\$ million	2021 HK\$ million
Sale of goods	154,603	160,701
Revenue from services	102,726	116,386
Interest	5,049	3,672
Dividend income	119	88
	262,497	280,847

Notes to the Financial Statements

4 Revenue (continued)

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

(i) By segments *

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

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

* See note 5 for operating segment information.

4 Revenue (continued)

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

(ii) By geographical locations *

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

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

* See note 5 for operating segment information.

Notes to the Financial Statements

4 Revenue (continued)

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

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

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

	2022 HK\$ million	2021 HK\$ million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 24)	14,945	16,697
Trade receivables, which are included in "Assets classified as held for sale" (see note 25)	21	–
Contract assets (see notes 21 and 24)	6,314	7,599
Contract liabilities (see note 27)	(6,027)	(6,933)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. In 2022, HK\$998 million (2021: HK\$1,757 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2022, HK\$921 million (2021: HK\$1,056 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. HK\$3,757 million (2021: HK\$4,958 million) was recognised as revenue in 2022 that was included in the contract liability balance at the beginning of the year.

- (d) Transaction price allocated to the remaining performance obligations

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

	2022 HK\$ million	2021 HK\$ million
Within one year	13,230	14,065
More than one year	8,555	7,897
	21,785	21,962

5 Operating segment information

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

As at 31 December 2022, the Group has four core businesses – ports and related services, retail, infrastructure and telecommunications. For management purposes, the Group is organised into divisions, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the board of directors for the purposes of making decisions about resources allocation and performance assessment, the Group presents its operating segment information based on these core businesses.

Ports and Related Services:

This division is the world's leading port network, and has interests in 51 ports comprising 295 operational berths in 25 countries as at 31 December 2022. This division operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the Hutchison Port Holdings Trust ("HPH Trust"). Results of HPH Trust are included in the segment results (under Ports and Related Services) based on the Group's effective shareholdings (net of non-controlling interests) in HPH Trust.

Retail:

The retail division consists of the A. S. Watson ("ASW") group of companies, the world's largest international health and beauty retailer with a 141 million loyalty member base. ASW operated 12 retail brands with 16,142 stores in 28 markets worldwide as at 31 December 2022.

Infrastructure:

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

Telecommunications:

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

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

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

Notes to the Financial Statements

5 Operating segment information (continued)

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

In 2019, the Group has adopted the HKFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard Hong Kong Accounting Standard 17 "Leases" ("HKAS 17"). The Group believes that the HKAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a HKFRS 16 basis ("Post-HKFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. HKAS 17 basis metrics financial information is regularly reviewed by management and used for resources allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a HKAS 17 basis ("Pre-HKFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-HKFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-HKFRS 16 basis metrics to Post-HKFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2022 and 31 December 2021.

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. Revenue from external customers is after elimination of inter-segment revenue. The amounts eliminated are mainly attributable to Retail of HK\$48 million (2021: HK\$34 million), Hutchison Telecommunications Hong Kong Holdings of HK\$18 million (2021: HK\$16 million) and Hutchison Asia Telecommunications of HK\$1 million (2021: HK\$1 million).

	Revenue							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2022 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%
Ports and Related Services	30,510	13,631	44,141	10%	28,990	13,295	42,285	9%
Retail	127,382	42,263	169,645	37%	130,842	42,759	173,601	39%
Infrastructure	6,821	47,620	54,441	12%	7,092	49,008	56,100	13%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	77,914	11	77,925	17%	86,960	12	86,972	20%
Hutchison Telecommunications Hong Kong Holdings	4,882	-	4,882	1%	5,385	-	5,385	1%
Corporate and Others	370	112	482	-	104	114	218	-
	83,166	123	83,289	18%	92,449	126	92,575	21%
Hutchison Asia Telecommunications	1,011	10,617	11,628	2%	8,786	-	8,786	2%
Finance & Investments and Others	13,607	80,478	94,085	21%	12,688	59,348	72,036	16%
	262,497	194,732	457,229	100%	280,847	164,536	445,383	100%
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	1,269	1,269		-	1,382	1,382	
Divesture of infrastructure investments	-	884	884		-	938	938	
	262,497	196,885	459,382		280,847	166,856	447,703	
HKFRS 16 impact	-	-	-		-	-	-	
	262,497	196,885	459,382		280,847	166,856	447,703	

5 Operating segment information (continued)

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

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

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xvi)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2022 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%
Ports and Related Services	9,387	6,418	15,805	13%	9,021	6,136	15,157	13%
Retail	10,287	4,022	14,309	12%	11,633	4,401	16,034	14%
Infrastructure	3,996	24,819	28,815	24%	3,345	26,291	29,636	27%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	23,864	-	23,864	20%	29,892	-	29,892	27%
Hutchison Telecommunications Hong Kong Holdings	998	60	1,058	1%	1,036	57	1,093	1%
Corporate and Others ^(xvii)	7,280	(10)	7,270	6%	12,067	-	12,067	11%
	32,142	50	32,192	27%	42,995	57	43,052	39%
Hutchison Asia Telecommunications ^(xviii)	5,044	4,376	9,420	8%	2,036	-	2,036	2%
Finance & Investments and Others ^(xviii)	1,942	16,527	18,469	16%	(3,928)	9,240	5,312	5%
EBITDA	62,798	56,212	119,010	100%	65,102	46,125	111,227	100%
<i>Portion attributable to:</i>								
Non-controlling interests of HPH Trust	-	856	856		-	984	984	
EBITDA ^	62,798^	57,068^	119,866^		65,102^	47,109^	112,211^	
Depreciation and amortisation	(25,736)	(20,682)	(46,418)		(27,617)	(19,140)	(46,757)	
Interest expenses and other finance costs	(6,818)	(8,042)	(14,860)		(7,075)	(7,584)	(14,659)	
Current tax	(5,438)	(3,983)	(9,421)		(4,031)	(3,600)	(7,631)	
Deferred tax credit (charge)	(2,721)	(3,949)	(6,670)		1,771	(3,718)	(1,947)	
Non-controlling interests	(7,020)	(608)	(7,628)		(7,063)	(654)	(7,717)	
	15,065	19,804	34,869		21,087	12,413	33,500	
HKFRS 16 impact								
EBITDA ^	18,731^	4,391^	23,122^		21,353^	3,073^	24,426^	
Depreciation and amortisation	(14,052)	(3,673)	(17,725)		(17,639)	(2,713)	(20,352)	
Interest expenses and other finance costs	(2,234)	(1,304)	(3,538)		(3,533)	(649)	(4,182)	
Current tax	3	-	3		2	-	2	
Deferred tax	(118)	26	(92)		28	(13)	15	
Non-controlling interests	41	-	41		75	-	75	
	17,436	19,244	36,680		21,373	12,111	33,484	
[^] Reconciliation to Post-HKFRS 16 basis EBITDA :								
Pre-HKFRS 16 basis EBITDA per above	62,798	57,068	119,866		65,102	47,109	112,211	
HKFRS 16 impact per above	18,731	4,391	23,122		21,353	3,073	24,426	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	81,529	61,459	142,988		86,455	50,182	136,637	

Notes to the Financial Statements

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(xv)							
	Company and Subsidiaries	Associates and JV	2022 Total	%	Company and Subsidiaries	Associates and JV	2021 Total	%
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
Ports and Related Services	6,492	4,934	11,426	16%	6,058	4,679	10,737	17%
Retail	7,662	3,386	11,048	15%	8,899	3,561	12,460	19%
Infrastructure	3,692	15,141	18,833	26%	3,013	16,082	19,095	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	23,864	-	23,864		29,892	-	29,892	
Depreciation	(11,289)	-	(11,289)		(10,728)	-	(10,728)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,011)	-	(7,011)		(7,905)	-	(7,905)	
EBIT – 3 Group Europe	5,564	-	5,564	8%	11,259	-	11,259	17%
Hutchison Telecommunications Hong Kong Holdings	(44)	14	(30)	-	130	12	142	-
Corporate and Others ^(xvi)	7,279	(10)	7,269	10%	12,061	-	12,061	19%
Hutchison Asia Telecommunications ^(xvii)	12,799	4	12,803	18%	23,450	12	23,462	36%
Finance & Investments and Others ^(xviii)	4,662	2,083	6,745	9%	209	-	209	-
EBIT	1,755	10,254	12,009	16%	(4,144)	2,925	(1,219)	-2%
EBIT	37,062	35,802	72,864	100%	37,485	27,259	64,744	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	-	584	584		-	710	710	
EBIT ^	37,062 ^	36,386 ^	73,448 ^		37,485 ^	27,969 ^	65,454 ^	
Interest expenses and other finance costs	(6,818)	(8,042)	(14,860)		(7,075)	(7,584)	(14,659)	
Current tax	(5,438)	(3,983)	(9,421)		(4,031)	(3,600)	(7,631)	
Deferred tax credit (charge)	(2,721)	(3,949)	(6,670)		1,771	(3,718)	(1,947)	
Non-controlling interests	(7,020)	(608)	(7,628)		(7,063)	(654)	(7,717)	
	15,065	19,804	34,869		21,087	12,413	33,500	
HKFRS 16 impact								
EBIT ^	4,679 ^	718 ^	5,397 ^		3,714 ^	360 ^	4,074 ^	
Interest expenses and other finance costs	(2,234)	(1,304)	(3,538)		(3,533)	(649)	(4,182)	
Current tax	3	-	3		2	-	2	
Deferred tax	(118)	26	(92)		28	(13)	15	
Non-controlling interests	41	-	41		75	-	75	
	17,436	19,244	36,680		21,373	12,111	33,484	
^ Reconciliation to Post-HKFRS 16 basis EBIT:								
Pre-HKFRS 16 basis EBIT per above	37,062	36,386	73,448		37,485	27,969	65,454	
HKFRS 16 impact per above	4,679	718	5,397		3,714	360	4,074	
Post-HKFRS 16 basis EBIT	41,741	37,104	78,845		41,199	28,329	69,528	

5 Operating segment information (continued)

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

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

	Depreciation and amortisation					
	Company and Subsidiaries	Associates and JV	2022 Total	Company and Subsidiaries	Associates and JV	2021 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Ports and Related Services	2,895	1,484	4,379	2,963	1,457	4,420
Retail	2,625	636	3,261	2,734	840	3,574
Infrastructure	304	9,678	9,982	332	10,209	10,541
Telecommunications						
CK Hutchison Group Telecom						
3 Group Europe	18,300	-	18,300	18,633	-	18,633
Hutchison Telecommunications Hong Kong Holdings	1,042	46	1,088	906	45	951
Corporate and Others	1	-	1	6	-	6
	19,343	46	19,389	19,545	45	19,590
Hutchison Asia Telecommunications	382	2,293	2,675	1,827	-	1,827
Finance & Investments and Others	187	6,273	6,460	216	6,315	6,531
	25,736	20,410	46,146	27,617	18,866	46,483
<i>Portion attributable to:</i>						
Non-controlling interests of HPH Trust	-	272	272	-	274	274
	25,736	20,682	46,418	27,617	19,140	46,757
Divesture of infrastructure investments	-	143	143	-	174	174
	25,736	20,825	46,561	27,617	19,314	46,931
HKFRS 16 impact	14,052	3,673	17,725	17,639	2,713	20,352
	39,788	24,498	64,286	45,256	22,027	67,283

Notes to the Financial Statements

5 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(xi)							
	Fixed assets HK\$ million	Telecommunications licences HK\$ million	Brand names and other rights HK\$ million	2022 Total HK\$ million	Fixed assets HK\$ million	Telecommunications licences HK\$ million	Brand names and other rights HK\$ million	2021 Total HK\$ million
Ports and Related Services	3,801	-	-	3,801	3,263	-	367	3,630
Retail	2,387	-	-	2,387	2,525	-	-	2,525
Infrastructure	473	-	4	477	363	-	4	367
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	16,653	-	1,779	18,432	19,090	4,237	4,028	27,355
Hutchison Telecommunications Hong Kong Holdings	496	138	-	634	874	2,040	-	2,914
Corporate and Others	-	-	3	3	1	-	19	20
Hutchison Asia Telecommunications	17,149	138	1,782	19,069	19,965	6,277	4,047	30,289
Finance & Investments and Others	313	22	14	349	2,229	1,881	-	4,110
	129	-	7	136	144	-	11	155
HKFRS 16 impact	24,252	160	1,807	26,219	28,489	8,158	4,429	41,076
	(367)	-	-	(367)	(1,433)	-	-	(1,433)
	23,885	160	1,807	25,852	27,056	8,158	4,429	39,643

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	Total assets								
	Segment assets ^(xx)	Deferred tax assets	Assets classified as held for sale ^(xxiii)	Investments in associated companies and interests in joint ventures			Segment assets ^(xx)	Deferred tax assets	Investments in associated companies and interests in joint ventures
				2022 Total assets	2021 Total assets				
				HK\$ million	HK\$ million	HK\$ million			
Ports and Related Services	72,263	352	–	23,200	95,815	75,389	204	22,668	98,261
Retail	198,358	1,471	–	15,630	215,459	200,862	1,336	15,743	217,941
Infrastructure	65,516	3	–	165,138	230,657	55,611	7	172,273	227,891
Telecommunications									
CK Hutchison Group Telecom									
3 Group Europe	263,859	15,067	5,178	10	284,114	300,201	17,925	10	318,136
Hutchison Telecommunications									
Hong Kong Holdings	16,148	4	–	157	16,309	16,615	3	215	16,833
Corporate and Others	35,040	–	–	2	35,042	15,534	–	50	15,584
Hutchison Asia Telecommunications	315,047	15,071	5,178	169	335,465	332,350	17,928	275	350,553
Finance & Investments and Others	2,668	–	–	15,395	18,063	19,505	–	–	19,505
	130,789	57	–	71,635	202,481	163,972	45	69,574	233,591
HKFRS 16 impact	784,641	16,954	5,178	291,167	1,097,940	847,689	19,520	280,533	1,147,742
	49,919	1,555	918	(1,895)	50,497	65,524	1,668	(1,408)	65,784
	834,560	18,509	6,096	289,272	1,148,437	913,213	21,188	279,125	1,213,526

Notes to the Financial Statements

5 Operating segment information (continued)

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

(vii) An analysis of total liabilities by segments

	Total liabilities								
	Segment liabilities (xx)	Current & non-current borrowings (xx)		Liabilities directly associated with assets and other and other classified as held for sale (xxiii)			2022 Total liabilities HK\$ million	Segment liabilities (xx)	Current & non-current borrowings (xx)
		Current & non-current liabilities HK\$ million	Non-current liabilities HK\$ million	Current & deferred tax liabilities HK\$ million	Total liabilities HK\$ million	Current & non-current liabilities HK\$ million	Non-current liabilities HK\$ million		
Ports and Related Services	10,948	14,604	–	4,696	30,248	10,702	14,734	4,625	30,061
Retail	24,598	10,531	–	10,619	45,748	25,599	14,333	10,523	50,455
Infrastructure	7,338	28,416	–	556	36,310	6,260	30,043	617	36,920
Telecommunications									
CK Hutchison Group Telecom	37,008	14,989	207	3,393	55,597	39,827	17,240	399	57,466
3 Group Europe	1,808	2,371	–	50	4,229	1,840	2,358	–	4,198
Hutchison Telecommunications	777	50,923	–	11	51,711	2,073	54,426	4	56,503
Hong Kong Holdings									
Corporate and Others	39,593	68,283	207	3,454	111,537	43,740	74,024	403	118,167
Hutchison Asia Telecommunications	939	533	–	1	1,473	4,972	6,132	2	11,106
Finance & Investments and Others	9,721	197,490	–	4,859	212,070	10,199	226,385	4,599	241,183
HKFRS 16 impact	93,137	319,857	207	24,185	437,386	101,472	365,651	20,769	487,892
	64,781	(1,065)	920	(894)	63,742	83,638	(1,275)	(984)	81,379
	157,918	318,792	1,127	23,291	501,128	185,110	364,376	19,785	569,271

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

	Revenue ^(xix)						
	Company and Subsidiaries	Associates and JV	2022 Total		Company and Subsidiaries	Associates and JV	2021 Total
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million
Hong Kong	32,680	4,646	37,326	8%	32,977	4,945	37,922
Mainland China	21,676	11,013	32,689	7%	27,649	10,462	38,111
The People's Republic of China	54,356	15,659	70,015	15%	60,626	15,407	76,033
Europe	145,738	69,150	214,888	47%	155,526	71,508	227,034
Canada	253	3,554	3,807	1%	256	2,969	3,225
Asia, Australia and Others	48,543	25,891	74,434	16%	51,751	15,304	67,055
	194,534	98,595	293,129	64%	207,533	89,781	297,314
	248,890	114,254	363,144	79%	268,159	105,188	373,347
Finance & Investments and Others	13,607	80,478	94,085	21%	12,688	59,348	72,036
	262,497	194,732	457,229 **	100%	280,847	164,536	445,383 **
							100%

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

(ix) An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xix)						
	Company and Subsidiaries	Associates and JV	2022 Total		Company and Subsidiaries	Associates and JV	2021 Total
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million
Hong Kong	1,414	1,943	3,357	3%	2,251	2,223	4,474
Mainland China	1,143	4,777	5,920	5%	3,124	4,330	7,454
The People's Republic of China	2,557	6,720	9,277	8%	5,375	6,553	11,928
Europe	42,378	18,427	60,805	51%	51,630	20,309	71,939
Canada	246	1,795	2,041	1%	261	1,557	1,818
Asia, Australia and Others	15,675	12,743	28,418	24%	11,764	8,466	20,230
	58,299	32,965	91,264	76%	63,655	30,332	93,987
	60,856	39,685	100,541	84%	69,030	36,885	105,915
Finance & Investments and Others	1,942	16,527	18,469	16%	(3,928)	9,240	5,312
	62,798	56,212	119,010 ##	100%	65,102	46,125	111,227 ##
							100%

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

Notes to the Financial Statements

5 Operating segment information (continued)

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

(x) An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xx)							
	Company and Subsidiaries	Associates and JV	2022 Total		Company and Subsidiaries	Associates and JV	2021 Total	
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
Hong Kong	(50)	982	932	1%	984	1,218	2,202	3%
Mainland China	137	3,997	4,134	6%	2,093	3,610	5,703	9%
The People's Republic of China	87	4,979	5,066	7%	3,077	4,828	7,905	12%
Europe	22,127	12,139	34,266	47%	30,909	13,524	44,433	69%
Canada	246	1,129	1,375	2%	261	857	1,118	2%
Asia, Australia and Others	12,847	7,301	20,148	28%	7,382	5,125	12,507	19%
	35,220	20,569	55,789	77%	38,552	19,506	58,058	90%
Finance & Investments and Others	35,307	25,548	60,855	84%	41,629	24,334	65,963	102%
	1,755	10,254	12,009	16%	(4,144)	2,925	(1,219)	-2%
	37,062	35,802	72,864 ^{@@}	100%	37,485	27,259	64,744 ^{@@}	100%

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

(xi) An analysis of capital expenditure by geographical locations

	Capital expenditure ^(xxii)							
	Fixed assets	Telecom- munications licences	Brand names and other rights	2022 Total		Telecom- munications licences	Brand names and other rights	2021 Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million
Hong Kong	1,332	138	-	1,470		1,538	2,040	-
Mainland China	410	-	-	410		643	-	-
The People's Republic of China	1,742	138	-	1,880		2,181	2,040	-
Europe	18,358	-	1,782	20,140		21,126	4,237	4,048
Asia, Australia and Others	4,023	22	18	4,063		5,038	1,881	370
	22,381	22	1,800	24,203		26,164	6,118	4,418
	24,123	160	1,800	26,083		28,345	8,158	4,418
Finance & Investments and Others	129	-	7	136		144	-	11
	24,252	160	1,807	26,219		28,489	8,158	4,429
HKFRS 16 impact	(367)	-	-	(367)		(1,433)	-	(1,433)
	23,885	160	1,807	25,852		27,056	8,158	4,429
								39,643

5 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations

	Total assets								
	Segment assets ^(x)	Deferred tax assets	Assets classified as held for sale ^(xxviii)	Investments in associated companies and interests in joint ventures	2022 Total assets	Segment assets ^(x)	Deferred tax assets	Investments in associated companies and interests in joint ventures	
					HK\$ million				
Hong Kong	52,253	79	-	10,708	63,040	51,757	107	10,202	62,066
Mainland China	37,850	765	-	17,209	55,824	46,039	570	17,206	63,815
The People's Republic of China	90,103	844	-	27,917	118,864	97,796	677	27,408	125,881
Europe	420,785	15,512	5,178	106,525	548,000	452,007	18,395	114,633	585,035
Canada	4,169	3	-	12,238	16,410	4,030	7	12,995	17,032
Asia, Australia and Others	138,795	538	-	72,852	212,185	129,884	396	55,923	186,203
	563,749	16,053	5,178	191,615	776,595	585,921	18,798	183,551	788,270
	653,852	16,897	5,178	219,532	895,459	683,717	19,475	210,959	914,151
Finance & Investments and Others	130,789	57	-	71,635	202,481	163,972	45	69,574	233,591
	784,641	16,954	5,178	291,167	1,097,940	847,689	19,520	280,533	1,147,742
HKFRS 16 impact	49,919	1,555	918	(1,895)	50,497	65,524	1,668	(1,408)	65,784
	834,560	18,509	6,096	289,272	1,148,437	913,213	21,188	279,125	1,213,526

