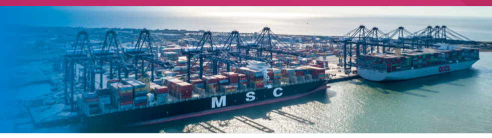
長江和記實業有限公司
CK HUTCHISON HOLDINGS LIMITED

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



Solid • Resilient
Ready for Tomorrow

2021 Annual Report

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

LI Tzar Kuoi, Victor, BSc, MSc, LLD (Hon)
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, GBS, OBE, JP

The Hon Sir Michael David KADOORIE, 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

LAU Yau Fun, Sophie (Note), GBS, SBS, OBE, JP
(alias LEUNG LAU Yau Fun, Sophie)

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

William Elkin MOCATTA, 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

SENIOR ADVISOR

LI Ka-shing, GBM, KBE, LLD (Hon), DSSc (Hon)
Commandeur de la Légion d'Honneur
Grand Officer of the Order Vasco Nunez de Balboa
Commandeur de l'Ordre de Léopold

AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent *(Chairman)*
Paul Joseph TIGHE
WONG Kwai Lam

NOMINATION COMMITTEE

WONG Yick-ming, Rosanna *(Chairman)*
LI Tzar Kuoi, Victor
CHENG Hoi Chuen, Vincent

REMUNERATION COMMITTEE

WONG Yick-ming, Rosanna *(Chairman)*
LI Tzar Kuoi, Victor
CHENG Hoi Chuen, Vincent
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

Note: Appointed on 28 December 2021

Contents

Corporate Profile

CK 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 52 ports comprising 291 operational berths in 26 countries, including container terminals operating in six of the 10 busiest container ports in the world. In 2021, the division handled a total throughput of 88.0 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 16,300 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.

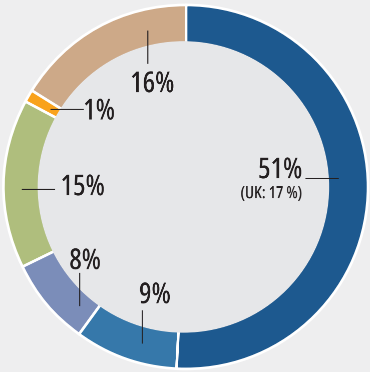
Telecommunications

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

2021 Total Revenue

HK$445,383 million



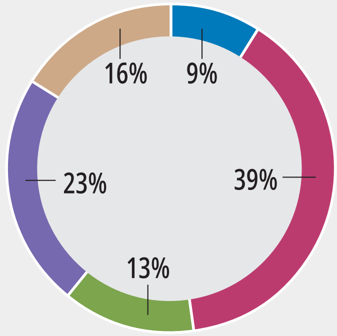
Europe HK$227,034 million
6% | 42% | 14% | 38%

Mainland China HK$38,111 million
21% | 72% | 6% | 1%

Hong Kong HK$37,922 million
7% | 70% | 9% | 14%

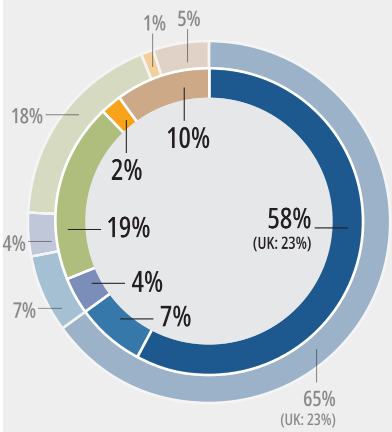
Asia, Australia & Others [1] HK$67,055 million
27% | 36% | 24% | 13%

Canada HK$3,225 million
100%



2021 Total EBITDA [2] [3]

Reported: HK$111,227 million
Underlying: HK$106,448 million



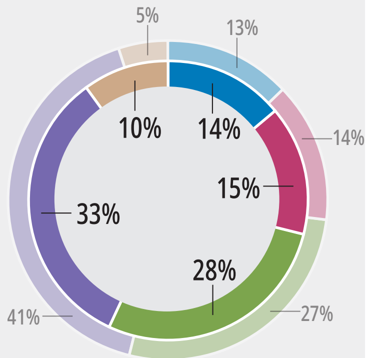
Europe HK$62,152 million (Reported: HK$71,939 million)
5% | 14% | 24% | 57% [4]
6% | 16% | 28% | 50% [5]

Mainland China HK$7,454 million
57% | 35% | 8%

Hong Kong HK$4,474 million
32% | 19% | 20% | 29%

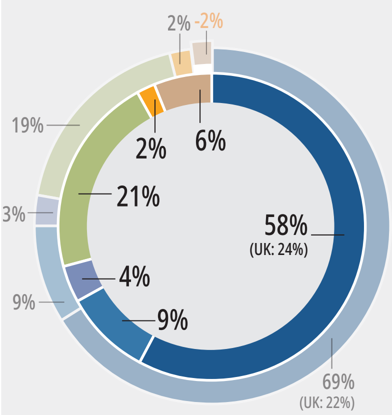
Asia, Australia & Others [1] HK$20,230 million
28% | 13% | 44% | 15%

Canada HK$1,818 million
100%



2021 Total EBIT [2] [3]

Reported: HK$64,744 million
Underlying: HK$59,965 million



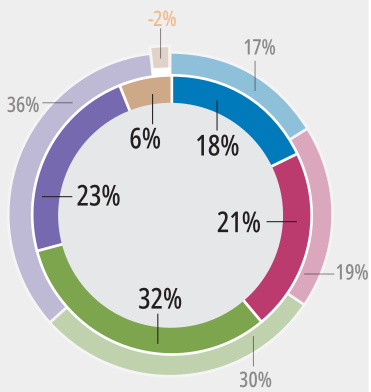
Europe HK$34,646 million (Reported: HK$44,433 million)
6% | 18% | 26% | 50% [4]
8% | 24% | 33% | 35% [5]

Mainland China HK$5,703 million
63% | 30% | 8% | -1%

Hong Kong HK$2,202 million
37% | 24% | 20% | 19%

Asia, Australia & Others [1] HK$12,507 million
29% | 16% | 45% | 10%

Canada HK$1,118 million
100%



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 5
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 2021 of HK$25.3 billion, non-cash impairment of goodwill of the Group's Italian telecommunication business of HK$(15.5) billion, impairment charge of Cenovus of HK$(1.5) billion and a non-cash foreign exchange reserve loss of HK$(3.5) billion following the Cenovus-Husky merger
Note 4: Represents EBITDA and EBIT %-mix for Europe on a reported basis
Note 5: Represents EBITDA and EBIT %-mix for Europe on an underlying basis

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

Analyses by Core Business Segments

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

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

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

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

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

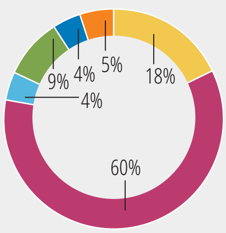
Note 2: The year ended 31 December 2020 comparative has been reclassified to enable a better comparison of performance. Subsequent to merger completion between Cenovus Energy and Husky in January 2021, the Group's sharing of Cenovus Energy's results is reported under Finance & Investments and Others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

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

Key Financial Information

	Pre-IFRS 16 (1) 2021 HK$ million	Post-IFRS 16 (2) 2021 HK$ million	Pre-IFRS 16 (1) 2020 HK$ million	Post-IFRS 16 (2) 2020 HK$ million
Profit attributable to ordinary shareholders of the Company	**33,500**	**33,484**	29,000	29,143
Earnings per share (HK$) (3)		**8.70**		7.56
Full year dividend per share (HK$)		**2.660**		2.314
Total assets	**1,147,742**	**1,213,526**	1,179,268	1,254,596
Net assets	**659,850**	**644,255**	646,478	630,063
Net assets attributable to shareholders of the Company per ordinary share (HK$)	**136.9**	**133.8**	131.4	128.2
Total principal amount of bank and other debts	**326,357**	**325,081**	347,953	347,758
Total cash, liquid funds and other listed investments ("liquid assets")	**161,360**	**161,360**	166,539	166,539
Total principal amount of bank and other debts including unamortised fair value adjustments from acquisitions	**329,529**	**328,253**	351,837	351,642
Net debt	**168,169**	**166,893**	185,298	185,103
Net debt to net total capital ratio (4)	**20.3%**	**20.5%**	22.2%	22.7%
Credit rating:				
Moody's	**A2**		A2	
Standard & Poor's	**A**		A	
Fitch	**A-**		A-	