Notes to the Financial Statements

5 Operating segment information (continued)

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

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

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

The Group's EBITDA and EBIT for the comparative year ended 31 December 2021 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in 2021 of HK\$25,259 million (see note 5(b)(xvi)). This gain was partly offset by impairment of Wind Tre's goodwill of HK\$15,472 million (see note 5(b)(xvi)), foreign exchange reclassification adjustment charge of HK\$3,514 million (see note 5(b)(xviii)) and the Group's share of Cenovus Energy's impairment charges, before tax, of HK\$1,494 million (see note 5(b)(xviii)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(xiv)							
	Company and Subsidiaries	Associates and JV	2022 Total	%	Company and Subsidiaries	Associates and JV	2021 Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
EBITDA before the following one-off items								
Ports and Related Services	9,387	6,418	15,805	15%	9,021	6,136	15,157	14%
Retail	10,287	4,022	14,309	13%	11,633	4,401	16,034	15%
Infrastructure	3,996	24,819	28,815	27%	3,345	26,291	29,636	28%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	23,864	-	23,864	23%	29,892	-	29,892	28%
Hutchison Telecommunications								
Hong Kong Holdings	998	60	1,058	1%	1,036	57	1,093	1%
Corporate and Others	(638)	(10)	(648)	-1%	2,280	-	2,280	2%
Hutchison Asia Telecommunications	24,224	50	24,274	23%	33,208	57	33,265	31%
Finance & Investments and Others	(94)	4,376	4,282	4%	2,036	-	2,036	2%
	1,942	16,780	18,722	18%	(414)	10,734	10,320	10%
	49,742	56,465	106,207	100%	58,829	47,619	106,448	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	18,957	-	18,957		25,259	-	25,259	
Gains from disposal of telecommunications business in Indonesia ^(xvii)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvi)	(962)	-	(962)		-	-	-	
Impairment of Wind Tre's goodwill ^(xvi)	(11,039)	-	(11,039)		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
Share of Cenovus Energy's impairment charges ^(xviii)	-	(253)	(253)		-	(1,494)	(1,494)	
	62,798	56,212	119,010 ^{##}		65,102	46,125	111,227 ^{##}	

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

5 Operating segment information (continued)

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

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

An analysis of EBITDA by geographical locations

	EBITDA (LBITDA) ^(xiv)							
	Company and Subsidiaries	Associates and JV	2022 Total	%	Company and Subsidiaries	Associates and JV	2021 Total	%
	HK\$ million	HK\$ million	HK\$ million		HK\$ million	HK\$ million	HK\$ million	
EBITDA before the following one-off items								
Hong Kong	1,414	1,943	3,357	3%	2,251	2,223	4,474	4%
Mainland China	1,143	4,777	5,920	6%	3,124	4,330	7,454	7%
The People's Republic of China	2,557	6,720	9,277	9%	5,375	6,553	11,928	11%
Europe	34,460	18,427	52,887	49%	41,843	20,309	62,152	58%
Canada	246	1,795	2,041	2%	261	1,557	1,818	2%
Asia, Australia and Others	10,537	12,743	23,280	22%	11,764	8,466	20,230	19%
	45,243	32,965	78,208	73%	53,868	30,332	84,200	79%
	47,800	39,685	87,485	82%	59,243	36,885	96,128	90%
Finance & Investments and Others	1,942	16,780	18,722	18%	(414)	10,734	10,320	10%
	49,742	56,465	106,207	100%	58,829	47,619	106,448	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	18,957	-	18,957		25,259	-	25,259	
Gains from disposal of telecommunications business in Indonesia ^(xvii)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xviii)	(962)	-	(962)		-	-	-	
Impairment of Wind Tre's goodwill ^(xix)	(11,039)	-	(11,039)		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xx)	-	-	-		(3,514)	-	(3,514)	
Share of Cenovus Energy's impairment charges ^(xxi)	-	(253)	(253)		-	(1,494)	(1,494)	
	62,798	56,212	119,010 ^{##}		65,102	46,125	111,227 ^{##}	

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

Notes to the Financial Statements

5 Operating segment information (continued)

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

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

An analysis of EBIT by segments

	EBIT (LBIT) ^(xv)							
	Company and Subsidiaries	Associates and JV	2022 Total		Company and Subsidiaries	Associates and JV	2021 Total	
	HK\$ million	HK\$ million	HK\$ million	%	HK\$ million	HK\$ million	HK\$ million	%
EBIT before the following one-off items								
Ports and Related Services	6,492	4,934	11,426	19%	6,058	4,679	10,737	18%
Retail	7,662	3,386	11,048	18%	8,899	3,561	12,460	21%
Infrastructure	3,692	15,141	18,833	32%	3,013	16,082	19,095	32%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	5,564	-	5,564	9%	11,259	-	11,259	19%
Hutchison Telecommunications Hong Kong Holdings	(44)	14	(30)	-	130	12	142	-
Corporate and Others	(639)	(10)	(649)	-1%	2,274	-	2,274	4%
	4,881	4	4,885	8%	13,663	12	13,675	23%
Hutchison Asia Telecommunications	(476)	2,083	1,607	3%	209	-	209	-
Finance & Investments and Others	1,755	10,507	12,262	20%	(630)	4,419	3,789	6%
	24,006	36,055	60,061	100%	31,212	28,753	59,965	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	18,957	-	18,957		25,259	-	25,259	
Gains from disposal of telecommunications business in Indonesia ^(xvii)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xvii)	(962)	-	(962)		-	-	-	
Impairment of Wind Tre's goodwill ^(xvi)	(11,039)	-	(11,039)		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
Share of Cenovus Energy's impairment charges ^(xviii)	-	(253)	(253)		-	(1,494)	(1,494)	
	37,062	35,802	72,864 ^{@@}		37,485	27,259	64,744 ^{@@}	

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

5 Operating segment information (continued)

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

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

An analysis of EBIT by geographical locations

	EBIT (LBIT) ^(xv)							
	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2022 Total HK\$ million	%	Company and Subsidiaries HK\$ million	Associates and JV HK\$ million	2021 Total HK\$ million	%
EBIT before the following one-off items								
Hong Kong	(50)	982	932	2%	984	1,218	2,202	4%
Mainland China	137	3,997	4,134	7%	2,093	3,610	5,703	9%
The People's Republic of China	87	4,979	5,066	9%	3,077	4,828	7,905	13%
Europe	14,209	12,139	26,348	44%	21,122	13,524	34,646	58%
Canada	246	1,129	1,375	2%	261	857	1,118	2%
Asia, Australia and Others	7,709	7,301	15,010	25%	7,382	5,125	12,507	21%
	22,164	20,569	42,733	71%	28,765	19,506	48,271	81%
	22,251	25,548	47,799	80%	31,842	24,334	56,176	94%
Finance & Investments and Others	1,755	10,507	12,262	20%	(630)	4,419	3,789	6%
	24,006	36,055	60,061	100%	31,212	28,753	59,965	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xvi)	18,957	-	18,957		25,259	-	25,259	
Gains from disposal of telecommunications business in Indonesia ^(xvii)	6,100	-	6,100		-	-	-	
Impairment of telecommunications business in Sri Lanka ^(xviii)	(962)	-	(962)		-	-	-	
Impairment of Wind Tre's goodwill ^(xix)	(11,039)	-	(11,039)		(15,472)	-	(15,472)	
Foreign exchange reclassification adjustment ^(xviii)	-	-	-		(3,514)	-	(3,514)	
Share of Cenovus Energy's impairment charges ^(xviii)	-	(253)	(253)		-	(1,494)	(1,494)	
	37,062	35,802	72,864 ^{@@}		37,485	27,259	64,744 ^{@@}	

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

Notes to the Financial Statements

5 Operating segment information (continued)

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

- (xiv) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBITDA for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under HKFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with HKFRS.
- (xv) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of associated companies and joint ventures except for HPH Trust which is included based on the Group's effective share of EBIT for this operation and the Group's interests in six infrastructure investments co-owned with CKI that are based on the Group's 10% direct interests in these investments. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBIT (LBIT) is not a measure of financial performance under HKFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with HKFRS.
- (xvi) Included in the current year balance are a gain of HK\$18,957 million (HK\$19,060 million at Post-HKFRS 16 basis, see note 7(g)) arising from the disposal of interests in telecommunications tower assets in the UK completed in November 2022 and an impairment charge of HK\$11,039 million (HK\$11,039 million at Post-HKFRS 16 basis, see note 7(c)) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: CK Hutchison Group Telecom – Corporate and Others" in the segment results. In the consolidated income statement, both amount are reported under the Post-HKFRS 16 basis, the disposal gain of HK\$19,060 million is reported in "Other income and gains" and the impairment charge of HK\$11,039 million is reported in "Other expenses and losses".

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

5 Operating segment information (continued)

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

- (xvii) Hutchison Asia Telecommunications includes the Group's telecommunication businesses in Indonesia, Vietnam and Sri Lanka. In January 2022, the merger transaction between the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") was completed. The newly merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesia Stock Exchange and became the second largest telecommunication operator in Indonesia. The merger was accounted for as a disposal of H3I and an acquisition attributable interests in IOH. Included in the current year balance are a disposal gain of HK\$6,100 million (HK\$7,245 million at Post-HKFRS 16 basis, see note 7(g)) arising from the completion of the merger and an impairment charge of HK\$962 million (HK\$1,000 million at Post-HKFRS 16 basis, see note 7(c)) against goodwill, telecommunications licences, tangible and other assets of the Group's telecommunications business in Sri Lanka. Both amounts are at EBITDA and EBIT levels and are reported under "Telecommunications: Hutchison Asia Telecommunications" in the segment results. In the consolidated income statement, both amounts are reported under the Post-HKFRS 16 basis, the disposal gain of HK\$7,245 million is reported in "Other income and gains" and the impairment charge of HK\$1,000 million is reported in "Other expenses and losses".
- (xviii) Included in the current year balance is the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK\$253 million (HK\$253 million at Post-HKFRS 16 basis) on certain refinery assets. The Group's share of this charge is HK\$253 million (HK\$253 million at Post-HKFRS 16 basis) at the EBITDA and EBIT levels, and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statements, the Group's share of this charge (after tax) is HK\$193 million (HK\$193 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".
- Included in the comparative year balance are a charge of HK\$3,514 million (HK\$3,514 million at Post- HKFRS 16 basis) arising from (a) the merger of Husky Energy Inc. ("Husky") and Cenovus Energy and (b) the Group's share of Cenovus Energy's non-cash impairment charges, before tax, of HK\$1,494 million (HK\$1,494 million at Post-HKFRS 16 basis). Item (a) represents reclassification adjustment of foreign exchange losses previously recognised in reserves. This charge is recorded at the EBITDA and EBIT levels and is reported under "Finance & Investments and Others" in the segment results and is included in "Other expenses and losses" in the consolidated income statement. See note 7(d). Item (b) represents the Group's share of impairment on Cenovus Energy's U.S. refinery assets. The Group's share of these impairment charges at the EBITDA and EBIT levels is HK1,494 million (HK\$1,494 million at Post-HKFRS 16 basis), and is reported under "Finance & Investments and Others" in the segment results. In the consolidated income statement, the Group's share of this charge (after tax) is HK\$1,352 million (HK\$1,352 million at Post-HKFRS 16 basis) and is included in "Share of profits less losses of associated companies".
- (xix) The geographical location of customers is based on the location at which the services were provided or goods delivered. Hong Kong is the location of principal place of business of the Company.

Notes to the Financial Statements

5 Operating segment information (continued)

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

(xx) Segment assets and segment liabilities

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

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

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

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

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

	2022 HK\$ million	2021 HK\$ million
Hong Kong	76,195	74,941
Mainland China	63,398	72,148
The People's Republic of China	139,593	147,089
Europe	487,612	546,439
Canada	59,262	56,502
Asia, Australia and Others	193,888	192,551
	740,762	795,492
	880,355	942,581

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

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

(xxiii) See note 25.

5 Operating segment information (continued)

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

(i) Consolidated Income Statement

	2022		2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 basis HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 basis HK\$ million
Revenue	262,497	-	262,497	280,847	-
Cost of inventories sold	(101,766)	42	(101,724)	(104,300)	34
Staff costs	(37,170)	-	(37,170)	(37,462)	-
Expensed customer acquisition and retention costs	(14,927)	400	(14,527)	(16,878)	467
Depreciation and amortisation	(25,736)	(14,052)	(39,788)	(27,617)	(17,639)
Other expenses and losses	(72,767)	17,040	(55,727)	(84,553)	20,795
Other income and gains	26,931	1,249	28,180	27,448	57
Share of profits less losses of:					
Associated companies	12,282	(460)	11,822	5,808	(90)
Joint ventures	7,522	(100)	7,422	6,605	(212)
	56,866	4,119	60,985	49,898	3,412
Interest expenses and other finance costs	(6,818)	(2,234)	(9,052)	(7,075)	(3,533)
Profit before tax	50,048	1,885	51,933	42,823	(121)
Current tax	(5,438)	3	(5,435)	(4,031)	2
Deferred tax credit (charge)	(2,721)	(118)	(2,839)	1,771	28
Profit after tax	41,889	1,770	43,659	40,563	(91)
Profit attributable to non-controlling interests and holders of perpetual capital securities	(7,020)	41	(6,979)	(7,063)	75
Profit attributable to ordinary shareholders	34,869	1,811	36,680	33,500	(16)
Earnings per share for profit attributable to ordinary shareholders	HK\$ 9.09	HK\$ 0.48	HK\$ 9.57	HK\$ 8.71	(HK\$ 0.01)
					HK\$ 8.70

Notes to the Financial Statements

5 Operating segment information (continued)

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

(ii) Consolidated Statement of Comprehensive Income

	2022			2021		
	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis	Pre-HKFRS 16 basis	Effect on adoption of HKFRS 16	Post-HKFRS 16 basis
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Profit after tax	41,889	1,770	43,659	40,563	(91)	40,472
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Equity securities at FVOCI						
Valuation gains (losses) recognised directly in reserves	(1,493)	–	(1,493)	265	–	265
Remeasurement of defined benefit obligations recognised directly in reserves	701	–	701	1,034	–	1,034
Share of other comprehensive income (losses) of associated companies	(83)	–	(83)	766	–	766
Share of other comprehensive income (losses) of joint ventures	(520)	–	(520)	1,684	–	1,684
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	(255)	–	(255)	80	–	80
	(1,650)	–	(1,650)	3,829	–	3,829
Items that may be reclassified to profit or loss						
Debt securities at FVOCI						
Valuation losses recognised directly in reserves	(369)	–	(369)	(60)	–	(60)
Valuation losses (gains) previously in reserves recognised in income statement	2	–	2	(7)	–	(7)
Gains on cash flow hedges recognised directly in reserves	2,201	–	2,201	1,020	–	1,020
Gains on net investment hedges recognised directly in reserves	4,433	–	4,433	1,767	–	1,767
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(16,578)	500	(16,078)	(11,453)	886	(10,567)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	2,213	7	2,220	2,913	–	2,913
Share of other comprehensive income (losses) of associated companies	(2,526)	31	(2,495)	(716)	8	(708)
Share of other comprehensive income (losses) of joint ventures	(4,103)	42	(4,061)	(2,201)	17	(2,184)
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	(12)	–	(12)	(8)	–	(8)
	(14,739)	580	(14,159)	(8,745)	911	(7,834)
Other comprehensive income (losses), net of tax	(16,389)	580	(15,809)	(4,916)	911	(4,005)
Total comprehensive income	25,500	2,350	27,850	35,647	820	36,467
Total comprehensive income attributable to non-controlling interests and holders of perpetual capital securities	(5,614)	(160)	(5,774)	(6,551)	(202)	(6,753)
Total comprehensive income attributable to ordinary shareholders	19,886	2,190	22,076	29,096	618	29,714

5 Operating segment information (continued)

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

(iii) Consolidated Statement of Financial Position

	2022		2021			
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
Non-current assets						
Fixed assets	114,564	(1,914)	112,650	133,174	(2,075)	131,099
Right-of-use assets	–	59,337	59,337	–	76,852	76,852
Leasehold land	6,129	(6,129)	–	6,717	(6,717)	–
Telecommunications licences	60,689	–	60,689	69,985	–	69,985
Brand names and other rights	83,694	–	83,694	89,019	–	89,019
Goodwill	268,008	–	268,008	289,340	–	289,340
Associated companies	141,475	(764)	140,711	138,116	(335)	137,781
Interests in joint ventures	149,692	(1,131)	148,561	142,417	(1,073)	141,344
Deferred tax assets	16,954	1,555	18,509	19,520	1,668	21,188
Liquid funds and other listed investments	16,103	–	16,103	8,227	–	8,227
Other non-current assets	15,358	542	15,900	13,970	232	14,202
	872,666	51,496	924,162	910,485	68,552	979,037
Current assets						
Cash and cash equivalents	138,085	–	138,085	153,133	–	153,133
Inventories	23,283	–	23,283	23,625	–	23,625
Trade receivables and other current assets	58,728	(1,917)	56,811	60,499	(2,768)	57,731
	220,096	(1,917)	218,179	237,257	(2,768)	234,489
Assets classified as held for sale	5,178	918	6,096	–	–	–
	225,274	(999)	224,275	237,257	(2,768)	234,489
Current liabilities						
Bank and other debts	70,430	(300)	70,130	66,564	(203)	66,361
Current tax liabilities	4,040	(39)	4,001	2,419	(17)	2,402
Lease liabilities	–	12,128	12,128	–	16,085	16,085
Trade payables and other current liabilities	90,407	(1,278)	89,129	98,006	(1,441)	96,565
	164,877	10,511	175,388	166,989	14,424	181,413
Liabilities directly associated with assets classified as held for sale	207	920	1,127	–	–	–
	165,084	11,431	176,515	166,989	14,424	181,413
Net current assets	60,190	(12,430)	47,760	70,268	(17,192)	53,076
Total assets less current liabilities	932,856	39,066	971,922	980,753	51,360	1,032,113
Non-current liabilities						
Bank and other debts	214,963	(767)	214,196	260,511	(1,073)	259,438
Interest bearing loans from non-controlling shareholders	2,567	–	2,567	759	–	759
Lease liabilities	–	53,931	53,931	–	68,994	68,994
Deferred tax liabilities	20,145	(855)	19,290	18,350	(967)	17,383
Pension obligations	2,730	–	2,730	3,466	–	3,466
Other non-current liabilities	31,897	2	31,899	37,817	1	37,818
	272,302	52,311	324,613	320,903	66,955	387,858
Net assets	660,554	(13,245)	647,309	659,850	(15,595)	644,255
Capital and reserves						
Share capital	3,830	–	3,830	3,834	–	3,834
Share premium	242,972	–	242,972	243,169	–	243,169
Reserves	286,167	(9,456)	276,711	277,795	(11,646)	266,149
Total ordinary shareholders' funds	532,969	(9,456)	523,513	524,798	(11,646)	513,152
Perpetual capital securities	4,561	–	4,561	12,414	–	12,414
Non-controlling interests	123,024	(3,789)	119,235	122,638	(3,949)	118,689
Total equity	660,554	(13,245)	647,309	659,850	(15,595)	644,255

Notes to the Financial Statements

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows

	2022			2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 HK\$ million	Post-HKFRS 16 basis HK\$ million
	(A)	(B)	(A)	(A)	(B)	
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	57,409	16,488	73,897	65,644	20,289	85,933
Interest expenses and other finance costs paid (net of capitalisation)	(6,817)	(2,234)	(9,051)	(7,044)	(3,533)	(10,577)
Tax paid	(3,552)	–	(3,552)	(4,092)	–	(4,092)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	47,040	14,254	61,294	54,508	16,756	71,264
Changes in working capital	(4,454)	(126)	(4,580)	(19,423)	343	(19,080)
Net cash from operating activities	42,586	14,128	56,714	35,085	17,099	52,184
Investing activities						
Purchase of fixed assets	(24,252)	367	(23,885)	(28,489)	1,433	(27,056)
Additions to telecommunications licences	(160)	–	(160)	(8,158)	–	(8,158)
Additions to brand names and other rights	(1,807)	–	(1,807)	(4,429)	–	(4,429)
Purchase of subsidiary companies, net of cash acquired	–	–	–	(138)	–	(138)
Additions to unlisted investments	(564)	–	(564)	(142)	–	(142)
Repayments of loans from associated companies and joint ventures	374	–	374	1,044	–	1,044
Purchase of advances to associated companies and joint ventures	(3,464)	–	(3,464)	(1,753)	–	(1,753)
Proceeds from disposal of fixed assets	335	–	335	438	–	438
Proceeds from disposal of subsidiary companies, net of cash disposed	17,096	–	17,096	38,425	–	38,425
Proceeds from partial disposal / disposal of associated companies and joint ventures	5,226	–	5,226	928	–	928
Proceeds from disposal of other unlisted investments	2,336	–	2,336	11	–	11
Cash flows used in investing activities before additions to / disposal of liquid funds and other listed investments	(4,880)	367	(4,513)	(2,263)	1,433	(830)
Disposal of liquid funds and other listed investments	157	–	157	318	–	318
Additions to liquid funds and other listed investments	–	–	–	(38)	–	(38)
Cash flows used in investing activities	(4,723)	367	(4,356)	(1,983)	1,433	(550)
Net cash inflow before financing activities	37,863	14,495	52,358	33,102	18,532	51,634
Financing activities						
New borrowings	37,514	(367)	37,147	72,334	(1,433)	70,901
Repayment of borrowings	(68,242)	179	(68,063)	(83,854)	308	(83,546)
Principal elements of lease payments	–	(14,307)	(14,307)	–	(17,407)	(17,407)
Net loans from non-controlling shareholders	2,118	–	2,118	47	–	47
Issue of equity securities by subsidiary companies to non-controlling shareholders	85	–	85	95	–	95
Payment to acquire additional interests in subsidiary companies	(904)	–	(904)	(1,955)	–	(1,955)
Proceeds on issue of perpetual capital securities by a subsidiary, net of transaction costs	–	–	–	4,648	–	4,648
Redemption of perpetual capital securities by a subsidiary	(7,800)	–	(7,800)	(9,360)	–	(9,360)
Payments for buy-back and cancellation of issued shares	(197)	–	(197)	(1,239)	–	(1,239)
Dividends paid to ordinary shareholders	(10,353)	–	(10,353)	(9,627)	–	(9,627)
Dividends paid to non-controlling interests	(4,816)	–	(4,816)	(6,518)	–	(6,518)
Distribution paid on perpetual capital securities	(316)	–	(316)	(491)	–	(491)
Cash flows used in financing activities	(52,911)	(14,495)	(67,406)	(35,920)	(18,532)	(54,452)
Decrease in cash and cash equivalents	(15,048)	–	(15,048)	(2,818)	–	(2,818)
Cash and cash equivalents at 1 January	153,133	–	153,133	155,951	–	155,951
Cash and cash equivalents at 31 December	138,085	–	138,085	153,133	–	153,133

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows (continued)

	2022			2021		
	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 basis HK\$ million	Post-HKFRS 16 basis HK\$ million	Pre-HKFRS 16 basis HK\$ million	Effect on adoption of HKFRS 16 basis HK\$ million	Post-HKFRS 16 basis HK\$ million
Analysis of cash, liquid funds and other listed investments						
Cash and cash equivalents, as above	138,085	-	138,085	153,133	-	153,133
Liquid funds and other listed investments	16,103	-	16,103	8,227	-	8,227
Total cash, liquid funds and other listed investments	154,188	-	154,188	161,360	-	161,360
Total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions	287,297	(1,067)	286,230	329,529	(1,276)	328,253
Interest bearing loans from non-controlling shareholders	2,567	-	2,567	759	-	759
Net debt	135,676	(1,067)	134,609	168,928	(1,276)	167,652
Interest bearing loans from non-controlling shareholders	(2,567)	-	(2,567)	(759)	-	(759)
Net debt (excluding interest bearing loans from non-controlling shareholders)	133,109	(1,067)	132,042	168,169	(1,276)	166,893

Notes to the Financial Statements

6 Directors' emoluments

	2022 HK\$ million	2021 HK\$ million
Directors' emoluments	537	500

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

As at 31 December 2022 and 31 December 2021, the Company and its subsidiary companies do not have share option scheme. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2021: nil).

In 2022, the five individuals whose emoluments were the highest for the year were four (2021: four) directors of the Company and one (2021: one) director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind of HK\$4.66 million (2021: HK\$4.56 million); provident fund contribution of HK\$0.37 million (2021: HK\$0.36 million) and discretionary bonus of HK\$23.85 million (2021: HK\$26.68 million).

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

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

Name of directors	2022					
	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	5.01	69.84	-	-	75.16
<i>Paid by CKI</i>	0.13	-	30.65	-	-	30.78
FOK Kin Ning, Canning ⁽³⁾	0.44	5.01	100.49	-	-	105.94
Frank John SIXT ⁽³⁾⁽⁴⁾	0.22	11.88	191.03	1.07	-	204.20
IP Tak Chuen, Edmond	0.28	9.03	65.96	0.77	-	76.04
<i>Paid by the Company</i>	0.22	1.67	9.93	-	-	11.82
<i>Paid by CKI</i>	0.10	1.80	12.45	-	-	14.35
KAM Hing Lam	0.32	3.47	22.38	-	-	26.17
<i>Paid by the Company</i>	0.22	2.47	9.24	-	-	11.93
<i>Paid by CKI</i>	0.08	4.20	11.42	-	-	15.70
LAI Kai Ming, Dominic ⁽³⁾	0.30	6.67	20.66	-	-	27.63
Edith SHIH ⁽³⁾⁽⁴⁾	0.22	6.09	63.58	0.49	-	70.38
CHOW Kun Chee, Roland ⁽⁵⁾	0.28	4.71	18.03	0.34	-	23.36
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	-	-	-	-	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	-	-	-	-	0.22
George Colin MAGNUS ⁽⁵⁾	0.22	-	-	-	-	0.22
<i>Paid by the Company</i>	0.22	-	-	-	-	0.22
<i>Paid by CKI</i>	0.08	-	-	-	-	0.08
CHENG Hoi Chuen, Vincent ⁽⁶⁾	0.30	-	-	-	-	0.30
Michael David KADOURIE ⁽⁷⁾	0.29	-	-	-	-	0.29
Philip Lawrence KADOURIE ⁽⁸⁾⁽⁹⁾	0.21	-	-	-	-	0.21
LEE Wai Mun, Rose ⁽⁹⁾⁽¹⁰⁾	0.01	-	-	-	-	0.01
LEUNG LAU Yau Fun, Sophie ⁽¹⁾⁽⁹⁾	0.26	-	-	-	-	0.26
Paul Joseph TIGHE ⁽⁹⁾⁽¹⁰⁾	0.23	-	-	-	-	0.23
<i>Paid by the Company</i>	0.35	-	-	-	-	0.35
<i>Paid by CKI</i>	0.20	-	-	-	-	0.20
WONG Kwai Lam ⁽²⁾⁽⁹⁾⁽¹⁰⁾	0.55	-	-	-	-	0.55
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁹⁾	0.41	-	-	-	-	0.41
<i>Paid by CKI</i>	0.37	-	-	-	-	0.37
Total	5.35	46.86	482.13	2.67	-	537.01

6 Directors' emoluments (continued)

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

Name of directors	2021					Total emoluments HK\$ million
	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	
Victor T K LI ⁽¹⁾⁽²⁾						
<i>Paid by the Company</i>	0.31	4.89	63.50	–	–	68.70
<i>Paid by CKI</i>	0.13	–	29.55	–	–	29.68
	0.44	4.89	93.05	–	–	98.38
FOK Kin Ning, Canning ⁽³⁾	0.22	11.57	178.97	1.04	–	191.80
Frank John SIXT ⁽³⁾⁽⁴⁾	0.28	8.74	59.95	0.75	–	69.72
IP Tak Chuen, Edmond						
<i>Paid by the Company</i>	0.22	1.62	9.03	–	–	10.87
<i>Paid by CKI</i>	0.10	1.80	11.70	–	–	13.60
	0.32	3.42	20.73	–	–	24.47
KAM Hing Lam						
<i>Paid by the Company</i>	0.22	2.42	8.40	–	–	11.04
<i>Paid by CKI</i>	0.08	4.20	10.73	–	–	15.01
	0.30	6.62	19.13	–	–	26.05
LAI Kai Ming, Dominic ⁽³⁾	0.22	5.93	57.79	0.48	–	64.42
Edith SHIH ⁽³⁾⁽⁴⁾	0.28	4.58	16.39	0.33	–	21.58
CHOW Kun Chee, Roland ⁽⁵⁾	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan ⁽⁵⁾	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles ⁽⁵⁾	0.22	–	–	–	–	0.22
LEUNG Siu Hon ⁽¹¹⁾	0.08	–	–	–	–	0.08
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
KWOK Tun-li, Stanley ⁽¹²⁾	0.13	–	–	–	–	0.13
CHENG Hoi Chuen, Vincent ⁽¹⁾⁽²⁾⁽⁹⁾⁽¹⁰⁾	0.44	–	–	–	–	0.44
Michael David KADOORIE ⁽⁹⁾	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose ⁽⁹⁾	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie ⁽⁹⁾⁽¹³⁾	–	–	–	–	–	–
Paul Joseph TIGHE ⁽⁹⁾⁽¹⁰⁾						
<i>Paid by the Company</i>	0.30	–	–	–	–	0.30
<i>Paid by CKI</i>	0.20	–	–	–	–	0.20
	0.50	–	–	–	–	0.50
WONG Kwai Lam ⁽²⁾⁽⁹⁾⁽¹⁰⁾	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁹⁾	0.37	–	–	–	–	0.37
Total	5.39	45.75	446.01	2.60	–	499.75

- (1) Member of the Nomination Committee.
- (2) Member of the Remuneration Committee.
- (3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.
- (4) Member of the Sustainability Committee.
- (5) Non-executive Director.
- (6) Former Independent Non-executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Passed away on 28 August 2022.
- (7) Former Independent Non-executive Director. Resigned on 16 December 2022.
- (8) Appointed on 16 December 2022.
- (9) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK\$2.33 million (2021: HK\$2.29 million).
- (10) Member of the Audit Committee.
- (11) Former Non-executive Director. Resigned on 13 May 2021.
- (12) Former Independent Non-executive Director and member of the Audit Committee. Retired on 13 May 2021.
- (13) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.

Notes to the Financial Statements

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

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

	2022 HK\$ million	2021 HK\$ million
Cost of goods sold:		
included in "Cost of inventories sold"	101,724	104,266
included in "Expensed customer acquisition and retention costs"	8,879	10,487
	110,603	114,753

	2022 HK\$ million	2021 HK\$ million
Depreciation and amortisation:		
Fixed assets (see note 12)	17,515	18,186
Right-of-use assets (see note 13(b))	14,582	18,153
Telecommunications licences (see note 14)	919	1,514
Brand names and other rights (see note 15)	3,308	3,603
Customer acquisition and retention costs (see note 21(a))	3,464	3,800
	39,788	45,256

	2022 HK\$ million	2021 HK\$ million
Other expenses and losses:		
Cost of providing services ^(a)	(29,678)	(26,148)
Office and general administrative expenses and others	(3,762)	(7,475)
Expenses for short-term, low-value assets leases and payment for variable rent (see note 13(b))	(3,802)	(4,103)
Advertising and promotion expenses	(4,677)	(5,109)
Legal and professional fees	(1,404)	(1,611)
Auditors' remuneration ^(b)	(328)	(326)
Impairment loss ^(c)		
Against goodwill on telecommunications business in Italy	(11,039)	(15,472)
Against goodwill and other assets on telecommunications business in Sri Lanka	(1,000)	–
Foreign exchange reclassification adjustment ^(d)	–	(3,514)
Losses on disposal of a subsidiary company [#]		
Other businesses	(37)	–
	(55,727)	(63,758)

[#] See note 34(d)

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

	2022 HK\$ million	2021 HK\$ million
Other income and gains:		
Rent concessions ^(e)	188	497
Employment and other subsidies ^(f)	225	941
Gains on disposals of unlisted investments	515	–
Gains on disposals of interests in associated companies and joint ventures	947	751
Gains on disposal of subsidiaries ^{(g) #}		
European telecommunications tower assets	19,060	25,316
Indonesia telecommunications businesses	7,245	–
	28,180	27,505

- (a) Cost of providing services of HK\$29,678 million (2021: HK\$26,148 million) includes telecommunication network related costs of HK\$17,395 million (2021: HK\$14,106 million), repair and maintenance of HK\$5,861 million (2021: HK\$5,977 million) and others of HK\$6,422 million (2021: HK\$6,065 million).
- (b) Auditors' remuneration of HK\$328 million (2021: HK\$326 million) are charged for audit and audit related work performed by the Company's auditor, PricewaterhouseCoopers of HK\$224 million (2021: HK\$241 million) and performed by other auditors of HK\$12 million (2021: HK\$14 million), and for non-audit work, including tax compliance and other tax related services, and financial due diligence services, performed by the Company's auditor, PricewaterhouseCoopers of HK\$56 million (2021: HK\$33 million) and performed by other auditors of HK\$36 million (2021: HK\$38 million).
- (c) Impairment loss
 - (i) For the current year, an impairment loss of HK\$11,039 million arose in the telecommunications business in Italy ("Wind Tre"), which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

In late Q3 to Q4 2022, Italy has seen a series of downgrades in medium-term growth prospects for its economy from rating agency, the Bank of Italy, Italy's National Institute of Statistics, the Organisation for Economic Cooperation and Development, and the European Commission. Management has taken into consideration the decelerating outlooks of the Italian economy when it conducted the 2022 annual impairment testing. For the 2022 annual impairment testing for Wind Tre, the recoverable amount was determined based on the value-in-use ("VIU") calculations, as it was higher than the fair value less costs of disposal ("FVLCD") calculations. The VIU is measured using a discounted cash flow projection for the period covered by the forecast and a calculated terminal value at the end of the forecast period. The calculations used cash flow projections based on the latest financial budget covering a five-year 2023 – 2027 period and business plan approved by Wind Tre's management in Q4 2022, reflecting a lowered expectation on growth and reported service revenues, and heightened competition in the Italian market. As a result, the forecasted revenue and margin, including the future 5G revenue contribution, was lower as compared to the last financial budget covering the five year 2022 – 2026 period. The key assumptions and estimates used in preparing the discounted cash flow projection for the 2022 annual impairment testing have also been updated with caution to take into account the deteriorating growth prospects in the Italian economy, including a pre-tax discount rate of 8.3% (31 December 2021: 7.7%). Cash flows beyond the five-year period had been extrapolated using a growth rate of 1.3% (31 December 2021: 1%) to estimate the terminal value at the end of the five-year period. The results of the impairment testing showed that the carrying amount exceeded the estimated recoverable amount by HK\$11,039 million. As a result, the Group recognised an impairment loss of HK\$11,039 million against goodwill. No class of asset other than goodwill was impaired. An adverse change in a key assumption could result in a further impairment loss in the future periods. For illustration purposes, if the pre-tax discount rate applied to the cash flows used in the 2022 VIU calculations had been 10 basis points higher and all other variables remain unchanged, the impairment loss will increase by approximately HK\$2,000 million, and if the growth rate used to estimate the terminal value at the end of the five-year period in the 2022 VIU calculations had been 10 basis points lower and all other variables remain unchanged, the impairment loss will increase by approximately HK\$1,600 million. The sensitivity analysis is for illustration purposes only and it should be noted that in practice assumptions and estimates used in preparing discounted cash flow projection including those used in the 2022 VIU calculations do not necessarily change in isolation. Actual results in the future may differ materially from the sensitivity analyses.

See note 34(d)

Notes to the Financial Statements

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

(c) Impairment loss (continued)

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

During the year, Sri Lanka was in the midst of a deep and unprecedented economic crisis and facing rampant fuel and food shortages. These external events led the Group to carry out an impairment test on this business at 30 June 2022 and as a result the Group recognised an impairment loss of HK\$1,000 million in the first half of 2022, of which HK\$174 million against goodwill and HK\$826 million against telecommunications licences, tangible and other assets. The impairment loss was primarily resulted from the lowered expectation on growth and reported service revenues, and higher cost base attributable to the upward inflation expectation in the Sri Lanka market. An annual impairment testing on the telecommunications business in Sri Lanka was conducted at 31 December 2022. The results of the 2022 annual impairment test indicated that, saved for the impairment loss of HK\$1,000 million already recorded in the first half of 2022, there were no impairment at 31 December 2022. The recoverable amount of this business was determined based on the VIU calculations, as it was not practical to arrive at the FVLCD calculations under the current circumstances. The VIU used discounted cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management. Key assumptions and estimates used to prepare the discounted cash flow model include a pre-tax discount rate of 20.6% for 2023 and 2024 to reflect the prevailing high interest rate in Sri Lanka and 12.2% in the outer years to reflect the expected economic recovery (31 December 2021: 8.3%), and a long term growth rate of 1% (31 December 2021: 3%) to estimate the terminal value at the end of the five-year period. An adverse change in a key assumption could result in a further impairment loss in the future periods. For illustration purposes, if the pre-tax discount rate applied to the cash flows used in the 2022 VIU calculations had been 10 basis points higher and all other variables remain unchanged, the impairment loss will increase by approximately HK\$2 million, and if the growth rate used to estimate the terminal value at the end of the five-year period in the 2022 VIU calculations had been 10 basis points lower and all other variables remain unchanged, the impairment loss will increase by approximately HK\$1 million. The sensitivity analysis is for illustration purposes only. It should be noted that in practice assumptions and estimates used in preparing discounted cash flow projection including those used in the 2022 VIU calculations do not necessarily change in isolation. Actual results in the future may differ materially from the sensitivity analyses.

- (iii) For the comparative year, the impairment loss of HK\$15,472 million arose in Wind Tre, which is included as part of the Telecommunications segment under CK Hutchison Group Telecom in note 5.

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

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

- (d) The comparative year balance represents foreign exchange losses previously recognised in reserves reclassified from equity to profit or loss as a reclassification adjustment upon completion of the merger of Husky and Cenovus Energy in the comparative year.
- (e) Benefits derived from changes in lease payments arising from COVID-19 related rent concessions.
- (f) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.
- (g) Current year balance includes a gain arising from the disposal of telecommunications tower assets in the UK of HK\$19,060 million and a gain arising from the merger of the Group's Indonesia telecommunication business, Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat") of HK\$7,245 million.

Comparative year balance mainly represented the gains on disposal of telecommunications tower assets in Sweden and Italy of HK\$25,316 million.

8 Interest expenses and other finance costs

	2022 HK\$ million	2021 HK\$ million
Bank loans and overdrafts	1,834	1,156
Other loans	4	5
Notes and bonds	4,809	5,494
Interest bearing loans from non-controlling shareholders	37	11
Other finance costs	149	363
Amortisation of loan facilities fees and premiums or discounts relating to debts	243	329
Other non-cash interest adjustments ^(a)	(242)	(298)
	6,834	7,060
Less: interest capitalised	(52)	(29)
Interest on lease liabilities (see note 13(b))	2,270	3,577
	9,052	10,608

- (a) Other non-cash interest adjustments represent amortisation of acquisition-date fair value adjustments relating to debts of HK\$420 million (2021: HK\$709 million) net with accretion expense associated with an increase in the present value of certain obligations over time.

Notes to the Financial Statements

9 Tax

	2022 HK\$ million	2021 HK\$ million
Current tax charge		
Hong Kong	243	179
Outside Hong Kong	5,192	3,850
	5,435	4,029
Deferred tax charge (credit)		
Hong Kong	75	34
Outside Hong Kong	2,764	(1,833)
	2,839	(1,799)
	8,274	2,230

Hong Kong profits tax has been provided for at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

During the comparative year ended 31 December 2021, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which was substantively enacted for HKFRS purposes on 24 May 2021. Deferred tax credit outside Hong Kong recognised during the comparative year includes the one-off impacts on re-measuring the deferred tax assets balances of subsidiary companies using this new enacted tax rate.

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

	2022 HK\$ million	2021 HK\$ million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	4,883	4,995
Tax effect of:		
Tax losses not recognised	1,976	2,855
Income not subject to tax	(1,080)	(1,637)
Expenses not deductible for tax purposes	1,322	885
Recognition of previously unrecognised tax losses	(208)	(69)
Utilisation of previously unrecognised tax losses	(48)	(93)
Under (over) provision in prior years	223	(176)
Other temporary differences	1,037	(2,094)
Effect of change in tax rate	169	(2,436)
Total tax for the year	8,274	2,230

10 Earnings per share for profit attributable to ordinary shareholders

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company of HK\$36,680 million (2021: HK\$33,484 million) and on weighted average number of 3,834,106,390 shares outstanding during the year of 2022 (2021: weighted average number of 3,847,582,641 shares outstanding).

The Company and its subsidiary companies do not have share option scheme or other dilutive potential ordinary shares as at 31 December 2022 and 31 December 2021. Certain of the Company's associated companies have employee share options outstanding as at 31 December 2022 and 31 December 2021. The employee share options of these associated companies outstanding as at 31 December 2022 and 31 December 2021 did not have a dilutive effect on earnings per share.

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

	2022 HK\$ million	2021 HK\$ million
Distribution paid on perpetual capital securities	316	491

(b) Dividends

	2022 HK\$ million	2021 HK\$ million
Interim dividend, paid of HK\$0.84 per share (2021: HK\$0.80 per share)	3,221	3,072
Final dividend, proposed of HK\$2.086 per share (2021: HK\$1.86 per share)	7,989	7,132
	11,210	10,204

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2022. The amount of the 2022 proposed final dividend is expected to be paid on 8 June 2023 out of retained profit.