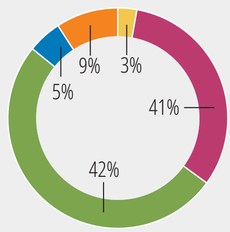
Liquid Assets by Currency Denomination at 31 December 2021



Pre-IFRS 16 (1) and Post-IFRS 16 (2) total : HK$161,360 million

HKD USD RMB EUR GBP Others

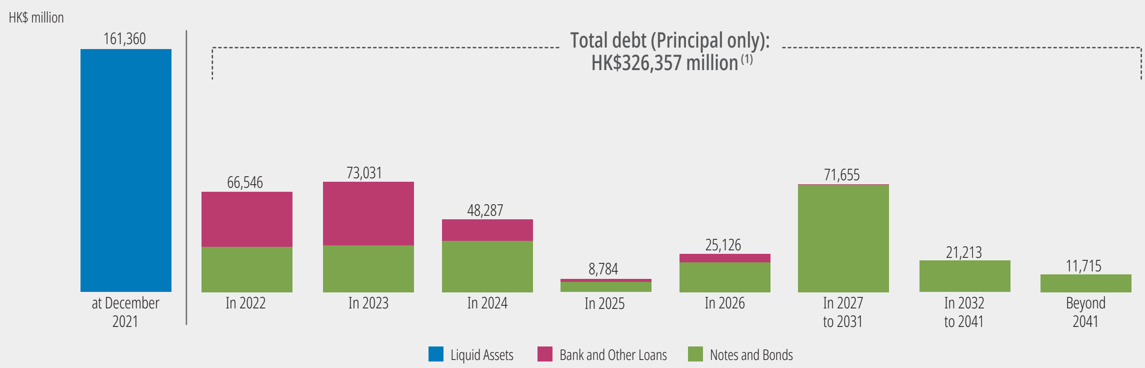
Debt Profile by Currency Denomination at 31 December 2021



Total principal amount of bank and other debts:
Pre-IFRS 16 total (1) : HK$326,357 million
Post-IFRS 16 total (2) : HK$325,081 million

HKD USD EUR GBP Others

Debt Maturity Profile at 31 December 2021 - Principal only



Note 1: Prepared under Pre-IFRS 16 basis as set out in note 1 on page 5.

Note 2: Prepared under Post-IFRS 16 basis as set out in note 1 on page 5.

Note 3: Earnings per share is calculated based on profit attributable to ordinary shareholders. For the year ended 31 December 2021, the earnings per share is calculated based on CKHH's weighted average number of shares 3,847,582,641 shares outstanding during the year (2020: 3,856,240,500 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

- Tower asset sales in Italy and Sweden are completed with CK Hutchison recognising a net gain of HK$25.3 billion. The Group obtained conditional regulatory approval of the tower asset transaction in the UK on 3 March 2022, which is expected to complete in the second half of 2022.

- A.S. Watson Group ("ASW") and Grab announce the largest Offline plus Online health and beauty partnership in Southeast Asia, involving over 2,200 Watsons stores across six markets.

- Hutchison Telecommunications Hong Kong Holdings boosts its distribution network in Hong Kong to more than 500 offline and online sales outlets at FORTRESS, PARKnSHOP, Watsons Hong Kong and **3** Hong Kong.

- Hutchison Ports signs an agreement to invest in and operate the Jazan City for Primary and Downstream Industries Port in Saudi Arabia.

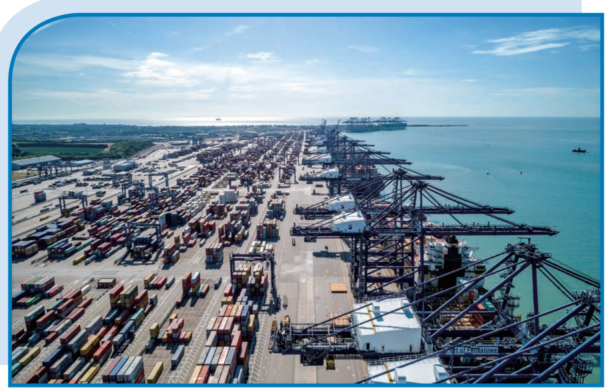
- Guangzhou Aircraft Maintenance Engineering Company opens a third hanger in Guangzhou Baiyun International Airport.

- Australian Gas Networks opens Australia's first hydrogen production facility, Hydrogen Park South Australia, and commences blending renewable hydrogen into part of its natural gas distribution network in Adelaide.

- Hutchison Ports Felixstowe and Harwich are granted the Freeport status by the UK government that would further strengthen their position as the country's major trade hub. Underdeveloped sites around our ports will benefit from tax and customs incentives and attract more businesses, especially green energy and technological businesses.

- HPH Trust enters joint venture agreement with Shenzhen Yantian Port to develop Yantian East Port Phase I.

- HUTCHMED, formerly Hutchison China MediTech, is listed on the Main Board of the Stock Exchange of Hong Kong (adding to its London AIM and US Nasdaq presence). It has been included in major indexes such as the Hang Seng Composite Index and the FTSE Global Equity Index Series, as well as being selected in the Shanghai- and Shenzhen-Hong Kong Stock Connect programmes.



- ASW brings French luxury beauty experience to Mainland China by launching Marionnaud x Watsons cross-over stores in Shanghai, Wuhan, Xian and Chongqing.
- HUTCHMED receives approval of its third innovative oncology drug ORPATHYS® (savolitinib). Meanwhile, SULANDA® (surufatinib) also receives its second indication approval and National Reimbursement Drug List inclusion in China, as well as the market authorisation filings acceptance for review by the US Food and Drug Administration and European Medicines Agency.
- **3** Hong Kong invests over HK$3 billion to build the most reliable network since 2019 and operates a significant amount of the 3.5GHz 5G "golden spectrum" band base stations in town.
- Hutchison Ports and King Salman Energy Park ("SPARK") sign a shareholders' agreement for a joint venture to manage and operate the dry port and bonded logistics zone in the SPARK energy industrial city in Saudi Arabia.
- ASW opens its first stores in Abu Dhabi and Saudi Arabia.
- HK Electric takes a major step forward in its transition from coal-to-gas generation with the successful synchronisation of a new gas-fired unit.
- ista completes the acquisition of Comptage Immobilier Duran SAS, a regional sub-metering company in Southeast France, serving approximately 68,000 dwellings with around 73,000 water meters.
- In Canada, Reliance Home Comfort completes two acquisitions, adding about 25,000 new rental assets primarily in Ontario to its portfolio and further strengthening its market position in the region.
- Indosat Ooredoo Hutchison, jointly controlled by CK Hutchison and Ooredoo Group, is formed through the merger of Hutchison 3 Indonesia and PT Indosat Tbk in January 2022.

Chairman's Statement

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

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

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

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

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

Dividend

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

Ports and Related Services

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

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

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

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

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

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

Retail

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

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

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

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

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

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

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

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

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

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

Infrastructure

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

CKI

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

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

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

CK Hutchison Group Telecom

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

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

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

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

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

3 Group Europe

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

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

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

Hutchison Asia Telecommunications

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

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

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

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

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

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

Finance & Investments and Others

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

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

Sustainability

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

Outlook

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

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

Victor T K Li
Chairman

Hong Kong, 17 March 2022

Note 13: Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 20.5% (31 December 2020: 22.7%).

Operations Review

Results Highlights for the year ended 31 December 2021

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

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

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 2020 and 2021. 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 2021 and 2020 is calculated based on profit attributable to ordinary shareholders and CKHH's weighted average number of shares outstanding during the periods of 3,847,582,641 and 3,856,240,500 respectively.