Notes to the Financial Statements

12 Fixed assets

	Land and buildings HK\$ million	Telecom- munications network assets HK\$ million	Other assets ^(a) HK\$ million	Total HK\$ million
Cost				
At 1 January 2021	29,239	81,084	83,150	193,473
Additions	1,189	3,866	22,001	27,056
Relating to subsidiaries acquired (see note 34(c))	263	–	526	789
Disposals	(74)	(773)	(1,391)	(2,238)
Relating to subsidiaries disposed (see note 34(d))	(104)	(9,237)	(46)	(9,387)
Transfer between categories	31	10,873	(10,904)	–
Exchange translation differences	(879)	(3,388)	(3,314)	(7,581)
At 31 December 2021 and 1 January 2022	29,665	82,425	90,022	202,112
Additions	702	1,479	21,704	23,885
Disposals	(49)	(1,423)	(3,266)	(4,738)
Relating to subsidiaries disposed (see note 34(d))	–	(14,083)	(2,265)	(16,348)
Transfer between categories	80	11,250	(11,330)	–
Exchange translation differences	(1,417)	(5,357)	(5,830)	(12,604)
Transfer to assets classified as held for sale (see note 25)	–	(3,786)	(200)	(3,986)
At 31 December 2022	28,981	70,505	88,835	188,321
Accumulated depreciation and impairment				
At 1 January 2021	5,401	26,632	29,339	61,372
Charge for the year	1,095	9,340	7,751	18,186
Disposals	(40)	(537)	(1,170)	(1,747)
Relating to subsidiaries disposed (see note 34(d))	(6)	(4,547)	(2)	(4,555)
Transfer between categories	6	(115)	109	–
Exchange translation differences	(113)	(1,073)	(1,057)	(2,243)
At 31 December 2021 and 1 January 2022	6,343	29,700	34,970	71,013
Charge for the year	1,108	8,785	7,622	17,515
Impairment recognised	1	318	158	477
Disposals	(38)	(1,251)	(2,917)	(4,206)
Relating to subsidiaries disposed (see note 34(d))	–	(3,777)	(319)	(4,096)
Transfer between categories	6	–	(6)	–
Exchange translation differences	(210)	(1,991)	(1,990)	(4,191)
Transfer to assets classified as held for sale (see note 25)	–	(841)	–	(841)
At 31 December 2022	7,210	30,943	37,518	75,671
Net book value				
At 31 December 2022	21,771	39,562	51,317	112,650
At 31 December 2021	23,322	52,725	55,052	131,099
At 1 January 2021	23,838	54,452	53,811	132,101

(a) Net book value of other assets of HK\$51,317 million (2021: HK\$55,052 million) primarily relate to fixed assets used in business of Ports and related services of HK\$18,984 million (2021: HK\$18,341 million), Telecommunications of HK\$23,327 million (2021: HK\$26,658 million), and Infrastructure of HK\$1,376 million (2021: HK\$1,554 million).

As at 31 December 2022, other assets with a net book value of HK\$18,753 million (2021: HK\$18,865 million) are assets under construction.

12 Fixed assets (continued)

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

	2022 HK\$ million	2021 HK\$ million
Within 1 year	95	134
Between 1 and 2 years	31	65
Between 2 and 3 years	11	22
Between 3 and 4 years	11	14
Between 4 and 5 years	3	11
After 5 years	6	10
	157	256

13 Leases

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

	2022 HK\$ million	2021 HK\$ million
Right-of-use assets		
Container terminals	15,225	17,020
Retail stores	20,715	23,399
Telecommunications network infrastructure sites	13,085	25,275
Leasehold land	6,129	6,717
Other assets	4,183	4,441
	59,337	76,852
Lease liabilities		
Current	12,128	16,085
Non-current	53,931	68,994
	66,059	85,079

On leases that commenced during the year, the Group has recognised HK\$6,539 million (2021: HK\$11,266 million) of right-of-use assets, and HK\$6,528 million (2021: HK\$11,223 million) of lease liabilities.

Notes to the Financial Statements

13 Leases (continued)

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

	2022 HK\$ million	2021 HK\$ million
Expenses relating to short-term leases (included in "Other expenses and losses")	714	659
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	649	948
Expenses relating to variable lease payments not included in lease liabilities (included in "Other expenses and losses")	2,439	2,496
	3,802	4,103
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Container terminals	1,179	1,244
Retail stores	6,919	7,807
Telecommunications network infrastructure sites	4,885	7,430
Leasehold land	351	362
Other assets	1,248	1,310
	14,582	18,153
Interest on lease liabilities (included in "Interest expenses and other finance costs")	2,270	3,577
Total charges recognised in profit or loss for leases	20,654	25,833

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

	2022 HK\$ million	2021 HK\$ million
Within operating cash flows	5,716	7,500
Within financing cash flows (see note 34(e))	14,307	17,407
Total cash outflows for leases	20,023	24,907

(d) Group as lessee – other lease disclosure

Variable lease payments

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

A 1% increase in sales across all stores / operations in the companies with leases containing variable lease payment terms that are linked to sales would increase total lease payments (see note (c)) by approximately 0.1% or HK\$22 million (2021: approximately 0.1% or HK\$28 million).

13 Leases (continued)

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

Extension and termination options

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

As at 31 December 2022, in accordance with applicable provision in HKFRS 16, potential future cash outflows of HK\$8,385 million (2021: HK\$12,290 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2022, residual value guarantee of HK\$11 million (2021: HK\$12 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2022, the Group is committed to leases that are not yet commenced, and the lease payments payable under which amounted to HK\$87 million (2021: HK\$131 million). This amount has not been included in calculating the lease liabilities as at 31 December 2022.

Restriction or covenants imposed by leases

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

(e) Group as lessor

	2022 HK\$ million	2021 HK\$ million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	159	139

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:

	2022 HK\$ million	2021 HK\$ million
Within 1 year	150	120
Between 1 and 2 years	86	50
Between 2 and 3 years	60	36
Between 3 and 4 years	41	28
Between 4 and 5 years	37	20
After 5 years	57	44
	431	298

In addition, the Group has recognised income of HK\$208 million (2021: HK\$238 million) from leasing of fixed assets for the year ended 31 December 2022.

Notes to the Financial Statements

14 Telecommunications licences

	2022 HK\$ million	2021 HK\$ million
Net book value		
At 1 January	69,985	66,944
Additions	160	8,158
Amortisation for the year	(919)	(1,514)
Impairment charge for the year	(152)	–
Relating to subsidiaries disposed (see note 34(d))	(3,836)	–
Exchange translation differences	(4,549)	(3,603)
At 31 December	60,689	69,985
Cost	67,054	77,304
Accumulated amortisation and impairment	(6,365)	(7,319)
	60,689	69,985

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life. At 31 December 2022, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of HK\$18,924 million and HK\$32,527 million respectively (2021: HK\$20,781 million and HK\$34,643 million respectively) have been allocated to the Telecommunications segment.

15 Brand names and other rights

	Brand names HK\$ million	Other rights HK\$ million	Total HK\$ million
Net book value			
At 1 January 2021	70,878	20,575	91,453
Additions	–	4,429	4,429
Relating to subsidiaries acquired (see note 34(c))	–	12	12
Amortisation for the year	(12)	(3,591)	(3,603)
Disposal	–	(3)	(3)
Relating to subsidiaries disposed (see note 34(d))	–	(333)	(333)
Exchange translation differences	(1,786)	(1,150)	(2,936)
At 31 December 2021 and 1 January 2022	69,080	19,939	89,019
Additions	–	1,807	1,807
Amortisation for the year	(12)	(3,296)	(3,308)
Impairment charge for the year	–	(11)	(11)
Disposal	–	(2)	(2)
Exchange translation differences	(2,169)	(1,642)	(3,811)
At 31 December 2022	66,899	16,795	83,694
Cost	66,985	31,825	98,810
Accumulated amortisation	(86)	(15,030)	(15,116)
	66,899	16,795	83,694

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2022 of HK\$49,294 million (2021: HK\$50,060 million) and HK\$17,424 million (2021: HK\$18,812 million) has been attributed to Retail segment and the Telecommunications segment respectively.

Other rights, primarily include operating and service content rights, and resource consents and customer lists. These rights are amortised over their finite useful lives. At 31 December 2022, the carrying value of these rights amounted to HK\$10,433 million (2021: HK\$12,017 million) and HK\$6,362 million (2021: HK\$7,922 million) respectively.

Notes to the Financial Statements

16 Goodwill

	2022 HK\$ million	2021 HK\$ million
Net book value		
At 1 January	289,340	319,718
Impairment charge for the year	(11,213)	(15,472)
Relating to subsidiaries acquired (see note 34(c))	–	623
Relating to subsidiaries disposed (see note 34(d))	(1,119)	(7,681)
Transfer to asset classified as held for sale (see note 25)	(2,012)	–
Exchange translation differences	(6,988)	(7,848)
At 31 December	268,008	289,340
Cost	293,070	304,094
Accumulated impairment	(25,062)	(14,754)
	268,008	289,340

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). As at 31 December 2022, the carrying amount of goodwill has been mainly allocated to Telecommunications segment of HK\$81,771 million (2021: HK\$103,097 million), Retail segment of HK\$114,098 million (2021: HK\$114,104 million), and Infrastructure segment of HK\$39,123 million (2021: HK\$39,123 million).

Management tests whether goodwill and intangible assets that have an indefinite useful life (including certain telecommunication licences and brand names as set out in notes 14 and 15) have suffered any impairment on an annual basis and when there is an indication these assets may be impaired. The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2022. Results of the 31 December 2022 annual impairment tests indicated that, saved for HK\$11,039 million and HK\$174 million impairment charges against goodwill allocated to the telecommunication businesses in Italy and Sri Lanka respectively, with details as set out in note 7(c), there was no impairment loss in respect of these assets at 31 December 2022. In performing the impairment tests for these assets, the management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances, save as disclosed in note 7(c), that could cause the carrying amount of these assets to exceed their recoverable amount. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2022 annual impairment tests for the Telecommunications and Retail operations.

16 Goodwill (continued)

The recoverable amounts of the Group's Telecommunications operations at 31 December 2022 were determined based on VIU calculations. VIU is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The VIU amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections and the growth rate used for extrapolation purposes as well as the 5G revenue expectation. A discount rate (pre-tax) ranging from 4.8% to 20.6% (2021: 0.7% to 9.3%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 0% to 2% p.a. (2021: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

The recoverable amounts of the Group's Retail operations at 31 December 2022 were determined based on FVLCD calculation. Fair value is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period (a Level 3 fair value hierarchy). The cash flows are based on the latest approved financial budgets for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, include the expected growth in revenues and gross margin, inventory level, volume and operating costs, timing of future capital expenditures, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The FVLCD amount derived from the cash flow projections is sensitive to the discount rate used for the discounted cash flow projections and the growth rate used for extrapolation purposes. A discount rate (post-tax) of 8.4% (2021: 4.9%) has been applied. In estimating the terminal value at the end of the five-year period, a growth rate, for the purpose of impairment testing calculation, of 4.2% p.a. (2021: 2.2% p.a.), which is not expected to exceed the anticipated economic growth for the business, has been used to extrapolate cash flow projections.

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

Notes to the Financial Statements

17 Associated companies

	2022 HK\$ million	2021 HK\$ million
Unlisted shares	9,071	9,059
Listed shares, Hong Kong	62,919	62,919
Listed shares, outside Hong Kong	81,012	81,012
Share of undistributed post acquisition reserves	(15,264)	(18,376)
	137,738	134,614
Amounts due from (net with amounts due to) associated companies ^(a)	2,973	3,167
	140,711	137,781

The market value of the above listed investments at 31 December 2022 was HK\$117,220 million (2021: HK\$120,336 million), inclusive of HK\$47,735 million (2021: HK\$29,965 million) and HK\$32,811 million (2021: HK\$37,300 million) for associated companies, Cenovus Energy and Power Assets Holdings Limited ("Power Assets") respectively.

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

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

	2022 HK\$ million	2021 HK\$ million
Amounts due from associated companies ⁽ⁱ⁾		
Interest free	398	415
Interest bearing at fixed rates ⁽ⁱⁱ⁾	2,739	2,912
Interest bearing at floating rates ⁽ⁱⁱⁱ⁾	405	407
	3,542	3,734
Amounts due to associated companies ^(iv)		
Interest free	569	567
Amounts due from (net with amounts due to) associated companies	2,973	3,167

17 Associated companies (continued)

- (a) Amounts due from (net with amounts due to) associated companies (continued)
- (i) At 31 December 2022 and 2021, the amounts due from associated companies are unsecured and have no fixed terms of repayment except for HK\$4 million (2021: HK\$34 million) which are repayable within one year.
- Amounts due from associated companies are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from associated companies. The expected credit loss was minimal as the amounts were due from companies which the Group has significant influence, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.
- (ii) At 31 December 2022, HK\$2,739 million (2021: HK\$2,912 million) bear interests at fixed rates ranging from approximately 4.7% to 11.2% (2021: 4.7% to 11.2%) per annum.
 - (iii) At 31 December 2022, HK\$405 million (2021: HK\$407 million) bear interests at floating rates ranging from approximately 3.4% to 4.1% (2021: 1.2% to 1.6%) per annum with reference to Euro Interbank Offered Rate ("EURIBOR") and Hong Kong Interbank Offered Rate, where applicable.
 - (iv) At 31 December 2022 and 2021, the amounts due to associated companies are unsecured and have no fixed terms of repayment.

- (b) Material associated companies

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

	2022		2021	
	Cenovus Energy HK\$ million	Power Assets HK\$ million	Cenovus Energy HK\$ million	Power Assets HK\$ million
Dividends received from associated companies	866	2,164	171	2,164
Gross amount of the following items of the associated companies ⁽ⁱ⁾ :				
Total revenue	403,798	1,265	282,983	1,276
EBITDA	84,536	18,292	41,584	19,158
EBIT	57,982	12,533	14,712	13,200
Other comprehensive income (losses)	(10,721)	581	(1,867)	1,880
Total comprehensive income	28,252	6,230	1,630	8,019
Current assets	71,348	6,880	73,127	4,963
Non-current assets	354,131	125,278	365,429	127,027
Current liabilities	46,041	4,038	44,561	3,553
Non-current liabilities	116,287	3,632	141,465	3,983
Net assets (net of preferred shares and non-controlling interests)	260,097	124,488	249,291	124,454
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	16.6%	36.0%	15.8%	36.0%
Group's share of net assets	43,176	44,832	39,488	44,754
Carrying amount	43,176	44,832	39,488	44,754

Notes to the Financial Statements

17 Associated companies (continued)

(b) Material associated companies (continued)

The carrying amount of the Group's interests in all individually immaterial associated companies that are accounted for using the equity method of accounting is HK\$52,703 million (2021: HK\$53,539 million).

	2022				2021			
	Cenovus Energy	Power Assets	Other associated companies	Total	Cenovus Energy	Power Assets	Other associated companies	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Group's share of the following items of the associated companies ⁽ⁱ⁾ :								
Profits less losses after tax	6,333	2,033	3,456	11,822	540	2,208	2,970	5,718
Other comprehensive income (losses)	(1,778)	210	(1,010)	(2,578)	(296)	676	(322)	58
Total comprehensive income	4,555	2,243	2,446	9,244	244	2,884	2,648	5,776

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

Particulars regarding the principal associated companies are set forth on pages 263 to 266.

18 Interests in joint ventures

	2022 HK\$ million	2021 HK\$ million
Unlisted shares	118,039	100,030
Share of undistributed post acquisition reserves	1,049	4,079
Amounts due from (net with amounts due to) joint ventures ^(a)	119,088	104,109
	29,473	37,235
	148,561	141,344

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

18 Interests in joint ventures (continued)

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

	2022 HK\$ million	2021 HK\$ million
Amounts due from joint ventures ⁽ⁱ⁾		
Interest free	2,764	2,144
Interest bearing at fixed rates ⁽ⁱⁱ⁾	9,650	16,607
Interest bearing at floating rates ⁽ⁱⁱⁱ⁾	17,378	18,865
	29,792	37,616
Amounts due to joint ventures ^(iv)		
Interest free	319	381
Amounts due from (net with amounts due to) joint ventures	29,473	37,235

(i) At 31 December 2022 and 2021, the amounts due from joint ventures are unsecured and have no fixed terms of repayment except for HK\$1,650 million which are repayable within one to three years (2021: HK\$49 million which are repayable within one to four years).

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

- (ii) At 31 December 2022, HK\$9,650 million (2021: HK\$16,607 million) bear interests at fixed rates ranging from approximately 4.4% to 11.0% (2021: 4.4% to 11.0%) per annum.
- (iii) At 31 December 2022, HK\$17,378 million (2021: HK\$18,865 million) bear interests at floating rates ranging from approximately 4.9% to 14.1% (2021: 1.7% to 14.1%) per annum with reference to Australian Bank Bill Swap Reference Rate, Euro Interbank Offered Rate, Hong Kong Interbank Offered Rate, Hong Kong Prime Rate, London Interbank Offered Rate and Sterling Overnight Index Average rate, where applicable.
- (iv) At 31 December 2022 and 2021, 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:

	2022 HK\$ million	2021 HK\$ million
Profits less losses after tax	7,422	6,393
Other comprehensive income (losses)	(4,581)	(500)
Total comprehensive income	2,841	5,893
Capital commitments	4,811	4,377

As at 31 December 2022 and 2021, no interests in joint ventures are individually material to the Group. Particulars regarding the principal joint ventures are set forth on pages 263 to 266.

Notes to the Financial Statements

19 Deferred tax

	2022 HK\$ million	2021 HK\$ million
Deferred tax assets	18,509	21,188
Deferred tax liabilities	19,290	17,383
Net deferred tax assets (liabilities)	(781)	3,805

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

	2022 HK\$ million	2021 HK\$ million
At 1 January	3,805	2,254
Relating to subsidiaries acquired	–	(76)
Relating to subsidiaries disposed	(33)	(58)
Transfer to current tax	(10)	(22)
Net credit (charge) to other comprehensive income	(267)	72
Net credit (charge) to the consolidated income statement		
Tax losses	337	2,173
Accelerated depreciation allowances	(24)	(233)
Fair value adjustments arising from acquisitions	(249)	(211)
Withholding tax on undistributed profits	(520)	(50)
Other temporary differences	(2,383)	120
Exchange translation differences	(1,437)	(164)
At 31 December	(781)	3,805

Analysis of net deferred tax assets (liabilities):

	2022 HK\$ million	2021 HK\$ million
Tax losses	14,703	15,695
Accelerated depreciation allowances	(2,555)	(2,423)
Fair value adjustments arising from acquisitions	(11,625)	(11,536)
Revaluation of investment properties and other investments	16	29
Withholding tax on undistributed profits	(875)	(371)
Other temporary differences	(445)	2,411
	(781)	3,805

19 Deferred tax (continued)

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

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

At 31 December 2022, the Group has recognised accumulated deferred tax assets amounting to HK\$18,509 million (2021: HK\$21,188 million) of which HK\$15,191 million (2021: HK\$18,073 million) relates to **3** Group Europe.

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

The Group has not recognised deferred tax assets of HK\$29,082 million at 31 December 2022 (2021: HK\$39,282 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK\$131,153 million (2021: HK\$176,604 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK\$91,882 million (2021: HK\$112,190 million) can be carried forward indefinitely and the balances expire in the following years:

	2022 HK\$ million	2021 HK\$ million
In the first year	1,294	2,503
In the second year	1,314	5,896
In the third year	1,188	2,847
In the fourth year	898	3,911
After the fourth year	34,577	49,257
	39,271	64,414

Notes to the Financial Statements

20 Liquid funds and other listed investments

	2022 HK\$ million	2021 HK\$ million
Financial assets at amortised cost		
Managed funds – cash and cash equivalents, outside Hong Kong ^(c)	40	41
Financial assets at FVOCI ^(d)		
Listed equity securities, Hong Kong ^(e)	608	701
Listed equity securities, outside Hong Kong ^(e)	9,096	557
Managed funds – listed equity securities, outside Hong Kong ^(e)	–	260
Managed funds – listed debt securities, outside Hong Kong ^{(b) (f)}	6,359	6,668
	16,103	8,227

(a) At 31 December, liquid funds and other listed investments totalling HK\$16,103 million (2021: HK\$8,227 million) are denominated in the following currencies:

	2022		2021	
	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%	–	9%
US dollar	60%	39%	56%	83%
Other currencies	40%	57%	44%	8%
	100%	100%	100%	100%

See note 41(a) for further analysis.

20 Liquid funds and other listed investments (continued)

(b) At 31 December, listed debt securities totalling HK\$6,359 million (2021: HK\$6,668 million) presented above are analysed as follows:

	2022	2021
	Financial assets at FVOCI Percentage	Financial assets at FVOCI Percentage
Credit ratings		
Aaa / AAA	12%	18%
Aa1 / AA+	87%	81%
Other investment grades	1%	1%
	100%	100%
Sectorial		
US Treasury notes	73%	77%
Government and government guaranteed notes	23%	14%
Others	4%	9%
	100%	100%
Weighted average maturity	2.6 years	1.7 years
Weighted average effective yield	1.54%	1.36%

- (c) "Managed funds – cash and cash equivalents" are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the "Managed funds – cash and cash equivalents". These amounts were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, these assets are considered to be of low credit risk.
- (d) The fair values are based on quoted market prices.
- (e) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair values through other comprehensive income. As at 31 December 2022, the Group has collar agreements with banks to hedge fair value of certain of these listed equity securities. The balances of the listed equity securities, outside Hong Kong at 31 December 2022 includes HK\$216 million fair values of these collar agreements. The Group considered this FVOCI category to be an appropriate classification.
- (f) Managed funds – listed debt securities comprised predominately US Treasury notes and government and government guaranteed notes. 99% of the carrying amount of these assets at 31 December 2022 and 31 December 2021 were rated at Aaa / AAA or Aa1 / AA+. These assets are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was required at the reporting date in respect of these assets.

Notes to the Financial Statements

21 Other non-current assets

	2022 HK\$ million	2021 HK\$ million
Investment properties (see note 22)	408	408
Customer acquisition and retention costs ^(a)	3,660	3,775
Contract assets (see note 24(b))	2,095	2,746
Unlisted investments		
Financial assets at FVOCI – equity securities ^(b)	2,451	2,506
Financial assets at fair value through profit or loss – equity securities	417	2,648
Financial assets at fair value through profit or loss – debt securities	555	165
Pension assets (see note 30)	1,311	1,032
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	84	42
Cross currency interest rate swaps	132	118
Other contracts	3,081	52
Net investment hedges		
Cross currency swaps	1,164	441
Other derivative financial instruments	–	37
Lease receivables ^(c)	542	232
	15,900	14,202

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's consolidated income statement of HK\$3,464 million (2021: HK\$3,800 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of HKFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.
- (b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.
- (c) Lease receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

22 Investment properties

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

	2022 HK\$ million	2021 HK\$ million
Valuation		
At 1 January	408	396
Increase in fair value of investment properties	-	12
At 31 December	408	408

At 31 December 2022, investment properties amounting to HK\$408 million (2021: HK\$408 million) were measured at fair value based on value inputs, other than quoted prices, that were observable either directly or indirectly. The fair values of the investment properties at 31 December 2022 and 2021 were determined based on a valuation carried out by Cushman & Wakefield Limited, professional valuers. The valuation which reflected the highest and best use was arrived at by reference to comparable market transactions and also took reference of capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. There were no transfers among Level 1, Level 2 and Level 3 during the year. The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

At 31 December 2022 and 2021, the Group's aggregate future minimum lease receivable under non-cancellable operating leases is not material.

23 Cash and cash equivalents

	2022 HK\$ million	2021 HK\$ million
Cash at bank and in hand	27,769	35,004
Short term bank deposits	110,316	118,129
	138,085	153,133

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

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

See note 41(a) for further analysis.

Notes to the Financial Statements

24 Trade receivables and other current assets

	2022 HK\$ million	2021 HK\$ million
Trade receivables ^(a)	18,650	20,494
Less: loss allowance provision	(3,705)	(3,797)
	14,945	16,697
Other current assets		
Derivative financial instruments		
Fair value hedges – Interest rate swaps	–	4
Cash flow hedges		
Interest rate swaps	153	–
Cross currency interest rate swaps	622	57
Forward foreign exchange contracts	1	2
Other contracts	167	719
Net investment hedges		
Cross currency interest rate swaps	112	–
Forward foreign exchange contracts	44	555
Cross currency swaps	9	213
Contract assets ^(b)	4,219	4,853
Prepayments	22,978	19,415
Other receivables ^(c)	13,433	15,123
Current tax receivables	128	93
	56,811	57,731

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

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

The Group's five largest customers contributed less than 5% of the Group's revenue for the year ended 31 December 2022 (2021: less than 6%).

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

	2022 HK\$ million	2021 HK\$ million
Less than 31 days	10,609	12,927
Within 31 to 60 days	1,704	1,931
Within 61 to 180 days	1,681	1,559
Over 180 days	4,656	4,077
	18,650	20,494

24 Trade receivables and other current assets (continued)

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

	2022 HK\$ million	2021 HK\$ million
At 1 January	3,797	2,639
Additions	998	1,757
Utilisations	(763)	(459)
Write back	(61)	(20)
Exchange translation differences	(266)	(120)
At 31 December	3,705	3,797

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

	2022			2021		
	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate Percentage
	Not past due	9,169	95	1%	11,880	255
Past due less than 31 days	2,918	82	3%	2,768	155	6%
Past due within 31 to 60 days	782	79	10%	816	124	15%
Past due within 61 to 180 days	1,312	384	29%	1,118	462	41%
Past due over 180 days	4,469	3,065	69%	3,912	2,801	72%
	18,650	3,705		20,494	3,797	

Notes to the Financial Statements

24 Trade receivables and other current assets (continued)

- (b) As at 31 December 2022, contract assets of HK\$4,219 million (2021: HK\$4,853 million) and HK\$2,095 million (2021: HK\$2,746 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 21) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of HK\$1,525 million (2021: HK\$1,390 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2022 HK\$ million	2021 HK\$ million
At 1 January	1,390	1,512
Additions	921	1,056
Utilisations	(643)	(1,033)
Write back	(55)	(87)
Exchange translation differences	(88)	(58)
At 31 December	1,525	1,390

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

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

25 Assets and liabilities classified as held for sale

	2022 HK\$ million	2021 HK\$ million
Assets classified as held for sale		
Disposal group held for sale	6,096	–
Liabilities directly associated with assets classified as held for sale	1,127	–

Subsequent to the reporting date, Wind Tre, a wholly owned subsidiary, and Iliad Italia S.p.A. (“Iliad”) announced in January 2023 the completion of Zefiro Net S.r.l., a 50:50 joint venture whose share capital is equally owned by Wind Tre and Iliad. Both parties will jointly manage their respective mobile phone networks in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into this new joint venture are classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 are as follows:

	2022 HK\$ million	2021 HK\$ million
Assets		
Fixed assets	3,145	–
Right-of-use assets	918	–
Goodwill	2,012	–
Trade receivables	21	–
Assets classified as held for sale	6,096	–
Liabilities		
Lease liabilities	920	–
Provisions	205	–
Other non-current liabilities	2	–
Liabilities directly associated with assets classified as held for sale	1,127	–
Net assets directly associated with disposal group	4,969	–

	2022 HK\$ million	2021 HK\$ million
Cumulative amounts included in other comprehensive income:		
Exchange reserve deficit	(324)	–
Reserves of disposal group classified as held for sale	(324)	–

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

Notes to the Financial Statements

26 Bank and other debts

	2022			2021		
	Current portion	Non-current portion	Total	Current portion	Non-current portion	Total
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Principal amounts						
Bank loans	40,697	53,806	94,503	36,309	63,006	99,315
Other loans	4	225	229	4	247	251
Notes and bonds	29,505	159,370	188,875	30,030	195,485	225,515
Unamortised fair value adjustments arising from acquisitions	70,206	213,401	283,607	66,343	258,738	325,081
	–	2,623	2,623	180	2,992	3,172
Subtotal before the following items	70,206	216,024	286,230	66,523	261,730	328,253
Unamortised loan facilities fees and premiums or discounts related to debts	(76)	(1,828)	(1,904)	(66)	(2,292)	(2,358)
Adjustments to carrying amounts pursuant to unrealised losses on interest rate swap contracts	–	–	–	(96)	–	(96)
	70,130	214,196	284,326	66,361	259,438	325,799

26 Bank and other debts (continued)

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

	2022			2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans	40,697	53,806	94,503	36,309	63,006	99,315
Other loans	4	225	229	4	247	251
Notes and bonds						
HK\$2,413 million notes, 3-mth HIBOR [^] + 0.32% due 2024	-	2,413	2,413	-	2,413	2,413
HK\$260 million notes, 4% due 2027	-	260	260	-	260	260
US\$1,500 million notes, 4.625% due 2022	-	-	-	11,700	-	11,700
US\$1,000 million notes, 2.875% due 2022	-	-	-	7,800	-	7,800
US\$500 million notes, 3.25% due 2022	-	-	-	3,900	-	3,900
US\$750 million notes, 2.75% due 2023	5,850	-	5,850	-	5,850	5,850
US\$750 million notes, 3.25% due 2024	-	5,850	5,850	-	5,850	5,850
US\$1,500 million notes, 3.625% due 2024	-	11,700	11,700	-	11,700	11,700
US\$500 million notes, 1.5% due 2026	-	3,900	3,900	-	3,900	3,900
US\$500 million notes, 2.75% due 2026	-	3,900	3,900	-	3,900	3,900
US\$309 million notes – Series C, 7.5% due 2027	-	2,410	2,410	-	2,410	2,410
US\$500 million notes, 3.25% due 2027	-	3,900	3,900	-	3,900	3,900
US\$800 million notes, 3.5% due 2027	-	6,240	6,240	-	6,240	6,240
US\$500 million notes, 2.75% due 2029	-	3,900	3,900	-	3,900	3,900
US\$750 million notes, 3.625% due 2029	-	5,850	5,850	-	5,850	5,850
US\$750 million notes, 2.5% due 2030	-	5,850	5,850	-	5,850	5,850
US\$850 million notes, 2.5% due 2031	-	6,630	6,630	-	6,630	6,630
US\$1,039 million notes, 7.45% due 2033	-	8,107	8,107	-	8,107	8,107
US\$25 million notes – Series D, 6.988% due 2037	-	196	196	-	196	196
US\$650 million notes, 3.125% due 2041	-	5,070	5,070	-	5,070	5,070
US\$750 million notes, 3.375% due 2049	-	5,850	5,850	-	5,850	5,850
US\$750 million notes, 3.375% due 2050	-	5,850	5,850	-	5,850	5,850
EUR750 million notes, 3.625% due 2022	-	-	-	6,630	-	6,630
EUR1,350 million notes, 1.25% due 2023	11,205	-	11,205	-	11,934	11,934
EUR1,500 million notes, 0.375% due 2023	12,450	-	12,450	-	13,260	13,260
EUR600 million bonds, 1% due 2024	-	4,980	4,980	-	5,304	5,304
EUR1,000 million notes, 0.875% due 2024	-	8,300	8,300	-	8,840	8,840
EUR750 million notes, 1.25% due 2025	-	6,225	6,225	-	6,630	6,630
EUR1,000 million notes, 0.75% due 2026	-	8,300	8,300	-	8,840	8,840
EUR650 million notes, 2% due 2028	-	5,395	5,395	-	5,746	5,746
EUR1,000 million notes, 1.125% due 2028	-	8,300	8,300	-	8,840	8,840
EUR500 million notes, 0.75% due 2029	-	4,150	4,150	-	4,420	4,420
EUR500 million notes, 2% due 2030	-	4,150	4,150	-	4,420	4,420
EUR750 million notes, 1.5% due 2031	-	6,225	6,225	-	6,630	6,630
EUR500 million notes, 1% due 2033	-	4,150	4,150	-	4,420	4,420
GBP303 million notes, 5.625% due 2026	-	2,866	2,866	-	3,147	3,147
GBP500 million notes, 2% due 2027	-	4,730	4,730	-	5,195	5,195
GBP300 million notes, 2.625% due 2034	-	2,837	2,837	-	3,117	3,117
JPY15,000 million notes, 2.6% due 2027	-	886	886	-	1,016	1,016
	29,505	159,370	188,875	30,030	195,485	225,515
	70,206	213,401	283,607	66,343	258,738	325,081

[^] HIBOR represents the Hong Kong Interbank Offered Rate

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

	2022			2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Bank loans						
Within a year	40,697	-	40,697	36,309	-	36,309
After 1 year, but within 2 years	-	13,007	13,007	-	41,824	41,824
After 2 years, but within 5 years	-	40,799	40,799	-	21,182	21,182
	40,697	53,806	94,503	36,309	63,006	99,315
Other loans						
Within a year	4	-	4	4	-	4
After 1 year, but within 2 years	-	156	156	-	4	4
After 2 years, but within 5 years	-	10	10	-	178	178
After 5 years	-	59	59	-	65	65
	4	225	229	4	247	251
Notes and bonds						
Within a year	29,505	-	29,505	30,030	-	30,030
After 1 year, but within 2 years	-	33,243	33,243	-	31,044	31,044
After 2 years, but within 5 years	-	43,617	43,617	-	60,524	60,524
After 5 years	-	82,510	82,510	-	103,917	103,917
	29,505	159,370	188,875	30,030	195,485	225,515
	70,206	213,401	283,607	66,343	258,738	325,081

(b) By secured and unsecured borrowings

	2022			2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Secured borrowings	1	1,524	1,525	1,442	3	1,445
Unsecured borrowings	70,205	211,877	282,082	64,901	258,735	323,636
	70,206	213,401	283,607	66,343	258,738	325,081

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

	2022			2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	29,509	157,183	186,692	30,043	193,320	223,363
Borrowings at floating rate	40,697	56,218	96,915	36,300	65,418	101,718
	70,206	213,401	283,607	66,343	258,738	325,081

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

	2022			2021		
	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million	Current portion HK\$ million	Non-current portion HK\$ million	Total HK\$ million
Borrowings at fixed rate	47,449	160,603	208,052	26,935	214,110	241,045
Borrowings at floating rate	22,757	52,798	75,555	39,408	44,628	84,036
	70,206	213,401	283,607	66,343	258,738	325,081

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

The Group has entered into interest rate swap agreements to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings. At 31 December 2022, the notional amount of the outstanding interest rate swap agreements and cross currency interest rate swap agreements amounted to HK\$11,220 million and HK\$10,140 million respectively (2021: HK\$13,002 million and HK\$10,140 million respectively) (See note 41(i)(ii)).

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

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

	2022			2021		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	9%	40%	49%	12%	37%	49%
Euro	12%	23%	35%	2%	32%	34%
HK dollar	1%	1%	2%	1%	2%	3%
British Pound	1%	4%	5%	–	5%	5%
Other currencies	2%	7%	9%	5%	4%	9%
	25%	75%	100%	20%	80%	100%

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

	2022			2021		
	Current portion Percentage	Non-current portion Percentage	Total Percentage	Current portion Percentage	Non-current portion Percentage	Total Percentage
US dollar	4%	39%	43%	10%	31%	41%
Euro	17%	25%	42%	5%	37%	42%
HK dollar	1%	1%	2%	1%	2%	3%
British Pound	1%	3%	4%	–	5%	5%
Other currencies	2%	7%	9%	5%	4%	9%
	25%	75%	100%	21%	79%	100%

As at 31 December 2022, the Group had currency swap agreements with banks to swap US dollar principal amount of borrowings equivalent to HK\$15,990 million (2021: HK\$23,790 million) and British Pound principal amount of borrowings equivalent to HK\$4,730 million (2021: nil) (see note 41(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. For information, the Hong Kong dollar equivalent amount of HK\$15,990 million (2021: HK\$23,790 million) mentioned in the preceding sentence includes the Hong Kong dollar equivalent amount of HK\$10,140 million (2021: HK\$10,140 million) disclosed under item (d) above.

27 Trade payables and other current liabilities

	2022 HK\$ million	2021 HK\$ million
Trade payables ^(a)	21,356	23,382
Other current liabilities		
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	–	77
Forward foreign exchange contracts	2	–
Other contracts	151	–
Net investment hedges		
Forward foreign exchange contracts	891	68
Cross currency swaps	–	17
Other derivative financial instruments	795	14
Interest free loans from non-controlling shareholders	472	427
Contract liabilities	6,027	6,933
Obligations for telecommunications licences and other rights	680	4,526
Provisions (see note 28)	1,341	2,710
Expenses and other accruals	35,995	40,636
Other payables	21,419	17,775
	89,129	96,565

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

	2022 HK\$ million	2021 HK\$ million
Less than 31 days	13,566	14,172
Within 31 to 60 days	2,912	2,956
Within 61 to 90 days	1,427	1,605
Over 90 days	3,451	4,649
	21,356	23,382

(b) The Group's five largest suppliers accounted for less than 17% of the Group's cost of purchases for the year ended 31 December 2022 (2021: less than 16%).

Notes to the Financial Statements

28 Provisions

	Provision for commitments, onerous contracts and other guarantees HK\$ million	Closure obligation HK\$ million	Assets retirement obligation HK\$ million	Others HK\$ million	Total HK\$ million
At 1 January 2021	23,513	92	2,163	1,402	27,170
Additions	–	57	115	273	445
Interest accretion	–	–	65	–	65
Utilisations	(1,339)	(8)	(92)	(210)	(1,649)
Write back	–	(25)	–	(72)	(97)
Relating to subsidiaries disposed (see note 34(d))	–	–	(441)	(19)	(460)
Exchange translation differences	(502)	(6)	(85)	(92)	(685)
At 31 December 2021 and 1 January 2022	21,672	110	1,725	1,282	24,789
Additions	–	43	1	305	349
Interest accretion	–	–	10	–	10
Utilisations	(656)	(10)	(90)	(162)	(918)
Write back	–	(59)	–	(78)	(137)
Relating to subsidiaries disposed (see note 34(d))	(2,175)	–	(13)	–	(2,188)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	–	(205)	–	(205)
Exchange translation differences	(364)	(4)	(156)	(58)	(582)
At 31 December 2022	18,477	80	1,272	1,289	21,118

Provisions are analysed as:

	2022 HK\$ million	2021 HK\$ million
Current portion (see note 27)	1,341	2,710
Non-current portion (see note 31)	19,777	22,079
	21,118	24,789

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

29 Interest bearing loans from non-controlling shareholders

	2022 HK\$ million	2021 HK\$ million
Interest bearing loans from non-controlling shareholders	2,567	759

At 31 December 2022, these loans bear interest at rates at EURIBOR+2.0% and Stockholm Interbank Offered Rate +0.7% (2021: EURIBOR+2.0%) per annum. The carrying amounts of the borrowings approximate their fair values.

30 Pension plans

	2022 HK\$ million	2021 HK\$ million
Defined benefit assets (see note 21)	1,311	1,032
Defined benefit liabilities	2,730	3,466
Net defined benefit liabilities	1,419	2,434

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

(a) Defined benefit plans

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

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

	2022	2021
Discount rates	3.2% – 4.8%	0.2% – 2.0%
Future salary increases	2.3% – 3.5%	1.7% – 3.5%
Interest credited on two principal plans in Hong Kong	5.0% – 6.0%	5.0% – 6.0%

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

	2022 HK\$ million	2021 HK\$ million
Present value of defined benefit obligations	15,163	23,686
Fair value of plan assets	13,750	21,255
Restrictions on assets recognised	1,413	2,431
Net defined benefit liabilities	6	3
	1,419	2,434

Notes to the Financial Statements

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

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

Notes to the Financial Statements

30 Pension plans (continued)

(a) Defined benefit plans (continued)

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2022, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK\$21 million (2021: HK\$22 million) were used to reduce the current year's level of contributions and HK\$1 million forfeited contribution was available at 31 December 2022 (2021: HK\$1 million) to reduce future years' contributions.

The Group operates three contributory defined benefit pension plans for its ports operation in the United Kingdom. The plans are all final salary in nature and they are not open to new entrants. Of the three plans, the Port of Felixstowe Pension Plan ("Felixstowe Scheme") is the principal plan. An independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 December 2018 reported a funding level of 89% of the accrued actuarial liabilities on an ongoing basis. The sponsoring employers have since made additional contributions of GBP8.5 million in 2020, GBP9.0 million in 2021 and GBP9.5 million in 2022 and will make further aggregate additional contributions of GBP15.2 million until 31 January 2024 to eliminate the shortfall by 31 January 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are a pre-retirement discount rate of 5.3% per annum; post-retirement discount rate of 2.3% per annum; pensionable earnings increases of 2.65% per annum; Retail Price Index ("RPI") inflation of 3.4% per annum; Consumer Price Index ("CPI") inflation of 2.4% per annum; and pension increases of 1.9% to 3.3% per annum. The valuation was prepared by Rhidian Williams FIA, a Fellow of the Institute and Faculty of Actuaries, of Quantum Advisory.

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

The Group operates a defined benefit pension plan for certain of its retail operation in the United Kingdom. It is not open to new entrants. With effect from 28 February 2010, accrual of future defined benefits for all active members was ceased and the final salary linkage was also severed. The last triennial valuation was undertaken on 31 March 2021. This was an independent actuarial valuation, undertaken for funding purposes under the provision of the Pensions Act 2004, at 31 March 2021 which reported a funding level of 91% of the accrued actuarial liabilities on an ongoing basis. A schedule of contributions was agreed with GBP10 million to pay in 2022 and 2023, and GBP0.3 million in 2024 to eliminate the shortfall by February 2024. The valuation used the projected unit credit method and the main assumptions in the valuation are investment returns of 1.14% to 2.35% per annum and pension increases of 1.74% to 3.64% per annum. The valuation was prepared by Paul Jayson, a Fellow of the Institute and Faculty of Actuaries, of Barnett Waddingham LLP. The sponsoring employers have since made contributions of GBP10.0 million in 2022 (2021: GBP10.4 million).

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2022 Percentage	2021 Percentage
Equity instruments		
Consumer markets and manufacturing	6%	8%
Energy and utilities	2%	2%
Financial institutions and insurance	4%	6%
Telecommunications and information technology	6%	7%
Units trust and equity instrument funds	4%	5%
Others	8%	9%
	30%	37%
Debt instruments		
US Treasury notes	1%	1%
Government and government guaranteed notes	19%	15%
Financial institutions notes	7%	5%
Others	8%	5%
	35%	26%
Qualifying insurance policies	26%	31%
Other assets	9%	6%
	100%	100%

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

	2022 Percentage	2021 Percentage
Aaa / AAA	7%	8%
Aa1 / AA+	20%	20%
Aa2 / AA	41%	36%
Aa3 / AA-	2%	1%
A1 / A+	3%	3%
A2 / A	4%	3%
Other investment grades	17%	24%
No investment grades	6%	5%
	100%	100%

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

Notes to the Financial Statements

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

Fair value of plan assets of HK\$13,750 million (2021: HK\$21,255 million) includes investments in the Company's shares with a fair value of HK\$11 million (2021: HK\$16 million).

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

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2022 is 17 years (2021: 19 years).

The Group expects to make contributions of HK\$1,282 million (2021: HK\$727 million) to the defined benefit plans next year.

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

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

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

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 2.8% or increase by 3.0% respectively (2021: decrease by 3.2% or increase by 3.5% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.8% or decrease by 0.5% respectively (2021: increase by 0.6% or decrease by 0.6% respectively).

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

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK\$1,420 million (2021: HK\$1,430 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK\$15 million (2021: HK\$15 million) were used to reduce the current year's level of contributions and no forfeited contribution was available at 31 December 2022 (2021: nil) to reduce future years' contributions.