Financial Performance Summary

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

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

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

Financial Performance Summary

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

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

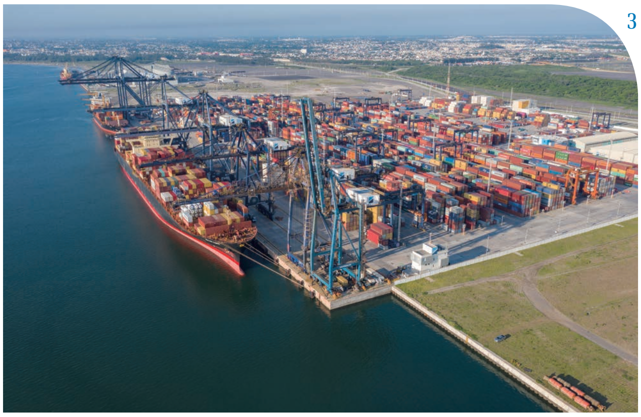
Note 3: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of associated companies and joint ventures' respective items. Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.

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

Ports and Related Services

1

2



3

4

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

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

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

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

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

Group Performance

The Group operates container terminals in six of the 10 busiest container ports in the world. The division comprises the Group's 80% interest in the Hutchison Ports group of companies and its 30.07% interest in the HPH Trust, which together handled a total of 88.0 million twenty-foot equivalent units ("TEU") in 2021.

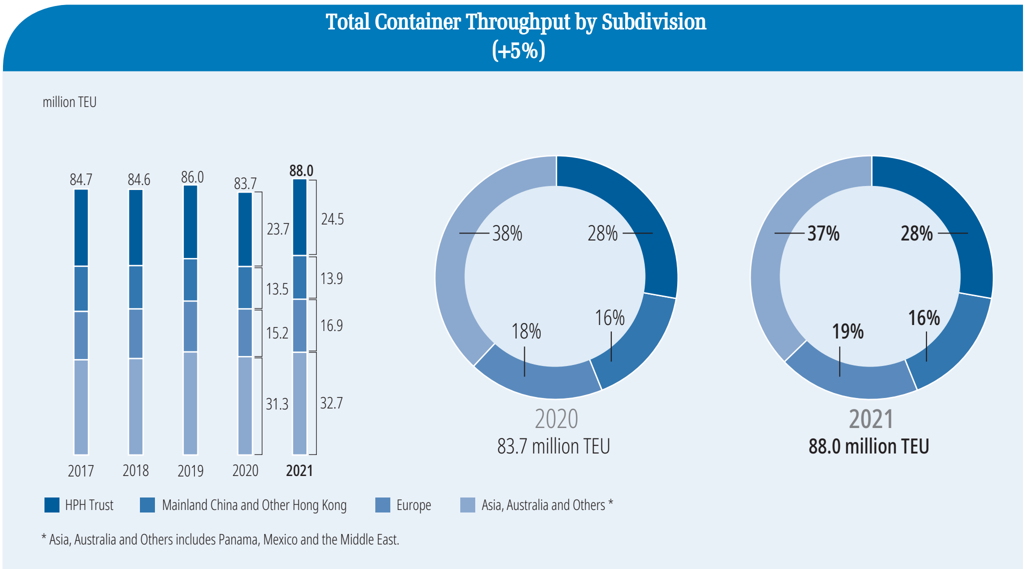
	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue [1]	**42,285**	32,865	+29%	+26%
EBITDA [1] [2]	**15,157**	10,914	+39%	+35%
EBIT [1] [2]	**10,737**	6,717	+60%	+55%
Throughput (million TEU)	**88.0**	83.7	+5%	
Number of berths	**291**	283	+8 berths	

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

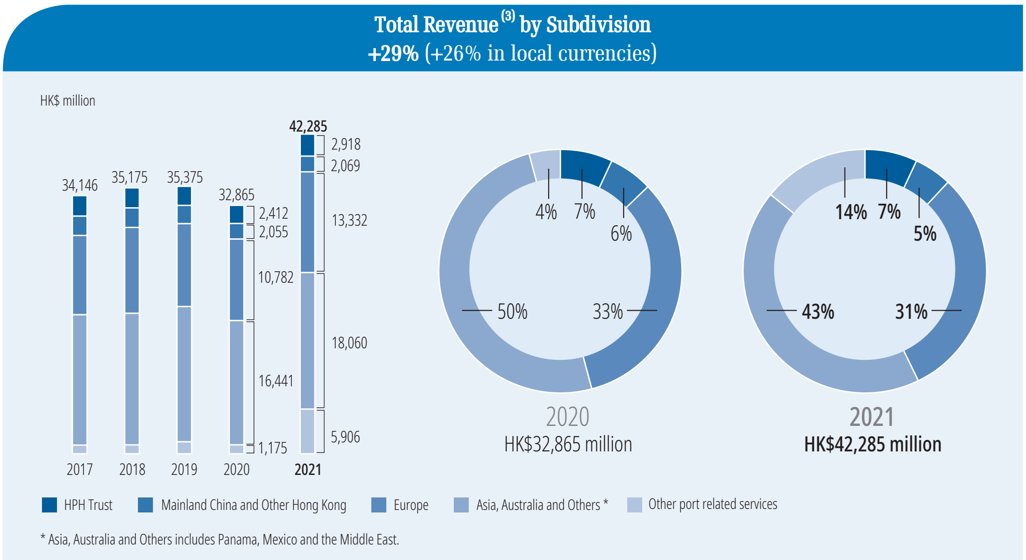
Note 2: Under Post-IFRS 16 basis, EBITDA was HK$18,008 million (2020: HK$13,748 million); EBIT was HK$11,946 million (2020: HK$8,055 million).

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

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

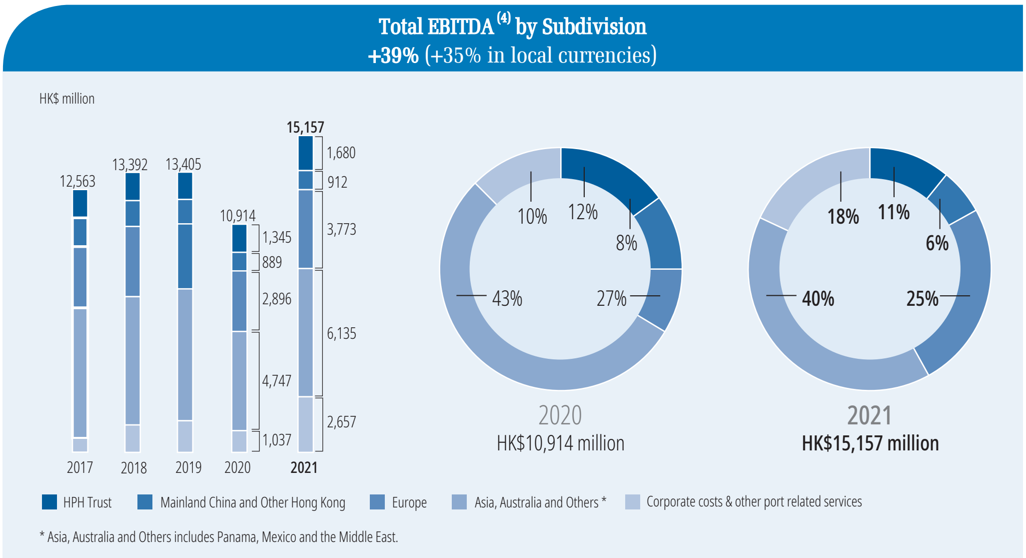


Total reported revenue increased 29% to HK$42,285 million in 2021 mainly due to throughput growth, higher storage income in the UK, Rotterdam in the Netherlands and Mexico, strong performance of an associated company in the container shipping business, as well as contribution from the newly acquired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



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

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



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

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

Note 5: Based on 300 metres per berth and is computed by dividing the total berth length by 300 metres.

Segment Performance

HPH Trust

	2021 HK$ million	2020 HK$ million	Change
Total Revenue (6)	**2,918**	2,412	+21%
EBITDA (6)	**1,680**	1,345	+25%
EBIT (6)	**975**	638	+53%
Throughput (million TEU)	**24.5**	23.7	+3%
Number of berths	**52**	52	–

Note 6: Total revenue, EBITDA and EBIT have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Although overall throughput increased 3%, HPH Trust's total revenue, EBITDA and EBIT increased by 21%, 25% and 53% respectively. Favourable performance was attributable to higher storage income in Hong Kong and Yantian, overall throughput growth of 3% as a result of increase in US, European and empty cargoes in Yantian, as well as higher average revenue per TEU for Yantian and Hong Kong. Despite throughput growth was 13% in first half of 2021, this growth momentum eased in the second half of 2021 as a result of high yard density and pandemic preventive measures in place in Hong Kong and the Mainland.

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

Mainland China and Other Hong Kong

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

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

Europe

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

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

Asia, Australia and Others

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

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

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

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

Retail

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

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

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

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

Operations Review – Retail

The Retail division consists of the A.S. Watson ("ASW") group of companies, the world's largest international Health and Beauty ("H&B") retailer with a 142 million loyalty member base.

Group Performance

ASW operated 12 retail brands with 16,398 stores in 28 markets worldwide as of 31 December 2021, providing high quality personal care, health and beauty products; food and fine wines; as well as consumer electronics and electrical appliances. ASW also manufactures and distributes bottled water and other beverages in Hong Kong and the Mainland. Since the start of the pandemic, ASW has transformed part of its water factory to produce face masks in Hong Kong.

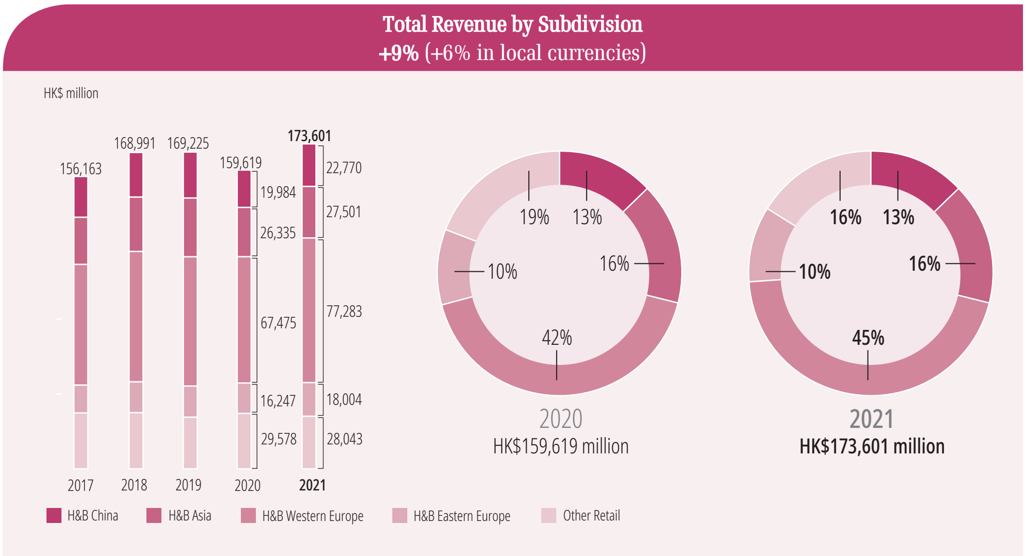
	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**173,601**	159,619	+9%	+6%
EBITDA [1]	**16,034**	14,397	+11%	+9%
EBIT [1]	**12,460**	10,933	+14%	+12%
Store Numbers	**16,398**	16,167	+1%	

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

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

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

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



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

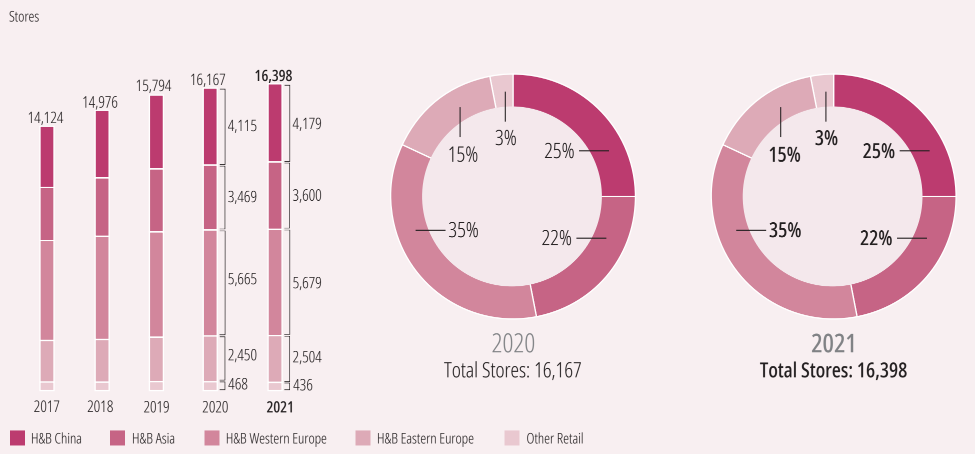
Comparable Stores Sales Growth (%) (3)	2021	2020
H&B China	**+1.9%**	-21.8%
H&B China (adjusted to include loyalty members' sales recovered in proximate new stores)	**+4.7%**	-20.0%
H&B Asia	**-0.8%**	-17.0%
H&B China & Asia Subtotal	**+0.2%**	-19.2%
H&B Western Europe	**+7.9%**	-3.8%
H&B Eastern Europe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

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

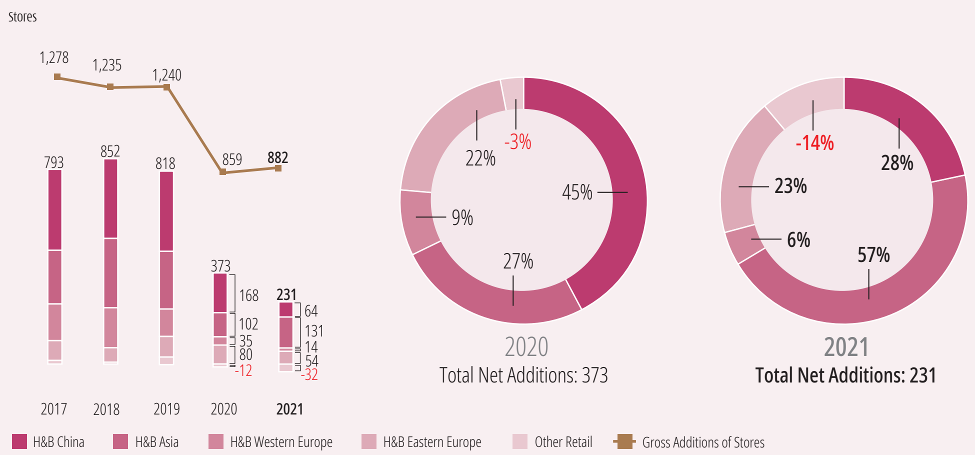
Note 3: Comparable stores sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.

Group Performance (continued)

Total Retail Store Numbers by Subdivision (+1%)



Total Net Additions of Retail Store by Subdivision

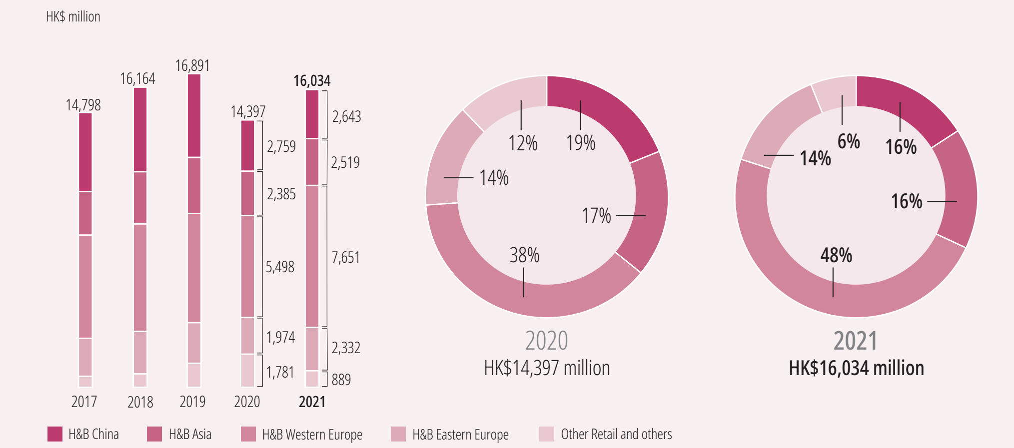


Store Numbers	2021	2020	Change
H&B China	**4,179**	4,115	+2%
H&B Asia	**3,600**	3,469	+4%
H&B China & Asia Subtotal	**7,779**	7,584	+3%
H&B Western Europe	**5,679**	5,665	–
H&B Eastern Europe	**2,504**	2,450	+2%
H&B Europe Subtotal	**8,183**	8,115	+1%
H&B Subtotal	**15,962**	15,699	+2%
Other Retail (4)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