31 Other non-current liabilities

	2022 HK\$ million	2021 HK\$ million
Derivative financial instruments		
Cash flow hedges		
Interest rate swaps	–	133
Cross currency interest rate swaps	–	399
Net investment hedges		
Cross currency swaps	314	31
Other derivative financial instruments	–	105
Obligations for telecommunications licences and other rights	3,309	7,032
Other non-current liabilities	6,333	5,873
Liabilities relating to the economic benefits agreements ^(a)	2,166	2,166
Provisions (see note 28)	19,777	22,079
	31,899	37,818

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

Notes to the Financial Statements

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 2021	3,856,240,500	3,856	244,377	248,233
Cancellation of issued shares ⁽ⁱ⁾	(21,606,000)	(22)	(1,208)	(1,230)
At 31 December 2021 and 1 January 2022	3,834,634,500	3,834	243,169	247,003
Cancellation of issued shares ⁽ⁱ⁾	(100,000)	–	(5)	(5)
Cancellation of issued shares ⁽ⁱⁱ⁾	(4,490,000)	(4)	(192)	(196)
At 31 December 2022	3,830,044,500	3,830	242,972	246,802

- (i) During the year ended 31 December 2021, the Company acquired a total of 21,706,000 of its own ordinary shares through purchases on the Stock Exchange. Of these 21,706,000 shares, 21,606,000 shares were cancelled before the reporting date of 31 December 2021 and 100,000 shares were cancelled subsequent to the reporting date on 18 January 2022. The total amount paid to acquire these 21,706,000 shares was approximately HK\$1,239 million, of which approximately HK\$22 million and HK\$1,208 million have been deducted from share capital and share premium respectively, and the remaining balance of HK\$9 million has been charged to retained profit. Upon the cancellation of the 100,000 shares on 18 January 2022, HK\$5 million have been deducted from share premium with a corresponding credit to retained profit.
- (ii) During the year ended 31 December 2022, the Company acquired a total of 4,490,000 of its own ordinary shares through purchases on the Stock Exchange. The purchased shares were cancelled before the reporting date of 31 December 2022. The total amount paid to acquire these shares was approximately HK\$197 million, of which approximately HK\$4 million and HK\$192 million have been deducted from share capital and share premium respectively, and the remaining balance of HK\$1 million has been charged to retained profit.

(b) Perpetual capital securities

	2022 HK\$ million	2021 HK\$ million
US\$1,000 million issued in 2017	–	7,842
EUR500 million issued in 2018	4,561	4,572
	4,561	12,414

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

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

In May 2022, the Group had redeemed US\$1,000 million (approximately HK\$7,800 million) nominal amount of the perpetual capital securities that were originally issued in May 2017 for US\$1,000 million (approximately HK\$7,800 million).

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

(c) Capital management

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

At 31 December 2022, total equity amounted to HK\$647,309 million (2021: HK\$644,255 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK\$132,042 million (2021: HK\$166,893 million). The Group's net debt to net total capital ratio decreased to 16.9% from 20.5% at the end of last year.

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

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

	2022	2021
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	16.9%	20.5%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	18.4%	21.8%
B1 – including interest-bearing loans from non-controlling shareholders as debt	17.2%	20.6%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	18.8%	21.9%

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

Notes to the Financial Statements

33 Reserves

	2022				
	Attributable to ordinary shareholders				
	Retained profit HK\$ million	Exchange reserve HK\$ million	Hedging reserve HK\$ million	Others ^(a) HK\$ million	Total HK\$ million
At 1 January 2022	631,181	(20,925)	(1,378)	(342,729)	266,149
Profit for the year	36,680	–	–	–	36,680
Other comprehensive income (losses) ^(c)					
Equity securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(1,493)	(1,493)
Debt securities at FVOCI					
Valuation losses recognised directly in reserves	–	–	–	(369)	(369)
Valuation losses previously in reserves recognised in income statement	–	–	–	2	2
Remeasurement of defined benefit obligations recognised directly in reserves	569	–	–	–	569
Gains on cash flow hedges recognised directly in reserves	–	–	2,127	–	2,127
Gains on net investment hedges recognised directly in reserves	–	3,380	–	–	3,380
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	–	(14,538)	–	–	(14,538)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint venture disposed during the year recognised in income statement	–	2,035	55	–	2,090
Share of other comprehensive income (losses) of associated companies	(38)	(3,981)	1,539	(96)	(2,576)
Share of other comprehensive income (losses) of joint ventures	(385)	(6,174)	2,998	(17)	(3,578)
Tax relating to components of other comprehensive income (losses)	(209)	–	(9)	–	(218)
Other comprehensive income (losses), net of tax	(63)	(19,278)	6,710	(1,973)	(14,604)
Impact of hyperinflation	(23)	–	–	–	(23)
Transfer of gains on disposal of equity securities at FVOCI to retained profit	17	–	–	(17)	–
Transactions with owners in their capacity as owners:					
Dividends paid relating to 2021	(7,132)	–	–	–	(7,132)
Dividends paid relating to 2022	(3,221)	–	–	–	(3,221)
Buy-back and cancellation of issued shares (see note 32(a)(ii))	4	–	–	–	4
Relating to purchase of non-controlling interests ^(b)	–	–	–	(1,133)	(1,133)
Relating to partial disposal of subsidiary companies	–	–	–	(9)	(9)
At 31 December 2022	657,443	(40,203)	5,332	(345,861)	276,711

33 Reserves (continued)

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

Notes to the Financial Statements

33 Reserves (continued)

- (a) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2022, revaluation reserve deficit amounted to HK\$3,472 million (1 January 2022: HK\$1,574 million and 1 January 2021: HK\$1,712 million), and other capital reserves deficit amounted to HK\$342,389 million (1 January 2022: HK\$341,155 million and 1 January 2021: HK\$341,193 million). Included in the other capital reserves account is a deficit of HK\$341,336 million, relating to the fair value of shares of Cheung Kong (Holdings) Limited, the former holding company of the Group, cancelled as part of the reorganisation completed in 2015. Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities are included in the revaluation reserve.
- (b) During the year, the Group had acquired the remaining 25% interests in an intermediate holding company which holds certain of the Group's attributable interests in the port division from the non-controlling interests shareholder. The acquisition was accounted for as a transaction with equity participant and the economic effect was recorded in equity.
- (c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2022		
	Before-tax amount HK\$ million	Tax effect HK\$ million	Net-of-tax amount HK\$ million
Equity securities at FVOCI			
Valuation losses recognised directly in reserves	(1,493)	–	(1,493)
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	(369)	–	(369)
Valuation losses previously in reserves recognised in income statement	2	–	2
Remeasurement of defined benefit obligations recognised directly in reserves	701	(255)	446
Gains on cash flow hedges recognised directly in reserves	2,201	(12)	2,189
Gains on net investment hedges recognised directly in reserves	4,433	–	4,433
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(16,078)	–	(16,078)
Losses previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	2,220	–	2,220
Share of other comprehensive income (losses) of associated companies	(2,578)	–	(2,578)
Share of other comprehensive income (losses) of joint ventures	(4,581)	–	(4,581)
	(15,542)	(267)	(15,809)
	2021		
	Before-tax amount HK\$ million	Tax effect HK\$ million	Net-of-tax amount HK\$ million
Equity securities at FVOCI			
Valuation gains recognised directly in reserves	265	–	265
Debt securities at FVOCI			
Valuation losses recognised directly in reserves	(60)	–	(60)
Valuation gains previously in reserves recognised in income statement	(7)	–	(7)
Remeasurement of defined benefit obligations recognised directly in reserves	1,034	80	1,114
Gains on cash flow hedges recognised directly in reserves	1,020	(8)	1,012
Gains on net investment hedges recognised directly in reserves	1,767	–	1,767
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(10,567)	–	(10,567)
Losses previously in exchange and other reserves related to subsidiaries and associated companies disposed during the year recognised in income statement	2,913	–	2,913
Share of other comprehensive income of associated companies	58	–	58
Share of other comprehensive income (losses) of joint ventures	(500)	–	(500)
	(4,077)	72	(4,005)

34 Notes to the consolidated statement of cash flows

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

	2022 HK\$ million	2021 HK\$ million
Profit after tax	43,659	40,472
Less: share of profits less losses of		
Associated companies	(11,822)	(5,718)
Joint ventures	(7,422)	(6,393)
	24,415	28,361
Adjustments for:		
Current tax charge	5,435	4,029
Deferred tax charge (credit)	2,839	(1,799)
Interest expenses and other finance costs	9,052	10,608
Depreciation and amortisation	39,788	45,256
EBITDA of Company and subsidiaries ⁽ⁱ⁾	81,529	86,455
Dividends received from associated companies and joint ventures	12,783	11,102
Impairment loss against goodwill and other assets on telecommunications business in Sri Lanka (see note 7(c))	1,000	–
Impairment loss against goodwill on telecommunications business in Italy (see note 7(c))	11,039	15,472
Foreign exchange reclassification adjustment (see note 7(d))	–	3,514
Loss on disposal of fixed assets	196	51
Gains on disposals of unlisted investments (see note 7)	(515)	–
Gains on disposals of interests in associated companies and joint ventures (see note 7)	(947)	(751)
Losses (gains) on disposal of subsidiaries (see note 7(g))		
European telecommunications tower assets	(19,060)	(25,316)
Indonesia telecommunications businesses	(7,245)	–
Other businesses	37	–
Customer acquisition and retention costs capitalised in the year	(3,586)	(3,725)
Other non-cash items	(1,334)	(869)
	73,897	85,933

Notes to the Financial Statements

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

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

(i) Reconciliation of EBITDA:

	2022 HK\$ million	2021 HK\$ million
EBITDA of Company and subsidiaries	81,529	86,455
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses of		
Associated companies	11,822	5,718
Joint ventures	7,422	6,393
Adjustments for:		
Depreciation and amortisation	24,355	21,853
Interest expenses and other finance costs	9,346	8,233
Current tax charge	3,983	3,600
Deferred tax charge	3,923	3,731
Non-controlling interests	608	654
	61,459	50,182
EBITDA (see note 5(b)(ii))	142,988	136,637

(b) Changes in working capital

	2022 HK\$ million	2021 HK\$ million
Increase in inventories	(1,401)	(46)
Increase in trade receivables and other current assets	(493)	(5,736)
Decrease in trade payables and other current liabilities	(2,581)	(11,485)
Other non-cash items	(105)	(1,813)
	(4,580)	(19,080)

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

(c) Purchase of subsidiary companies

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

	2022 HK\$ million	2021 HK\$ million
Purchase consideration transferred:		
Cash and cash equivalents paid	–	461
Non-cash consideration	–	358
	–	819
Fair value		
Fixed assets	–	789
Right-of-use assets	–	494
Brand names and other rights	–	12
Pension assets	–	35
Cash and cash equivalents	–	323
Trade receivables and other current assets	–	474
Inventories	–	27
Trade payables and other current liabilities and current tax liabilities	–	(628)
Bank and other debts	–	(997)
Lease liabilities	–	(252)
Interest bearing loans from non-controlling shareholders	–	(17)
Deferred tax liabilities	–	(76)
Net identifiable assets acquired	–	184
Non-controlling interests	–	12
Goodwill	–	196
Total consideration	–	623
	–	819
Net cash outflow (inflow) arising from acquisition:		
Cash and cash equivalents paid	–	461
Cash and cash equivalents acquired	–	(323)
Total net cash outflow	–	138

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

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

Notes to the Financial Statements

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

(d) Disposal of subsidiary companies

	2022 HK\$ million	2021 HK\$ million
Equity securities received	24,089	–
Net cash consideration	14,077	38,425
Carrying amount of net assets (excluding cash and cash equivalents) disposed	(10,015)	(13,696)
Cumulative exchange gain (loss) in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	(1,883)	587
Gains on disposal	26,268	25,316
Net cash inflow (outflow) on disposal of subsidiaries		
Cash and cash equivalents received as consideration	18,607	38,425
Less: Cash and cash equivalents disposed	(1,511)	–
Sub-total ⁽ⁱ⁾	17,096	38,425
Cash and cash equivalents paid ⁽ⁱⁱ⁾	(3,019)	–
Net cash consideration	14,077	38,425
Analysis of assets and liabilities over which control was lost		
Fixed assets	12,252	4,832
Right-of-use assets	9,564	4,238
Telecommunications licences	3,836	–
Goodwill	1,119	7,681
Brand names and other rights	–	333
Deferred tax assets	266	58
Trade receivables and other current assets	2,252	446
Inventories	78	–
Assets classified as held for sale	–	1,241
Trade payables and other current liabilities and current tax liabilities	(4,089)	–
Bank and other debts	(356)	–
Lease liabilities	(10,315)	(4,389)
Deferred tax liabilities	(233)	–
Pension obligations	(116)	–
Other non-current liabilities	(4,243)	(460)
Liabilities directly associated with assets classified as held for sale	–	(284)
Net assets (excluding cash and cash equivalents) disposed	10,015	13,696
Cash and cash equivalents disposed	1,511	–
Net assets disposed	11,526	13,696

Disposal of subsidiary companies for the year ended 31 December 2022 mainly related to the disposal of the Group's former subsidiary H3I and the disposal of interests in tower assets in the UK (see note 5(b)(xvi) and 5(b)(xvii)). For comparative year ended 31 December 2021, amount mainly related to the disposal of interests in tower assets in Sweden and Italy (see note 5(b)(xvi)). The gains on disposals for both years were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 7(g).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the year are not material for the years ended 31 December 2022 and 2021.

(i) Presented as "Proceeds from disposal of subsidiary companies, net of cash disposed" in the consolidated statement of cash flows.

(ii) Included in "Purchase of and advances to associated companies and joint ventures" in the consolidated statement of cash flows.

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

(e) Changes in liabilities arising from financing activities

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

	Bank and other debts HK\$ million	Lease liabilities HK\$ million	Interest bearing loans from non-controlling shareholders HK\$ million	Interest free loans from non-controlling shareholders HK\$ million	Liabilities relating to the economic benefits agreements HK\$ million	Total HK\$ million
1 January 2021	349,071	94,265	798	380	2,166	446,680
Financing cash flows						
New borrowings	70,901	–	–	–	–	70,901
Repayment of borrowings	(83,546)	–	–	–	–	(83,546)
Principal elements of lease payments (see note 13(c))	–	(17,407)	–	–	–	(17,407)
Net loans from non-controlling shareholders	–	–	–	47	–	47
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	329	–	–	–	–	329
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(104)	–	–	–	–	(104)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(709)	–	–	–	–	(709)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	11,223	–	–	–	11,223
Interest on lease liabilities (see note 8)	–	3,577	–	–	–	3,577
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(3,536)	–	–	–	(3,536)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(497)	–	–	–	(497)
Others	–	5,808	–	–	–	5,808
Relating to subsidiaries acquired (see note 34(c))	997	252	17	–	–	1,266
Relating to subsidiaries disposed (see note 34(d))	–	(4,389)	–	–	–	(4,389)
Exchange translation differences	(11,140)	(4,217)	(56)	–	–	(15,413)
At 31 December 2021 and 1 January 2022	325,799	85,079	759	427	2,166	414,230
Financing cash flows						
New borrowings	37,147	–	–	–	–	37,147
Repayment of borrowings	(68,063)	–	–	–	–	(68,063)
Principal elements of lease payments (see note 13(c))	–	(14,307)	–	–	–	(14,307)
Net loans from non-controlling shareholders	–	–	2,073	45	–	2,118
Other changes						
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 8)	243	–	–	–	–	243
Gains arising on adjustment for hedged items in a designated fair value hedge (see note 41(h))	(4)	–	–	–	–	(4)
Amortisation of bank and other debts' fair value adjustments arising from acquisitions (see note 8(a))	(420)	–	–	–	–	(420)
Increase in lease liabilities from entering into new leases (see note 13(a))	–	6,528	–	–	–	6,528
Interest on lease liabilities (see note 8)	–	2,270	–	–	–	2,270
Interest element of lease liabilities paid (included in "Net cash from operating activities")	–	(2,071)	–	–	–	(2,071)
Remeasurement / write off of lease liabilities						
Rental concessions (see note 7)	–	(188)	–	–	–	(188)
Others	–	4,182	–	–	–	4,182
Relating to subsidiaries disposed (see note 34(d))	(356)	(10,315)	–	–	–	(10,671)
Transfer to liabilities directly associated with assets classified as held for sale (see note 25)	–	(920)	–	–	–	(920)
Exchange translation differences	(10,020)	(4,199)	(265)	–	–	(14,484)
At 31 December 2022	284,326	66,059	2,567	472	2,166	355,590

Notes to the Financial Statements

35 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2022 and 31 December 2021. Certain of the Company's associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies during the current and comparative years are not material to the Group's results.

36 Pledge of assets

At 31 December 2022, assets of the Group totalling HK\$1,442 million (2021: HK\$1,440 million) were pledged as security for bank and other debts.

37 Contingent liabilities and guarantees

At 31 December 2022, CK Hutchison Holdings Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures of HK\$4,856 million (2021: HK\$5,058 million).

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

	2022 HK\$ million	2021 HK\$ million
To associated companies	3,527	3,367
To joint ventures	1,096	1,235

At 31 December 2022, the Group had provided performance and other guarantees of HK\$5,033 million (2021: HK\$8,353 million).

38 Commitments

The Group's outstanding commitments contracted for at 31 December 2022, where material, not provided for in the consolidated financial statements at 31 December 2022 are as follows:

Capital commitments

- (a) Ports and Related Services: HK\$582 million (2021: HK\$157 million)
- (b) 3 Group Europe: HK\$183 million (2021: HK\$423 million)
- (c) Telecommunications, Hong Kong and Asia: HK\$308 million (2021: HK\$1,088 million)

39 Related parties transactions

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

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

40 Legal proceedings

As at 31 December 2022, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Financial risk management

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

(a) Cash management and funding

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

The Group continues to maintain a robust financial position. Cash, liquid funds and other listed investments ("Liquid assets") amounted to HK\$154,188 million at 31 December 2022 (2021: HK\$161,360 million). The decrease was mainly reflecting dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, repayment and early repayment of certain borrowings, redemption of perpetual capital securities, capital expenditure and investment spending, partly offset by proceeds received from tower sales, cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 15% in HK dollar, 55% in US dollar, 3% in Renminbi, 14% in Euro, 7% in British Pound and 6% in other currencies (2021: 18% were denominated in HK dollar, 60% in US dollar, 4% in Renminbi, 9% in Euro, 4% in British Pound and 5% in other currencies).

Cash and cash equivalents represented 90% (2021: 95%) of the liquid assets, US Treasury notes and other listed debt securities 4% (2021: 4%) and listed equity securities 6% (2021: 1%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 73% (2021: 77%), government and government guaranteed notes of 23% (2021: 14%), and others of 4% (2021: 9%). Of these US Treasury notes and listed debt securities, 99% (2021: 99%) are rated at Aaa / AAA or Aa1 / AA+ with an average maturity of 2.6 years (2021: 1.7 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Notes to the Financial Statements

41 Financial risk management (continued)

(b) Interest rate exposure

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

At 31 December 2022, approximately 34% (2021: approximately 31%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2021: approximately 69%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$21,360 million (2021: HK\$23,142 million) principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. For the year ended December 2021, the Group further swap approximately HK\$5,460 million principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. After taking into consideration these interest rate swaps, approximately 27% (2021: approximately 26%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 73% (2021: approximately 74%) were at fixed rates at 31 December 2022. 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 2022, the Group had cross currency interest rate swaps, 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\$53,725 million (2021: HK\$52,103 million).

The Group has operations in about 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong 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 2022, the Group's total principal amount of bank and other debts are denominated as follows: 49% in US dollar, 35% in Euro, 2% in HK dollar, 5% in British Pound and 9% in other currencies (2021: 49% in US dollar, 34% in Euro, 3% in HK dollar, 5% in British Pound and 9% in other currencies). The Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK\$15,990 million (2021: HK\$23,790 million) and British Pound principal amount of borrowings equivalent to HK\$4,730 million (2021: nil) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 43% in US dollar, 42% in Euro, 2% in HK dollar, 4% in British Pound and 9% in other currencies (2021: 41% in US dollar, 42% in Euro, 3% in HK dollar, 5% in British Pound and 9% in other currencies).

41 Financial risk management (continued)

(d) Credit exposure

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

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

(e) Market price risk

The Group's main market price risk exposures relate to listed debt and equity securities as described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed debt and equity securities represented approximately 10% (2021: approximately 5%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analysis

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

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

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

Notes to the Financial Statements

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

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

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

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

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

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

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

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

Under these assumptions, the impact of a hypothetical 100 basis points (2021: 100 basis points) increase in market interest rate at 31 December 2022, with all other variables held constant:

- profit for the year would increase by HK\$656 million due to the increase in interest income (2021: HK\$671 million);
- total equity would increase by HK\$656 million due to the increase in interest income (2021: HK\$671 million); and
- total equity would increase by HK\$85 million due to the change in fair value of derivative financial instruments (2021: HK\$596 million).

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis

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

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

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

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

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

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

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

Notes to the Financial Statements

41 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

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

	2022		2021	
	Hypothetical increase (decrease) in profit for the year HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million	Hypothetical increase (decrease) in profit for the year HK\$ million	Hypothetical increase (decrease) in total equity HK\$ million
Euro	60	(356)	39	(421)
British Pound	356	(807)	105	(1,207)
Australian dollar	33	(371)	40	(435)
Renminbi	63	63	75	75
US dollar	2,921	2,921	2,240	2,251
Japanese Yen	(89)	(89)	(102)	(102)

(iii) Other price sensitivity analysis

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

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

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

- financial assets at FVOCI (see note 20)

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

- no impact to profit for the year (2021: nil), and consequently no impact to total equity for the year (2021: nil); and
- other comprehensive income would increase by HK\$803 million (2021: HK\$409 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for both years.

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

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

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$7,129 million in "within 1 year" maturity band, HK\$16,905 million in "after 1 year, but within 5 years" maturity band, and HK\$17,046 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Notes to the Financial Statements

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK\$ million	After 1 year, but within 5 years HK\$ million	After 5 years HK\$ million	Total undiscounted cash flows HK\$ million
At 31 December 2022				
Cash flow hedges				
Forward foreign exchange contracts				
Net outflow	(2)	–	–	(2)
Other contracts				
Outflow	(151)	–	–	(151)
Net investment hedges				
Forward foreign exchange contracts				
Inflow	22,223	–	–	22,223
Outflow	(23,187)	–	–	(23,187)
Cross currency swaps				
Inflow	48	3,494	–	3,542
Outflow	–	(3,735)	–	(3,735)
Other derivative financial instruments				
Net outflow	(821)	–	–	(821)

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK\$ million	After 1 year, but within 5 years HK\$ million	After 5 years HK\$ million	Total undiscounted cash flows HK\$ million	Difference from carrying amounts HK\$ million	Carrying amounts HK\$ million
At 31 December 2021						
Trade payables	23,382	-	-	23,382	-	23,382
Expenses and other accruals	40,636	-	-	40,636	-	40,636
Other payables	17,775	-	-	17,775	-	17,775
Interest free loans from non-controlling shareholders	427	-	-	427	-	427
Lease liabilities	17,688	42,075	51,213	110,976	(25,897)	85,079
Bank loans	36,309	63,006	-	99,315	(349)	98,966
Other loans	4	182	65	251	-	251
Notes and bonds	30,030	91,568	103,917	225,515	1,067	226,582
Interest bearing loans from non-controlling shareholders	759	-	-	759	-	759
Obligations for telecommunications licences and other rights	4,587	4,818	3,824	13,229	(1,671)	11,558
Liabilities relating to the economic benefits agreements	-	2,166	-	2,166	-	2,166
Amounts due to associated companies	567	-	-	567	-	567
Amounts due to joint ventures	381	-	-	381	-	381
	172,545	203,815	159,019	535,379	(26,850)	508,529

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK\$5,618 million in "within 1 year" maturity band, HK\$15,968 million in "after 1 year, but within 5 years" maturity band, and HK\$20,428 million in "after 5 years" maturity band. These estimates are calculated assuming 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.

Notes to the Financial Statements

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

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

41 Financial risk management (continued)

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

	2022 HK\$ million	2021 HK\$ million
Dividends from equity securities at FVOCI – related to investments held at the end of the reporting period	119	87
Interest from debt securities at FVOCI	94	101
Interest from assets held at amortised cost	2,017	658
Fair value losses on equity securities at fair value through profit or loss ("FVPL")	(6)	(329)
Fair value gains (losses) on debt securities at FVPL	(15)	52
Net impairment expense recognised on trade receivables	(937)	(1,737)
Losses arising on derivatives in a designated fair value hedge	(4)	(104)
Gains arising on adjustment for hedged items in a designated fair value hedge	4	104

(i) Hedge accounting

(i) Fair value hedges

2022				
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

2022				
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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

2021							
Carrying amount of derivatives included in							
Hedging instruments	Receive average contracted interest rate	Pay average contracted interest rate	Notional amount in local currency	Notional Amount	Other current assets	Other non- current assets	Other current liabilities
	Percentage	Percentage	million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Interest rate swap							
- receive fixed and pay floating maturing in							
2022	4.63%	5.28%	US\$700	5,460	4	-	-
				5,460	4	-	-
2021							
Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item							
Carrying amount of the hedged item							
Hedged items			HK\$ million		HK\$ million		
USD Fixed rate debts				5,444	4	Bank and other debts	

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2022							
Hedging instruments	Carrying amount of derivatives included in							
	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.95%	0.94%	US\$ 1,000	7,800	153	-	-	-
2025	3.81%	3.58%	AUD 509	2,682	-	64	-	-
2025	5.43%	5.13%	NZD 150	738	-	20	-	-
				11,220	153	84	-	-
Cross currency interest rate swaps								
– receive floating and pay fixed maturing in								
2023	2.37%	0.05%	US\$ 1,300	10,140	277	-	-	-
– receive fixed and pay fixed maturing in								
2023	2.75%	0.03%	US\$ 750	5,850	345	-	-	-
2027	2.00%	0.05%	GBP 500	4,730	-	132	-	-
				20,720	622	132	-	-

		2022					
		Carrying amount of derivatives included in					
	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Hedging instruments							
Forward foreign exchange contracts maturing in							
2023	0.94	EUR 85	709	1	-	-	-
2023	1.01	US\$ 4	35	-	-	(2)	-
			744	1	-	(2)	-

	2022		
	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
Hedged items			
Interest rate risk	(362)	(226)	-
Foreign exchange risk	(1,107)	(886)	-

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

Hedging instruments	2021							
	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non- current assets HK\$ million	Other current liabilities HK\$ million	Other non- current liabilities HK\$ million
	Carrying amount of derivatives included in							
Interest rate swaps								
- receive floating and pay fixed maturing in								
2022	0.67%	2.47%	GBP 150	1,558	-	-	(75)	-
2022	1.68%	1.96%	NZD 150	794	-	-	(2)	-
2023	0.74%	0.94%	US\$ 1,000	7,800	-	42	-	-
2025	0.85%	3.58%	AUD 509	2,850	-	-	-	(133)
				13,002	-	42	(77)	(133)
Cross currency interest rate swaps								
- receive floating and pay fixed maturing in								
2023	0.62%	0.05%	US\$ 1,300	10,140	-	-	-	(399)
- receive fixed and pay fixed maturing in								
2022 – 2023	2.82%	0.01%	US\$ 1,750	13,650	57	118	-	-
				23,790	57	118	-	(399)
2021								
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non- current assets HK\$ million	Other current liabilities HK\$ million	Other non- current liabilities HK\$ million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million
Forward foreign exchange contracts maturing in								
2022	0.95	US\$13	101	2	-	-	-	-
2021								
Hedged items		Change in value used for calculating hedge ineffectiveness HK\$ million		Surplus (deficit) in reserve for continuing hedges HK\$ million		Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied HK\$ million		
Interest rate risk			(267)		136		-	-
Foreign exchange risk			(2,220)		221		-	-

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

Hedging instruments	Average exchange rate	2022					
		Carrying amount of derivatives included in					
		Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Cross currency interest rate swaps maturing in 2023	9.57	GBP 583	5,518	112	-	-	-
			5,518	112	-	-	-
Forward foreign exchange contracts maturing in 2023	5.79	CAD 677	3,884	27	-	(13)	-
2023	4.89	AUD 159	840	-	-	(65)	-
2023	4.64	NZD 280	1,378	-	-	(81)	-
2023	9.13	GBP 2,487	23,531	15	-	(732)	-
2023	8.42	EUR 65	540	2	-	-	-
			30,173	44	-	(891)	-
Cross currency swaps maturing in 2023 – 2027	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)
Hedged items							
Foreign investments			(4,333)		(8,703)		(716)

Notes to the Financial Statements

41 Financial risk management (continued)

(i) Hedge accounting (continued)

((iii) Net investment hedges (continued))

Hedging instruments	Average exchange rate	2021					
		Carrying amount of derivatives included in					
		Notional amount in local currency million	Notional Amount HK\$ million	Other current assets HK\$ million	Other non-current assets HK\$ million	Other current liabilities HK\$ million	Other non-current liabilities HK\$ million
Forward foreign exchange contracts maturing in							
2022	6.10	CAD 277	1,688	4	–	(5)	–
2022	5.60	AUD 159	892	20	–	–	–
2022	5.29	NZD 280	1,481	59	–	–	–
2022	10.68	GBP 2,487	25,845	425	–	(63)	–
2022	8.84	EUR 65	574	47	–	–	–
			30,480	555	–	(68)	–
Cross currency swaps maturing in							
2022 – 2027	9.23	EUR 965	8,531	199	266	–	–
2022 – 2025	6.10	CAD 847	5,169	14	22	(17)	(31)
2027	5.86	AUD 1,415	7,923	–	153	–	–
			21,623	213	441	(17)	(31)
Hedged items		2021					
		Change in value used for calculating hedge ineffectiveness HK\$ million	Surplus (deficit) in hedging reserve/exchange HK\$ million	Surplus (deficit) in hedging reserve/ exchange 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		
Foreign investments		(1,750)	(4,370)	(4,370)	(716)		

41 Financial risk management (continued)

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

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

			2022		2021	
	Note	Classification under HKFRS 9 *	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	40	40	41	41
Listed equity securities, Hong Kong	20	FVOCI	608	608	701	701
Listed equity securities, outside Hong Kong	20	FVOCI	8,880	8,880	557	557
Fair value hedges - Collar agreements	20	Fair value - hedges	216	216	-	-
Listed equity securities (included in Managed funds)	20	FVOCI	-	-	260	260
Listed debt securities (included in Managed funds)	20	FVOCI	6,359	6,359	6,668	6,668
Unlisted investments						
Unlisted equity securities	21	FVOCI	2,451	2,451	2,506	2,506
Unlisted equity securities	21	FVPL	417	417	2,648	2,648
Unlisted debt securities	21	FVPL	555	555	165	165
Derivative financial instruments						
Fair value hedges - Interest rate swaps	24	Fair value - hedges	-	-	4	4
Cash flow hedges						
Interest rate swaps	21 & 24	Fair value - hedges	237	237	42	42
Cross currency interest rate swaps	21 & 24	Fair value - hedges	754	754	175	175
Forward foreign exchange contracts	24	Fair value - hedges	1	1	2	2
Other contracts	21 & 24	Fair value - hedges	3,248	3,248	771	771
Net investment hedges						
Cross currency interest rate swaps	24	Fair value - hedges	112	112	-	-
Forward foreign exchange contracts	24	Fair value - hedges	44	44	555	555
Cross currency swaps	21 & 24	Fair value - hedges	1,173	1,173	654	654
Other derivative financial instruments	21	FVPL	-	-	37	37
Lease receivables	21	Amortised cost	542	542	232	232
Cash and cash equivalents	23	Amortised cost	138,085	138,085	153,133	153,133
Trade receivables	24	Amortised cost	14,945	14,945	16,697	16,697
Other receivables	24	Amortised cost	13,433	13,433	15,123	15,123
Amounts due from associated companies	17	Amortised cost	3,542	3,542	3,734	3,734
Amounts due from joint ventures	18	Amortised cost	29,792	29,792	37,616	37,616
			225,434	225,434	242,321	242,321

Notes to the Financial Statements

41 Financial risk management (continued)

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

			2022		2021	
	Note	Classification under HKFRS 9 *	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	26	Amortised cost	284,326	265,418	325,799	336,283
Trade payables	27	Amortised cost	21,356	21,356	23,382	23,382
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value - hedges	-	-	210	210
Cross currency interest rate swaps	31	Fair value - hedges	-	-	399	399
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	68	68
Cross currency swaps	27 & 31	Fair value - hedges	314	314	48	48
Other derivative financial instruments	27 & 31	FVPL	795	795	119	119
Interest free loans from non-controlling shareholders	27	Amortised cost	472	472	427	427
Expenses and other accruals	27	Amortised cost	35,995	35,995	40,636	40,636
Other payables	27	Amortised cost	21,419	21,419	17,775	17,775
Lease liabilities	13	Amortised cost	66,059	66,059	85,079	85,079
Interest bearing loans from non-controlling shareholders	29	Amortised cost	2,567	2,567	759	759
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	3,989	3,989	11,558	11,558
Liabilities relating to the economic benefits agreements	31	Amortised cost	2,166	2,166	2,166	2,166
Amounts due to associated companies	17	Amortised cost	569	569	567	567
Amounts due to joint ventures	18	Amortised cost	319	319	381	381
			441,390	422,482	509,373	519,857

* see note 47(n).

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

41 Financial risk management (continued)

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

	2022		2021	
	Carrying amounts HK\$ million	Fair values HK\$ million	Carrying amounts HK\$ million	Fair values HK\$ million
Representing:				
Financial assets measured at				
Amortised cost	200,379	200,379	226,576	226,576
FVOCI	18,298	18,298	10,692	10,692
FVPL	972	972	2,850	2,850
Fair value - hedges	5,785	5,785	2,203	2,203
	225,434	225,434	242,321	242,321
Financial liabilities measured at				
Amortised cost	439,237	420,329	508,529	519,013
FVPL	795	795	119	119
Fair value - hedges	1,358	1,358	725	725
	441,390	422,482	509,373	519,857

(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).

Notes to the Financial Statements

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

Note	2022				2021			
	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
Financial assets								
Liquid funds and other listed investments								
Listed equity securities, Hong Kong	20	608	-	-	608	701	-	-
Listed equity securities, outside Hong Kong	20	8,880	-	-	8,880	557	-	-
Fair value hedges - Collar agreement	20	-	-	216	216	-	-	-
Listed equity securities (included in Managed funds)	20	-	-	-	-	260	-	-
Listed debt securities (included in Managed funds)	20	6,359	-	-	6,359	6,668	-	-
Unlisted investments								
Unlisted equity securities - FVOCI	21	-	-	2,451	2,451	-	-	2,506
Unlisted equity securities - FVPL	21	-	46	371	417	-	2,262	386
Unlisted debt securities	21	-	-	555	555	-	-	165
Derivative financial instruments								
Fair value hedges - Interest rate swaps	24	-	-	-	-	-	4	-
Cash flow hedges								
Interest rate swaps	21 & 24	-	237	-	237	-	42	-
Cross currency interest rate swaps	21 & 24	-	754	-	754	-	175	-
Forward foreign exchange contracts	24	-	1	-	1	-	2	-
Other contracts	21 & 24	-	3,248	-	3,248	-	771	-
Net investment hedges								
Cross currency interest rate swaps	24	-	112	-	112	-	-	-
Forward foreign exchange contracts	24	-	44	-	44	-	555	-
Cross currency swaps	21 & 24	-	1,173	-	1,173	-	654	-
Other derivative financial instruments	21	-	-	-	-	-	37	-
	15,847	5,615	3,593	25,055	8,186	4,502	3,057	15,745
Financial liabilities								
Derivative financial instruments								
Cash flow hedges								
Interest rate swaps	27 & 31	-	-	-	-	-	210	-
Cross currency interest rate swaps	31	-	-	-	-	-	399	-
Forward foreign exchange contracts	27	-	2	-	2	-	-	-
Other contracts	27	-	151	-	151	-	-	-
Net investment hedges								
Forward foreign exchange contracts	27	-	891	-	891	-	68	-
Cross currency swaps	27 & 31	-	314	-	314	-	48	-
Other derivative financial instruments	27 & 31	-	795	-	795	-	119	-
	-	2,153	-	2,153	-	844	-	844

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

During the year ended 31 December 2022 and 2021, 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:

	2022 HK\$ million	2021 HK\$ million
At 1 January	3,057	3,003
Total gains (losses) recognised in		
Income statement	(21)	(329)
Other comprehensive income	44	97
Additions	561	325
Disposals	–	(14)
Exchange translation differences	(48)	(25)
At 31 December	3,593	3,057
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	(21)	(329)

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.

Notes to the Financial Statements

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

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

Fair value hierarchy

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

	Level 1 HK\$ million	Level 2 HK\$ million	Level 3 HK\$ million	Total HK\$ million
At 31 December 2022				
Bank and other debts	167,251	98,167	–	265,418
At 31 December 2021				
Bank and other debts	233,152	103,131	–	336,283

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

41 Financial risk management (continued)

(i) 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 2022										
Financial assets										
Trade receivables	314	(314)	-	-	-	-				
Derivative financial instruments										
Net investment hedges										
Forward foreign exchange contracts	42	-	42	(42)	-	-				
Cross currency swaps	168	-	168	(168)	-	-				
Other receivables and prepayments	11	(11)	-	-	-	-				
	535	(325)	210	(210)	-	-				
Financial liabilities										
Trade payables	(941)	314	(627)	-	-	(627)				
Derivative financial instruments										
Net investment hedges										
Forward foreign exchange contracts	(543)	-	(543)	42	-	(501)				
Cross currency swaps	(314)	-	(314)	168	-	(146)				
Other payables and accruals	(97)	11	(86)	-	-	(86)				
	(1,895)	325	(1,570)	210	-	(1,360)				
At 31 December 2021										
Financial assets										
Trade receivables	46	(30)	16	(7)	-	9				
Derivative financial instruments										
Net investment hedges										
Forward foreign exchange contracts	422	-	422	(68)	-	354				
Cross currency swaps	27	-	27	(31)	-	(4)				
Other receivables and prepayments	496	(24)	472	-	-	472				
	991	(54)	937	(106)	-	831				
Financial liabilities										
Trade payables	(502)	30	(472)	-	-	(472)				
Derivative financial instruments										
Net investment hedges										
Forward foreign exchange contracts	(68)	-	(68)	68	-	-				
Cross currency swaps	(31)	-	(31)	31	-	-				
Other payables and accruals	(31)	24	(7)	7	-	-				
	(632)	54	(578)	106	-	(472)				

Notes to the Financial Statements

42 Statement of financial position of the Company, as at 31 December 2022

	2022 HK\$ million	2021 HK\$ million
Non-current assets		
Subsidiary companies - Unlisted shares ^(a)	355,164	355,164
Current assets		
Amounts due from subsidiary companies ^(b)	15,575	13,139
Other receivables	1	11
Cash	8	2
Current liabilities		
Other payables and accruals	101	97
Net current assets	15,483	13,055
Net assets	370,647	368,219
Capital and reserves		
Share capital (see note 32(a))	3,830	3,834
Share premium (see note 32(a))	242,972	243,169
Reserves - Retained profit ^(c)	123,845	121,216
Shareholders' funds	370,647	368,219

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

42 Statement of financial position of the Company, as at 31 December 2022 (continued)

- (a) Particulars regarding the principal subsidiary companies are set forth on pages 263 to 266.
- (b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.
- (c) Reserves – Retained profit

	HK\$ million
At 1 January 2021	117,934
Profit for the year	12,918
Buy-back and cancellation of issued shares (see note 32(a)(i))	(9)
Dividends paid relating to 2020	(6,555)
Dividends paid relating to 2021	(3,072)
At 31 December 2021	121,216
Profit for the year	12,978
Buy-back and cancellation of issued shares (see note 32(a)(ii))	4
Dividends paid relating to 2021	(7,132)
Dividends paid relating to 2022	(3,221)
At 31 December 2022	123,845

- (d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.
- (e) The net profit of the Company is HK\$12,978 million (2021: HK\$12,918 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.
- (f) At 31 December 2022, the Company's share premium and retained profit amounted to HK\$242,972 million (2021: HK\$243,169 million) and HK\$123,845 million (2021: HK\$121,216 million) respectively, and subject to a solvency test, they are available for distribution to shareholders.

43 Subsequent events

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

44 US dollar equivalents

Amounts in these financial statements are stated in Hong Kong dollars (HK\$), the functional currency of the Company. The translation into US dollars (US\$) of these financial statements as of, and for the year ended, 31 December 2022, is for convenience only and has been made at the rate of HK\$7.8 to US\$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

45 Rounding of amounts

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

46 Significant accounting judgements, estimates and assumptions

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

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

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

(i) Basis of consolidation and classification of investee entities

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

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

(iii) Determination of lease term

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

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

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

(iv) Business combinations

As disclosed in note 47(c), the Group applies the provisions of HKFRS 3 to transactions and other events that meet the definition of a business combination within the scope of HKFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the 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.

Notes to the Financial Statements

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

Notes to the Financial Statements

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the 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.

Notes to the Financial Statements

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

In accordance with HKFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the 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.

47 Significant accounting policies

In the current year, the Group has adopted the below amendments as well as the annual improvements to HKFRS issued by HKICPA.

(i) Reference to the Conceptual Framework – Amendments to HKFRS 3 “Business Combinations”

The amendments replace a reference to a previous version of the Conceptual Framework for Financial Reporting with a reference to the current version issued in June 2018 without significantly changing its requirements. Minor amendments were made to HKFRS 3 to update the references to the Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(ii) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16 “Property, Plant and Equipment”

The amendments to HKAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(iii) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendments to HKAS 37 clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

47 Significant accounting policies (continued)

(iv) Annual Improvements to HKFRS Standards 2018–2020

- HKFRS 9 "Financial Instruments" – clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- HKFRS 16 "Leases" – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same HKFRS 1 exemption.
- HKAS 41 "Agriculture" – removes the requirement in paragraph 22 of HKAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of HKAS 41.

The adoption of these amendments as well as annual improvement to HKFRS does not have a material impact on the Group's 2022 financial statements. Other than these changes the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2021 Annual Financial Statements.