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

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

EBITDA by Subdivision
+11% (+9% in local currencies)



EBITDA	2021 HK$ million	2020 HK$ million	Change	Local currencies change
H&B China	**2,643**	2,759	-4%	-11%
H&B Asia	**2,519**	2,385	+6%	+6%
H&B China & Asia Subtotal	**5,162**	5,144	–	-3%
H&B Western Europe	**7,651**	5,498	+39%	+36%
H&B Eastern Europe	**2,332**	1,974	+18%	+19%
H&B Europe Subtotal	**9,983**	7,472	+34%	+32%
H&B Subtotal	**15,145**	12,616	+20%	+17%
Other Retail [5]	**889**	1,781	-50%	-50%
Total Retail	**16,034**	14,397	+11%	+9%

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

During 2021, the Retail division opened its first store in Saudi Arabia, which is the 28th operating market of the division, as part of the franchise business with Al-Futtaim.

Segment Performance

Health and Beauty China

	2021 HK$ million	2020 HK$ million	Change	Local currency change
Total Revenue	**22,770**	19,984	+14%	+7%
EBITDA	**2,643**	2,759	-4%	-11%
EBITDA Margin %	***12%***	*14%*		
EBIT	**1,808**	1,952	-7%	-14%
EBIT Margin %	***8%***	*10%*		
Store Numbers	**4,179**	4,115	+2%	
Comparable Stores Sales Growth (%)	**+1.9%**	-21.8%		
Adjusted Comparable Stores Sales Growth (%) [6]	**+4.7%**	-20.0%		

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

H&B China delivered an encouraging performance in the first half of 2021 with year-on-year growth in EBITDA of 53% in local currency when the pandemic conditions were relatively stable. In the second half of 2021, the business was significantly affected by regional outbreaks and tighter public health measures nationwide which negatively affected footfall, and as a result EBITDA and EBIT for the full year of 2021 decreased by 11% and 14% in local currency respectively compared to 2020. Despite the challenging trading environment, the business took positive actions to cope with the change in customer shopping behaviour by recovering sales through the division's digital channels under the "O + O" platform strategy to partly recover the shortfall in stores. The "O + O" platform strategy drives customer lifetime value through building "O + O" sales participation with ASW's largest network of physical stores and fulfillment hubs. H&B China will be able to engage with its 62 million loyalty members and over 80 million social media followers digitally through the 18,000 beauty advisors from its physical store network and 28 online stores. Online sales growth remained strong at 94% in 2021 (2020: 123%).

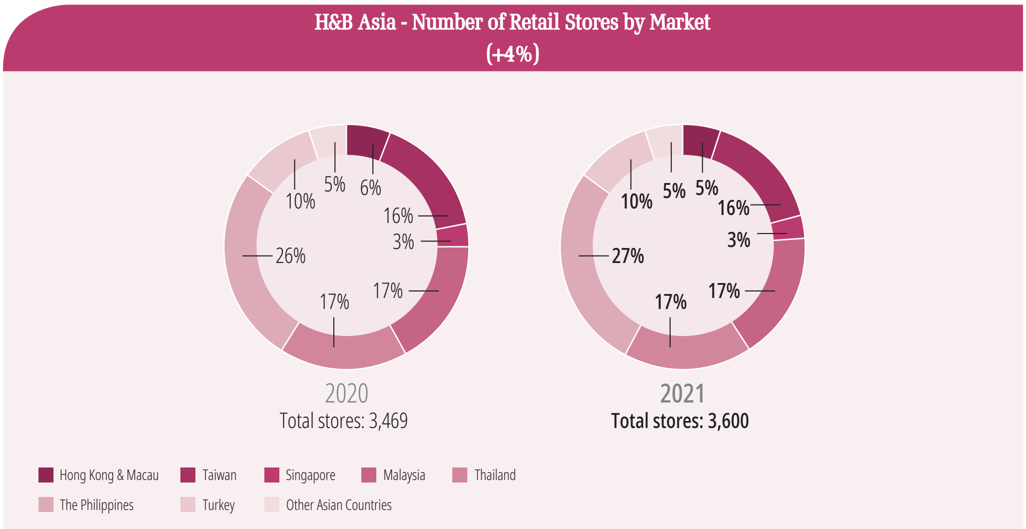
H&B China added net 64 stores during the year and had more than 4,100 stores in over 500 cities in the Mainland as of 31 December 2021.

Health and Beauty Asia

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**27,501**	26,335	+4%	+5%
EBITDA	**2,519**	2,385	+6%	+6%
EBITDA Margin %	***9%***	*9%*		
EBIT	**1,942**	1,824	+6%	+7%
EBIT Margin %	***7%***	*7%*		
Store Numbers	**3,600**	3,469	+4%	
Comparable Stores Sales Growth (%)	**-0.8%**	-17.0%		

Watsons is the leading health and beauty retail chain in Asia with strong brand name recognition and extensive geographical coverage. Despite a 0.8% comparable stores sales decline as a result of various restrictive measures following the rising number of infected cases in the region, H&B Asia delivered steady growth in EBITDA and EBIT, primarily in Malaysia and the Philippines, of 6% and 7% in local currencies respectively from continued store portfolio expansion and enhanced operational efficiencies. In addition, the H&B operation in Hong Kong reduced its losses significantly in 2021 despite the continued border entry restrictions imposed which limited inbound tourists.

H&B Asia added net 131 stores during the year and had 3,600 stores in 12 markets as of 31 December 2021.

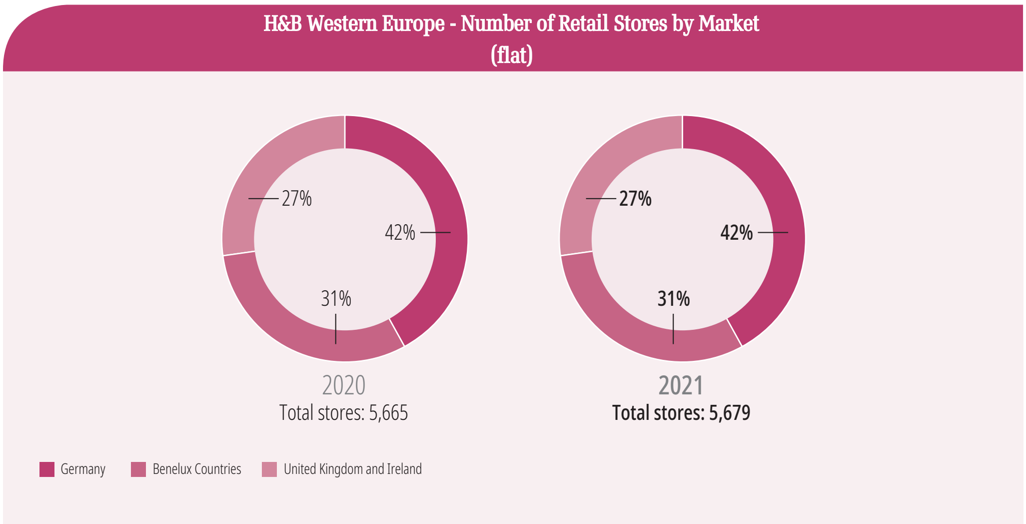


Health and Beauty Western Europe

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**77,283**	67,475	+15%	+10%
EBITDA	**7,651**	5,498	+39%	+36%
EBITDA Margin %	***10%***	*8%*		
EBIT	**6,253**	4,194	+49%	+47%
EBIT Margin %	***8%***	*6%*		
Store Numbers	**5,679**	5,665	–	
Comparable Stores Sales Growth (%)	**+7.9%**	-3.8%		

H&B Western Europe reported a strong EBITDA and EBIT growth of 36% and 47% in local currencies respectively during the year, arising from a robust comparable stores sales growth rate of 7.9%, primarily from the Benelux countries and Germany, where stores remained open during the lockdown periods. Sales were particularly strong for stores located in or near residential areas which were able to cater for the heightened demand from local consumers during lockdowns.

H&B Western Europe added net 14 stores during the year and had more than 5,600 stores as of 31 December 2021.



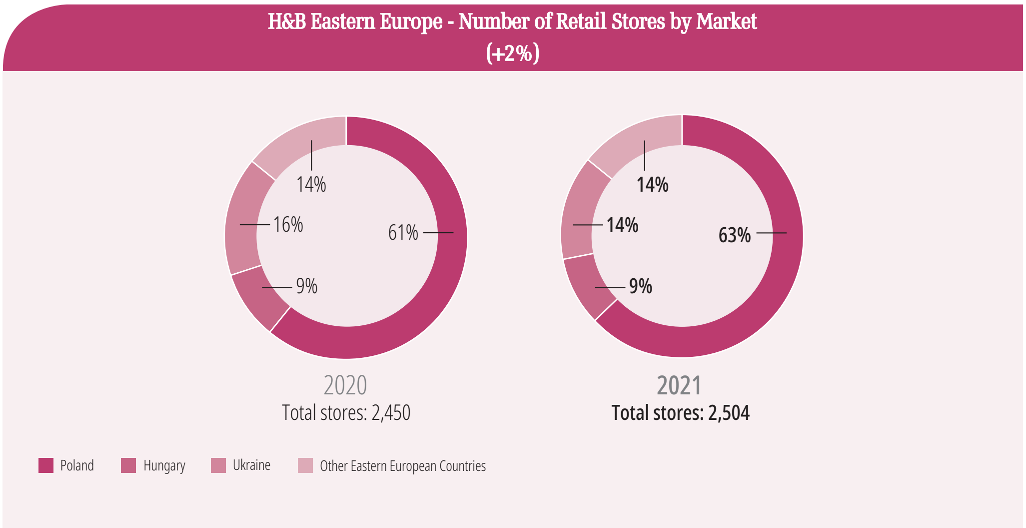
Segment Performance (continued)

Health and Beauty Eastern Europe

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**18,004**	16,247	+11%	+10%
EBITDA	**2,332**	1,974	+18%	+19%
EBITDA Margin %	***13%***	*12%*		
EBIT	**1,975**	1,626	+21%	+22%
EBIT Margin %	***11%***	*10%*		
Store Numbers	**2,504**	2,450	+2%	
Comparable Stores Sales Growth (%)	**+4.6%**	-4.1%		

H&B Eastern Europe continued to contribute to the recovery of the division with growth in EBITDA and EBIT of 19% and 22% in local currencies respectively, mainly attributable to the Rossmann joint venture in Poland as a result of the strong momentum in store openings during the year, together with strong recovery in comparable stores sales growth of 4.6%, partly offset by the introduction of retail sales tax in Poland from the start of 2021.

H&B Eastern Europe added net 54 stores during the year and had more than 2,500 stores as of 31 December 2021.

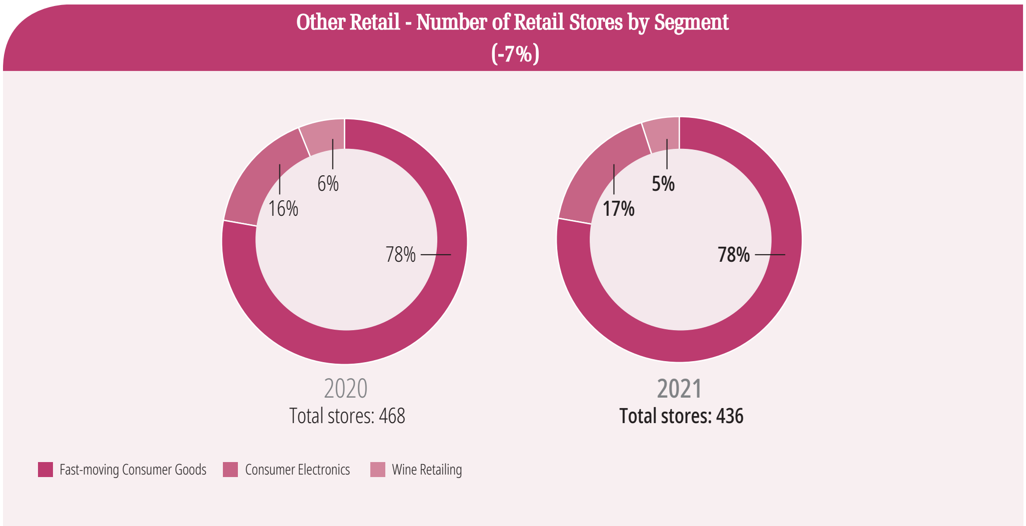


Other Retail

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**28,043**	29,578	-5%	-6%
EBITDA	**889**	1,781	-50%	-50%
EBITDA Margin %	***3%***	*6%*		
EBIT	**482**	1,337	-64%	-63%
EBIT Margin %	***2%***	*5%*		
Store Numbers	**436**	468	-7%	
Comparable Stores Sales Growth (%)	**-8.3%**	+12.2%		

The Other Retail segment reported a reduction in total revenue of 6% in local currencies in 2021, mainly arising from the normalised performance in the supermarket operation in Hong Kong in 2021 as the performance in 2020 was favourably affected from panic buying by customers, as well as the increase in investments to accelerate business growth in the beverage business in the Mainland.

Other Retail had 436 retail stores in 3 markets as of 31 December 2021, as well as manufacturing and distributing bottled water and other beverages in Hong Kong and the Mainland.



UK Power Networks launches the Constellation project, which includes the installation of powerful computers in a series of substations.

Infrastructure

1. Australian Gas Networks opens its first hydrogen production facility, Hydrogen Park South Australia.

2. Reliance Home Comfort completes two acquisitions, adding about 25,000 new rental assets primarily in Ontario, Canada.

3. HK Electric takes a major step forward in its transition from coal-to-gas generation with the successful synchronisation of a new gas-fired unit.

4. New Zealand's EnviroWaste unveils its plan to build a construction and demolition waste sorting facility in South Auckland.

Operations Review – Infrastructure

The infrastructure division comprises the Group's 75.67% [(1)] interest in CK Infrastructure Holdings Limited ("CKI") and 10% of the economic benefits deriving from the Group's direct holdings in six co-owned infrastructure investments with CKI, including Northumbrian Water, Park'N Fly, Australian Gas Networks, Dutch Enviro Energy, Wales & West Utilities and UK Rails.

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**56,100**	52,792	+6%	–
EBITDA [(2)]	**29,636**	29,066	+2%	-5%
EBIT [(2)]	**19,095**	18,488	+3%	-4%
CKI Reported Net Profit (under Post-IFRS 16 basis)	**7,515**	7,320	+3%	

Note 1: On 1 March 2016, CKI issued new shares in connection with an issue of perpetual capital securities and the Group's interest in CKI reduced from 75.67% to 71.93%. As these new shares were disregarded for the purpose of determining the number of shares held by the public, the Group's profit sharing in CKI remained at 75.67%. After the redemption of the above-mentioned perpetual capital securities by CKI in March 2021 and the cancellation of the related shares in December 2021, the Group's interest in CKI returns to 75.67%.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$29,938 million (2020: HK$29,367 million); EBIT was HK$19,139 million (2020: HK$18,537 million).

CKI is the largest publicly listed infrastructure company on the SEHK, with diversified investments in energy, transportation and water infrastructure, waste management, waste-to-energy, household infrastructure and infrastructure-related businesses. CKI operates in Hong Kong, the Mainland, the UK, Continental Europe, Australia, New Zealand, Canada and the United States.