New standards and interpretations not yet adopted

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

These new accounting standards and interpretations are effective for annual periods beginning after 1 January 2022 and include:

- Amendments to HKAS 1 Presentation of Financial Statements clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- Amendments to HKAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
 - right-of-use assets and lease liabilities, and
 - decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

Notes to the Financial Statements

47 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

- Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements require companies to disclose their material rather than their significant accounting policies. The amendments define what is “material accounting policy information” and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.
- Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
- Amendments to HKFRS 16 Leases (Lease Liability in a Sale and Leaseback) provide a requirement for the seller-lessee to determine “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right-of-use retained by the seller-lessee.
- Amendments to HKAS 1 Presentation of Financial Statements (Non-current Liabilities with Covenants) clarify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity’s reporting date. The amendments also introduce additional disclosure requirements. When an entity classifies a liability arising from a loan arrangement as non-current and that liability is subject to the covenants which an entity is required to comply with within twelve months of the reporting date, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting period.

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

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

(a) Subsidiary companies

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

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

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

47 Significant accounting policies (continued)

(b) Associated companies and joint arrangements

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

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

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

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

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

(c) Business combinations

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

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

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

Notes to the Financial Statements

47 Significant accounting policies (continued)

(c) Business combinations (continued)

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

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

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

(d) Goodwill

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

Goodwill is not amortised but is subject to impairment test annually and when there is 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 associate and a joint venture is described in note 47(b) above.

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

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

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

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

47 Significant accounting policies (continued)

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

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

(f) 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.

(g) Leases

(i) Group as a lessee

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

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

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

Notes to the Financial Statements

47 Significant accounting policies (continued)

(g) Leases (continued)

(i) Group as a lessee (continued)

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

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

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

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

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

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

(ii) Group as a lessor

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

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

(h) Investment properties

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

47 Significant accounting policies (continued)

(i) 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.

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

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

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

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

(k) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the 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.

(l) Contractual customer relationships

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

(m) Deferred tax

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

Notes to the Financial Statements

47 Significant accounting policies (continued)

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

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

(i) Measurement

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

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

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

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

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

(ii) Impairment

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

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation (net investment hedges).

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

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

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

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

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of 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 the statement of profit or loss as other expense.

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

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

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

Notes to the Financial Statements

47 Significant accounting policies (continued)

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

Cash flow hedges

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

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

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

Hedge of net investments in foreign operations

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

(p) Cash and cash equivalents

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

(q) Inventories

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

(r) Trade and other receivables, and contract assets

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

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

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

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

47 Significant accounting policies (continued)

(s) Borrowings and borrowing costs

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

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

(t) Trade and other payables, and contract liabilities

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

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

(u) Customer loyalty credits

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

(v) Share capital

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

(w) Provisions

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

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is 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 asset, in which case it is treated as a revaluation decrease.

Notes to the Financial Statements

47 Significant accounting policies (continued)

(y) Pension plans

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

The Group's contributions to the defined contribution plans are charged to the 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.

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2022 and 31 December 2021 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

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

(aa) Foreign exchange

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

The financial statements of foreign operations are translated into Hong Kong 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.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the 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 associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the consolidated income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the consolidated statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 1,115 in December 2022 (2021: 582) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollar. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

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

(ab) Revenue recognition

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

Ports and Related Services

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

Retail

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

Notes to the Financial Statements

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

Infrastructure

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

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

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

Telecommunications services

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

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

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

Finance and investments

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

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

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services				
Abu Qir Container Terminal Company S.A.E.	Egypt	USD 157,000,000	49	Container terminal operating
Alexandria International Container Terminals Company S.A.E.	Egypt	USD 30,000,000	59	Container terminal operating
Amsterdam Container Terminals B.V.	Netherlands	EUR 18,400	80	Container terminal operating
Brisbane Container Terminals Pty Limited	Australia	AUD 34,100,000	80	Container terminal operating
Buenos Aires Container Terminal Services S.A.	Argentina	ARS 9,156,288,581	80	Container terminal operating
ECT Delta Terminal B.V.	Netherlands	EUR 18,000	71	Container terminal operating
Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP 145,695,000	80	Cruise terminal operating
Ensenada International Terminal, S.A. de C.V.	Mexico	MXP 160,195,000	80	Container terminal operating
Europe Container Terminals B.V.	Netherlands	EUR 45,000,000	75	Holding company
Euromax Terminal Rotterdam B.V.	Netherlands	EUR 100,000	49	Container terminal operating
Freeport Container Port Limited	Bahamas	BSD 2,000	41	Container terminal operating
Gdynia Container Terminal Sp. z o.o.	Poland	PLN 11,379,300	80	Container terminal operating and rental of port real estate
Harwich International Port Limited	United Kingdom	GBP 16,812,002	80	Container terminal operating
Hongkong United Dockyards Limited	Hong Kong	HKD 76,000,000	100	Ship repairing, general engineering and tug operations
✧ 惠州港業股份有限公司	China	RMB 300,000,000	27	Container terminal operating
Hutchison Ajman International Terminals Limited – F.Z.E.	United Arab Emirates	AED 60,000,000	80	Container terminal operating
Hutchison Korea Terminals Limited	South Korea	WON 4,107,500,000	80	Container terminal operating
Hutchison Laemchabang Terminal Limited	Thailand	THB 1,000,000,000	64	Container terminal operating
Hutchison Port Holdings Limited	British Virgin Islands/ Hong Kong	USD 26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ * # Hutchison Port Holdings Trust	Singapore/China	USD 8,797,780,935	30	Container port business trust
Hutchison Port Investments Limited	Cayman Islands/ Hong Kong	USD 74,870,807	80	Holding company
Hutchison Port Jazan Limited	Saudi Arabia	SAR 18,750,000	48	Container terminal operating
Hutchison Ports Investments S.à r.l.	Luxembourg	EUR 12,750	80	Operation, management and development of ports and container terminals, and investment holding
Hutchison Ports RAK Limited	British Virgin Islands/United Arab Emirates	USD 10,000	48	Container terminal operating
Hutchison Ports Sweden AB	Sweden	SEK 100,000	80	Container terminal operating
Hutchison Ports UAQ Limited	British Virgin Islands/United Arab Emirates	USD 36,320	48	Container terminal operating
Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP 138,623,200	80	Container terminal operating
✧ # Jiangmen International Container Terminals Limited	China	USD 14,461,665	40	Container terminal operating
Karachi International Container Terminal Limited	Pakistan	PKR 1,109,384,220	80	Container terminal operating
Korea International Terminals Limited	South Korea	WON 45,005,000,000	71	Container terminal operating
L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP 995,760,628	80	Container terminal operating
Maritime Transport Services Limited	United Kingdom	GBP 13,921,323	64	Container terminal operating
✧ # Nanhai International Container Terminals Limited	China	USD 42,800,000	40	Container terminal operating
NAWAH for Ports Management LLC	Iraq	IQD 10,000,000	41	Container terminal operating
✧ # 寧波北侖國際集裝箱碼頭有限公司	China	RMB 700,000,000	39	Container terminal operating

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital	Percentage of equity attributable to the Group	Principal activities
Ports and related services (continued)				
Oman International Container Terminal L.L.C.	Oman	OMR 4,000,000	52	Container terminal operating
Panama Ports Company, S.A.	Panama	USD 10,000,000	72	Container terminal operating
Port of Felixstowe Limited	United Kingdom	GBP 100,002	80	Container terminal operating
✧ + PT Jakarta International Container Terminal	Indonesia	IDR 221,450,406,000	39	Container terminal operating
✧ River Trade Terminal Co. Ltd.	British Virgin Islands/ Hong Kong	USD 1	40	River trade terminal operation
Saigon International Terminals Vietnam Limited	Vietnam	USD 80,084,000	56	Container terminal operating
✧ # 上海明東集裝箱碼頭有限公司	China	RMB 4,000,000,000	24	Container terminal operating
South Asia Pakistan Terminals Limited	Pakistan	PKR 5,763,773,300	72	Container terminal operating
Star Classic Investments Limited	British Virgin Islands/ Hong Kong	USD 22,796	80	Operation, management and development of ports and container terminals, and investment holding
Sydney International Container Terminals Pty Ltd	Australia	AUD 49,000,001	80	Container terminal operating
Talleres Navales del Golfo, S.A. de C.V.	Mexico	MXP 143,700,000	80	Marine construction and ship repair yard
Terminal Catalunya, S.A.	Spain	EUR 2,342,800	80	Container terminal operating
Thai Laemchabang Terminal Co., Ltd.	Thailand	THB 680,000,000	70	Container terminal operating
Thamesport (London) Limited	United Kingdom	GBP 2	64	Container terminal operating
* # + Westports Holdings Berhad	Malaysia	MYR 341,000,000	19	Holding company
# # + Xiamen Haicang International Container Terminals Limited	China	RMB 555,515,000	39	Container terminal operating
# # + Xiamen International Container Terminals Limited	China	RMB 1,148,700,000	39	Container terminal operating
Retail				
A.S. Watson Holdings Limited	Cayman Islands/ Hong Kong	HKD 1,000,000	75	Holding company
A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR 18,001	75	Investment holding in retail businesses
A. S. Watson Retail (HK) Limited	Hong Kong	HKD 100,000,000	75	Retailing
✧ + Dirk Rossmann GmbH	Germany	EUR 12,000,000	30	Retailing
# 廣州屈臣氏個人用品商店有限公司	China	HKD 71,600,000	71	Retailing
PARKnSHOP (HK) Limited	Hong Kong	HKD 100,000,000	75	Supermarket operating
* PT Duta Intidaya Tbk	Indonesia	IDR 242,054,702,500	55	Retailing
✧ Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN 26,442,892	53	Retailing
Superdrug Stores plc	United Kingdom	GBP 22,000,000	75	Retailing
✧ 武漢屈臣氏個人用品商店有限公司	China	RMB 55,930,000	75	Retailing
Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR 6,000,000	75	Retailing
Infrastructure				
✧ Australian Gas Networks Limited	Australia	AUD 879,082,753	62	Gas distribution
✧ + AVR-Afvalverwerking B.V.	Netherlands	EUR 1	38	Producing energy from waste
* + CK Infrastructure Holdings Limited	Bermuda/ Hong Kong	HKD 2,519,610,945	76	Holding company
✧ + CK William UK Holdings Limited	United Kingdom	GBP 2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✧ + CKP (Canada) Holdings Limited	Canada	CAD 1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services

Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital	Percentage of equity attributable to the Group	Principal activities
Infrastructure (continued)				
+ Enviro Waste Services Limited	New Zealand	NZD 84,768,736	76	Waste management services
◊ + Eversholt UK Rails Limited	United Kingdom	GBP 102	54	Leasing of rolling stock
◊ + Northern Gas Networks Holdings Limited	United Kingdom	GBP 71,670,980	36	Gas distribution
◊ + Northumbrian Water Group Limited	United Kingdom	GBP 40	33	Water supply, sewage and waste water businesses
❖ * # + Power Assets Holdings Limited	Hong Kong	HKD 6,610,008,417	27	Investment in energy and utility-related businesses
◊ + Trionista SE	Germany	EUR 120,000	26	Sub-metering and related services
◊ + UK Power Networks Holdings Limited	United Kingdom	GBP 610,000,000	30	Electricity distribution
◊ + Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP 29,027	33	Gas distribution
Telecommunications				
CK Hutchison Group Telecom Holdings Limited	Cayman Islands/ Hong Kong	EUR 64	100	Holding company
Hi3G Access AB	Sweden	SEK 10,000,000	60	Mobile telecommunications services
Hi3G Denmark ApS	Denmark	DKK 64,375,000	60	Mobile telecommunications services
Hutchison 3G UK Limited	United Kingdom	GBP 201	100	Mobile telecommunications services
Hutchison Drei Austria GmbH	Austria	EUR 34,882,960	100	Mobile telecommunications services
* Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands/ Hong Kong	HKD 1,204,774,052	66	Holding company of mobile telecommunications services
Hutchison Telephone Company Limited	Hong Kong	HKD 2,730,684,340	66	Mobile telecommunications services
◊ Ooredoo Hutchison Asia Pte. Limited	Singapore	SGD 435,492	50	Mobile telecommunications services
Three Ireland (Hutchison) Limited	Ireland	EUR 2	100	Mobile telecommunications services
Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND 9,348,000,000,000	49	Mobile telecommunications services
Wind Tre S.p.A.	Italy	EUR 474,303,795	100	Mobile telecommunications services
Finance & investments and others				
Cheung Kong (Holdings) Limited	Hong Kong	HKD 10,488,733,666	100	Holding company
CK Hutchison Global Investments Limited	British Virgin Islands/ Hong Kong	USD 2	100	Holding company
* # + Cenovus Energy Inc.	Canada	CAD 16,320,000,000	17	Oil and gas business
* # + CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands/ Hong Kong	HKD 961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
Hutchison International Limited	Hong Kong	HKD 727,966,526	100	Holding company & corporate
* Hutchison Telecommunications (Australia) Limited	Australia	AUD 4,204,487,847	88	Holding company
Hutchison Whampoa (China) Limited	Hong Kong	HKD 15,100,000	100	Investment holding & China businesses
Hutchison Whampoa Limited	Hong Kong	HKD 29,424,795,590	100	Holding company
* # HUTCHMED (China) Limited	Cayman Islands/ Hong Kong	USD 86,477,534	38	Holding company of biopharmaceutical business
Marionnaud Parfumeries S.A.S.	France	EUR 960,683,969	100	Investment holding in perfume retailing businesses
# Metro Broadcast Corporation Limited	Hong Kong	HKD 1,000,452	24	Radio broadcasting
* # TOM Group Limited	Cayman Islands/ Hong Kong	HKD 395,851,056	36	Technology and media
* # TPG Telecom Limited	Australia	AUD 18,399,043,754	22	Telecommunications services

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2022

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

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

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

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

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

Associated companies

¤ Joint ventures

⌘ Equity joint venture registered under PRC law

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

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

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

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

Ten Year Summary

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
CONSOLIDATED INCOME STATEMENT										
HK\$ million										
Revenue ⁽¹⁾	21,480	26,384	176,094	259,842	248,515	277,129	299,021	266,396	280,847	262,497
Profit attributable to ordinary shareholders of the Company ⁽¹⁾	35,260	53,869	118,570	33,008	35,100	39,000	39,830	29,143	33,484	36,680
Dividends	8,060	24,676	9,842	10,340	10,994	12,226	12,225	2,368	10,204	11,210
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK\$ million										
Non-current assets										
Fixed assets	9,977	17,454	179,855	145,598	158,789	110,605	119,131	132,101	131,099	112,650
Right-of-use assets	-	-	-	-	-	-	83,708	83,805	76,852	59,337
Leasehold land	-	-	7,215	8,155	8,305	7,702	-	-	-	-
Telecommunications licences	-	-	32,608	23,936	27,271	64,221	63,387	66,944	69,985	60,689
Brand names and other rights	-	-	82,233	73,625	75,985	88,761	88,275	91,453	89,019	83,694
Goodwill	-	-	261,449	254,748	255,334	323,160	308,986	319,718	289,340	268,008
Associated companies	196,812	216,841	148,372	150,406	145,343	136,287	144,751	136,076	137,781	140,711
Interests in joint ventures	65,659	68,754	92,425	106,253	162,134	121,397	143,555	141,465	141,344	148,561
Deferred tax assets	-	-	20,986	15,856	20,195	20,260	20,353	19,926	21,188	18,509
Liquid funds and other listed investments	8,843	10,210	10,255	5,954	7,813	9,292	7,722	10,588	8,227	16,103
Other non-current assets ⁽²⁾	30,341	34,557	4,572	5,440	5,540	10,717	14,276	14,944	14,202	15,900
	311,632	347,816	839,970	789,971	866,709	892,402	994,144	1,017,020	979,037	924,162
Current assets	117,205	110,125	192,974	223,494	233,546	339,842	216,832	237,576	234,489	224,275
Total assets	428,837	457,941	1,032,944	1,013,465	1,100,255	1,232,244	1,210,976	1,254,596	1,213,526	1,148,437
Current liabilities	15,466	31,350	130,303	157,312	114,888	221,929	159,301	173,446	181,413	176,515
Non-current liabilities										
Bank and other debts	39,452	19,522	270,536	231,260	310,276	325,570	304,565	301,050	259,438	214,196
Interest bearing loans from non-controlling shareholders	-	-	4,827	4,283	3,143	752	728	798	759	2,567
Lease liabilities	-	-	-	-	-	-	75,609	75,644	68,994	53,931
Deferred tax liabilities	986	1,022	26,062	23,692	25,583	19,261	16,819	17,672	17,383	19,290
Pension obligations	-	-	4,066	5,369	3,770	2,443	3,123	3,804	3,466	2,730
Other non-current liabilities	112	-	48,039	47,359	51,048	71,466	53,868	52,119	37,818	31,899
	40,550	20,544	353,530	311,963	393,820	419,492	454,712	451,087	387,858	324,613
Net assets	372,821	406,047	549,111	544,190	591,547	590,823	596,963	630,063	644,255	647,309
Capital and reserves										
Share capital	1,158	10,489 ⁽³⁾	3,860	3,858	3,858	3,856	3,856	3,856	3,834	3,830
Share premium	9,331	-	244,691	244,505	244,505	244,377	244,377	244,377	243,169	242,972
Reserves	350,192	383,656	144,884	145,806	181,693	197,918	216,052	246,063	266,149	276,711
Total ordinary shareholders' funds	360,681	394,145	393,435	394,169	430,056	446,151	464,285	494,296	513,152	523,513
Perpetual capital securities	9,048	9,045	35,153	30,510	29,481	12,326	12,410	12,415	12,414	4,561
Non-controlling interests	3,092	2,857	120,523	119,511	132,010	132,346	120,268	123,352	118,689	119,235
Total equity	372,821	406,047	549,111	544,190	591,547	590,823	596,963	630,063	644,255	647,309

Ten Year Summary

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company – (HK\$)	15.22	23.26	36.91	8.55	9.10	10.11	10.33	7.56	8.70	9.57
Dividends per share – (HK\$) ⁽⁴⁾	3.48	3.65	2.55	2.68	2.85	3.17	3.17	2.314	2.66	2.926
Special dividends per share – (HK\$)	–	7.00	–	–	–	–	–	–	–	–
Dividend cover ⁽⁴⁾	4.4	6.4	14.5	3.2	3.2	3.2	3.3	3.3	3.3	3.3
Return on average ordinary shareholders' funds (%)	10.2%	14.3%	30.1%	8.4%	8.5%	8.9%	8.7%	6.1%	6.6%	7.1%
Current ratio	7.6	3.5	1.5	1.4	2.0	1.5	1.4	1.4	1.3	1.3
Net debt – (HK\$ million) ⁽⁵⁾	Note 6	Note 6	172,580	141,806	164,872	207,965	202,648	185,103	166,893	132,042
Net debt/Net total capital (%) ⁽⁵⁾	N/A	N/A	23.7%	20.5%	21.7%	26.0%	25.3%	22.7%	20.5%	16.9%
Net assets attributable to ordinary shareholders of the Company per share – book value (HK\$)	155.7	170.2	101.9	102.2	111.5	115.7	120.4	128.2	133.8	136.7
Number of shares outstanding (million)	2,316.2	2,316.2	3,859.7	3,857.7	3,857.7	3,856.2	3,856.2	3,856.2	3,834.6	3,830.0

Certain line item descriptions have been updated and certain comparative amounts have been reclassified to conform to the current year presentation.

- (1) Amounts shown above are the aggregate total arising from continuing and discontinuing operations in 2015.
- (2) With effect from 1 January 2018, "Investment properties" are included in "Other non-current assets" and "Total ordinary shareholders' funds" are shown as a separate item within the "Capital and reserves" section of the consolidated statement of financial position. This change in presentation has no impact on the total equity. The comparative information has been reclassified accordingly.
- (3) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Cheung Kong's share capital.
- (4) Exclude special dividend of HK\$7 per share in 2014.
- (5) See note 32(c)(i) to the financial statements.
- (6) Net cash in 2014 and 2013 amounted to HK\$6,433 million and HK\$1,510 million respectively.

Information for Shareholders

Listing

The Company's ordinary shares are listed on The Stock Exchange of Hong Kong Limited

Stock Codes

The Stock Exchange of Hong Kong Limited: 1

Bloomberg: 1 HK

Reuters: 1.HK

Public Float Capitalisation

Approximately HK\$124,055 million (approximately 69% of the issued share capital of the Company) as at 31 December 2022

Financial Calendar

Payment of 2022 Interim Dividend: 16 September 2022

2022 Final Results Announcement: 16 March 2023

Record Date for 2022 Final Dividend: 24 May 2023

Payment of 2022 Final Dividend: 8 June 2023

Registered Office

PO Box 309, Ugland House, Grand Cayman

KY1-1104, Cayman Islands

Principal Place of Business

48th Floor, Cheung Kong Center

2 Queen's Road Central, Hong Kong

Telephone: +852 2128 1188

Facsimile: +852 2128 1705

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall Cricket Square

Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

Rooms 1712-1716, 17th Floor

Hopewell Centre, 183 Queen's Road East

Wanchai, Hong Kong

Telephone: +852 2862 8628

Facsimile: +852 2865 0990

Investor Information

Corporate press releases, financial reports and other investor information on the Group are available on the website of the Company

Investor Relations Contact

Please direct enquiries to:

Group Investor Relations

47th Floor, Cheung Kong Center

2 Queen's Road Central, Hong Kong

Telephone: +852 2128 1188

Facsimile: +852 2128 1705

Email: ir@ckh.com.hk

Website Address

www.ckh.com.hk



長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
Telephone: +852 2128 1188
Facsimile: +852 2128 1705
www.ckh.com.hk