CKI announced net profit attributable to shareholders under Post-IFRS 16 basis of HK$7,515 million, 3% higher against last year. Both 2021 and 2020 included deferred tax charges from the revision of the UK corporate tax rates. Excluding the non-cash deferred tax impact for both years, as well as the disposal gain from the sale of Portugal Renewable Energy in 2020, the adjusted net profit increased 22% in 2021 compared to 2020, reflecting good operational performance across its global portfolio of infrastructure businesses.

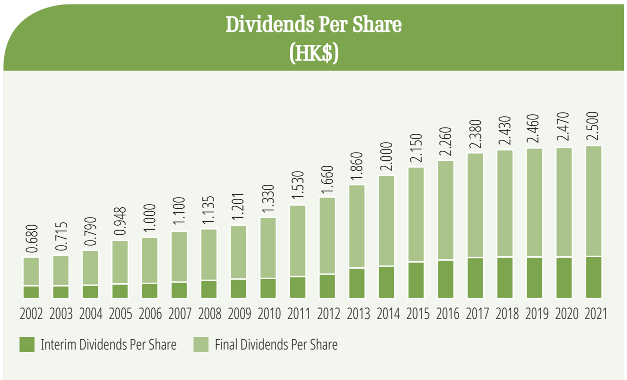
The division's EBITDA and EBIT of HK$29,636 million and HK$19,095 million were 2% and 3% higher than last year respectively in reported currency, reflecting favourable foreign currency translation impacts and good operational performance as mentioned, partly offset by gain on disposal of Portugal Renewable Energy recognised in 2020.

Profit contribution from Power Assets, a company listed on the SEHK and in which CKI holds a 35.96% interest as of 31 December 2021, was HK$2,210 million, flat as compared to HK$2,208 million in 2020. Excluding the share of non-cash deferred tax impact and disposal gain on Portugal Renewable Energy, the adjusted profit contribution from Power Assets increased by 10% as compared to last year.

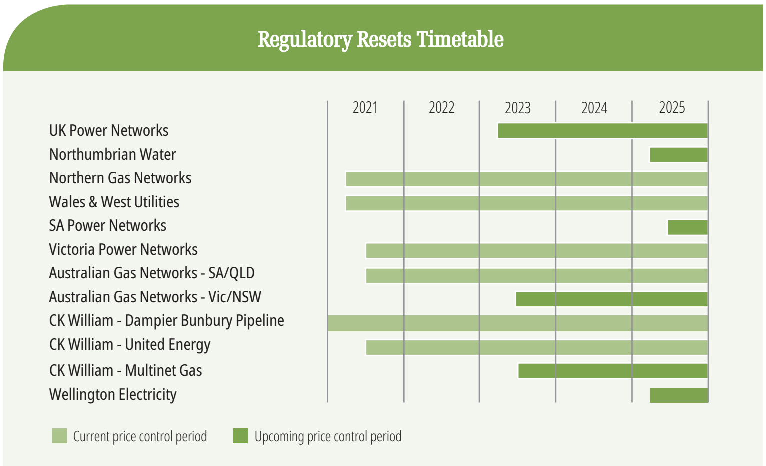
In 2021, a number of CKI's regulated businesses in the UK and Australia have entered new regulatory regimes and these resulted in lower revenues and allowable returns. Appeals were made to the Competition and Markets Authority in respect of the regulatory resets by Northern Gas Networks and Wales & West Gas Networks. Upon completion of the appeal processes, improvements were achieved in a number of areas. This will benefit the revenue and asset bases of these businesses in the remaining years of the current regulatory periods. The secure business models of CKI will continue to contribute solid revenue streams and returns.

During 2021, CKI's businesses have carried out a number of acquisition activities, including ista completing four bolt-on acquisitions which expanded its market penetration in Germany, France and Czech Republic; Reliance Home Comfort completing two acquisitions during the year, adding about 25,000 new rental assets primarily in Ontario and further strengthening its market position in the region; as well as Canadian Power acquiring two wind farms in the Okanagan region of British Columbia. In addition, Dutch Enviro Energy was successfully named preferential bidder for AEB, a waste-to-energy business in the Netherlands.

CKI has always been committed to prudent financial management with the underlying financial position closely monitored. CKI's financial strength continues to be robust, with HK$8.1 billion cash on hand and a net debt to net total capital ratio of 14.7% as at 31 December 2021. Credit rating from Standard & Poor's maintained at "A/Stable". CKI has redeemed US$1.2 billion perpetual capital securities in March 2021 with subsequent issuance of US$300 million securities in each of June and July 2021, which is expected to generate meaningful savings in distributions to securities holders going forward.



Note 3: Excludes share of one-off gains arising from the spin-off of HK Electric by PAH and privatisation of Envestra.



Wind Tre's super-fast Internet services bring unlimited Internet access at 1 GB speeds to 8.7 million homes and businesses across 225 cities in Italy.

Telecommunications

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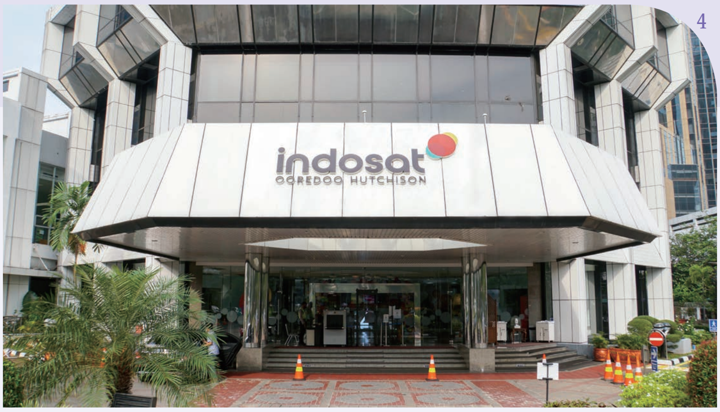


5

1. **3** Austria has been named the country's fastest 5G mobile network at global speed test agency Ookla's annual ranking of mobile phone companies.

2. **3** Ireland has been crowned as the fastest provider for both mobile and 5G networks in the country.

3. **3** UK covers 99% of the UK outdoor population with its combined 3G and 4G network and carries 28% of mobile data traffic in the country. It is also recognised as UK's Fastest 5G Network.

4. Indosat Ooredoo Hutchison, the new company from the merger transaction between Hutchison 3 Indonesia and PT Indosat Tbk, creates Indonesia's second largest mobile telecommunications company.

5. **3** Denmark welcomes its customers as all its stores reopen in spring 2021.

The Group's telecommunications division consists of CK Hutchison Group Telecom ("CKHGT") which consolidates the **3** Group businesses in Europe ("**3** Group Europe") and a 66.09% interest in Hutchison Telecommunications Hong Kong Holdings ("HTHKH"), which is listed on the SEHK, as well as Hutchison Asia Telecommunications ("HAT"). **3** Group Europe is a pioneer of mobile data communication technologies and an operator and innovator of converged telecommunication and digital services with businesses in six countries across Europe. HTHKH holds the Group's interests in mobile operations in Hong Kong and Macau. HAT holds the Group's interests in the mobile operations in Indonesia, Vietnam and Sri Lanka.

CK Hutchison Group Telecom

CKHGT completed the disposal of tower assets in Sweden and Italy in 2021 and recognised a disposal gain of HK$25,259 million, as compared to HK$16,583 million recognised in 2020 on the sale of tower assets in Denmark, Austria and Ireland where the transactions were completed in December 2020. On 3 March 2022, the Group obtained conditional regulatory approval of the tower asset transaction in the UK. Subject to the satisfactory conclusions to the conditions, the transaction is expected to complete in the second half of 2022. Apart from the disposal gain, CKHGT recognised a non-cash impairment of goodwill on the Group's Italian telecommunication business of HK$15,472 million in 2021.

In million	**2021 HK$**	2020 HK$	Change	Local currencies change	**2021 EURO**	2020 EURO
Total Revenue	**92,575**	90,663	+2%	-3%	**10,083**	10,231
Total Margin	**63,789**	63,563	–	-4%	**6,946**	7,182
Total CACs	**(16,725)**	(16,681)	–		**(1,823)**	(1,875)
Less: Handset revenue	**12,944**	13,028	-1%		**1,411**	1,462
Total CACs (net of handset revenue)	**(3,781)**	(3,653)	-4%		**(412)**	(413)
Operating Expenses	**(26,743)**	(27,953)	+4%		**(2,904)**	(3,162)
Gain from disposal of tower assets	**25,259**	16,583	+52%		**2,620**	1,702
Impairment of goodwill	**(15,472)**	–	-100%		**(1,669)**	–
EBITDA (1)	**43,052**	48,540	-11%	-14%	**4,581**	5,309
Depreciation & Amortisation	**(19,590)**	(15,959)	-23%		**(2,135)**	(1,797)
EBIT (1)	**23,462**	32,581	-28%	-30%	**2,446**	3,512

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$50,892 million (2020: HK$56,706 million); EBIT was HK$24,530 million (2020: HK$33,484 million).

3 Group Europe [2]

In million	2021 HK$	2020 [3] HK$	Change	Local currencies change
Total Revenue	**86,972**	85,786	+1%	-4%
Total Margin	**60,777**	60,358	+1%	-4%
Total CACs	**(16,163)**	(16,155)	–	
Less: Handset revenue	**12,549**	12,683	-1%	
Total CACs (net of handset revenue)	**(3,614)**	(3,472)	-4%	
Operating Expenses	**(27,271)**	(26,952)	-1%	
Opex as a % of total margin	***45%***	*45%*		
EBITDA	**29,892**	29,934	–	-5%
EBITDA Margin % [4]	***40%***	*41%*		
Depreciation & Amortisation	**(18,633)**	(14,934)	-25%	
EBIT	**11,259**	15,000	-25%	-28%

EBITDA per above	**29,892**	29,934	–	-5%
Proforma contribution from tower assets	**–**	1,444		
Reported EBITDA [5]	**29,892**	31,378	-5%	-9%
EBIT per above	**11,259**	15,000	-25%	-28%
Proforma contribution from tower assets	**–**	1,270		
Reported EBIT [5]	**11,259**	16,270	-31%	-34%

Note 2: **3** Group Europe result above is before one-off items in 2021 and 2020, which represented gain on disposal of tower assets of HK$25.3 billion (2020: HK$16.6 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK$15.5 billion (2020: nil).

Note 3: Due to the completion of disposals of tower assets in 2020 and 2021 as mentioned, the 2020 results were normalised, which exclude the proforma contribution from the tower assets in Sweden, Denmark, Austria and Ireland for full year 2020 and in Italy for July to December 2020 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2020 numbers.

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

Note 5: Under Post-IFRS 16 basis, EBITDA was HK$37,267 million (2020: HK$38,929 million) ; EBIT was HK$12,256 million (2020: HK$16,982 million).

3 Group Europe 's total revenue and margin of HK$86,972 million and HK$60,777 million were both 4% lower against last year in local currencies, primarily due to Italy which remains an intensely competitive market. All the other **3** Group Europe operations reported better or stable total margin. Active customer base as at 31 December 2021 of 38.5 million is flat against 2020 mainly due to lower customer bases in both Italy and the UK where gross additions were impacted, to a certain extent, by the pandemic-related lockdowns, fully offset by net additions in other operations. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved from 1.3% for 2020 to 1.2% for the year.

3 Group Europe's net ARPU and net AMPU improved by 1% and 2% to €13.15 and €11.53 respectively compared to 2020, primarily due to better tariff mix and higher value propositions.

Total data usage increased 28% compared to last year to approximately 7,014 petabytes in 2021. Data usage per active customer was approximately 192.7 gigabytes per user in 2021 compared to 147.7 gigabytes per user in 2020.

3 Group Europe's 2021 results were impacted by the incremental tower service fees. On a normalised basis, EBITDA and EBIT were 5% and 28% lower year-on-year respectively in local currencies, primarily driven by lower total margin as mentioned, partly offset by disciplined spending on operating expenses. **3** Group Europe reported a stable EBITDA margin of 40%, 1%-point lower compared to 2020. Higher depreciation and amortisation against last year was due to continued investments in IT and 5G rollouts, particularly in the UK, as well as spectrum licence spending in the UK and Scandinavia operations, resulted in lower EBIT performance as compared to 2020.

CKHGT - Results by operations

In million	UK GBP		Italy [6] [7] EURO		Sweden [7] SEK		Denmark [7] DKK		Austria [7] EURO	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Total Revenue	**2,444**	2,355	**4,193**	4,654	**6,902**	6,734	**2,272**	2,254	**866**	850
% change	***+4%***		***-10%***		***+2%***		***+1%***		***+2%***	
Total margin	**1,445**	1,436	**3,187**	3,522	**4,351**	4,076	**1,764**	1,737	**638**	618
% change	***+1%***		***-10%***		***+7%***		***+2%***		***+3%***	
Total CACs	**(968)**	(891)	**(290)**	(348)	**(1,233)**	(2,422)	**(227)**	(245)	**(115)**	(116)
Less: Handset Revenue	**772**	682	**203**	268	**769**	1,954	**93**	106	**101**	104
Total CACs (net of handset revenue)	**(196)**	(209)	**(87)**	(80)	**(464)**	(468)	**(134)**	(139)	**(14)**	(12)
Operating Expenses	**(640)**	(674)	**(1,390)**	(1,501)	**(1,724)**	(1,647)	**(920)**	(893)	**(286)**	(267)
Opex as a % of total margin	***44%***	*47%*	***44%***	*43%*	***40%***	*40%*	***52%***	*51%*	***45%***	*43%*
Gain on disposal of tower assets	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
EBITDA	**609**	553	**1,710**	1,941	**2,163**	1,961	**710**	705	**338**	339
% change	***+10%***		***-12%***		***+10%***		***+1%***		**–**	
EBITDA margin % [9]	***36%***	*33%*	***43%***	*44%*	***35%***	*41%*	***33%***	*33%*	***44%***	*45%*
Depreciation & Amortisation	**(448)**	(358)	**(1,049)**	(856)	**(1,272)**	(1,084)	**(464)**	(394)	**(145)**	(145)
EBIT	**161**	195	**661**	1,085	**891**	877	**246**	311	**193**	194
% change	***-17%***		***-39%***		***+2%***		***-21%***		***-1%***	
EBITDA per above	**609**	553	**1,710**	1,941	**2,163**	1,961	**710**	705	**338**	339
Proforma contribution from tower assets	**–**	–	**–**	59	**–**	288	**–**	116	**–**	39
Reported EBITDA	**609**	553	**1,710**	2,000	**2,163**	2,249	**710**	821	**338**	378
% change	***+10%***		***-15%***		***-4%***		***-14%***		***-11%***	
EBIT per above	**161**	195	**661**	1,085	**891**	877	**246**	311	**193**	194
Proforma contribution from tower assets	**–**	–	**–**	53	**–**	249	**–**	104	**–**	32
Reported EBIT	**161**	195	**661**	1,138	**891**	1,126	**246**	415	**193**	226
% change	***-17%***		***-42%***		***-21%***		***-41%***		***-15%***	
Capex (excluding licence)	**(784)**	(764)	**(1,111)**	(990)	**(1,394)**	(1,112)	**(705)**	(209)	**(153)**	(128)
Reported EBITDA less Capex	**(175)**	(211)	**599**	1,010	**769**	1,137	**5**	612	**185**	250
Licence [10]	**(280)**	–	**–**	–	**(492)**	–	**(544)**	–	**–**	(49)
HK dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
EBITDA-pre IFRS 16 basis (HK$)	***6,504***	*5,497*	***15,729***	*17,742*	***1,957***	*1,901*	***877***	*977*	***3,106***	*3,343*
EBITDA-post IFRS 16 basis (HK$)	***7,615***	*6,573*	***21,117***	*22,893*	***2,214***	*2,201*	***986***	*1,156*	***3,323***	*3,779*
EBIT-pre IFRS 16 basis (HK$)	***1,712***	*1,934*	***6,087***	*10,067*	***809***	*950*	***307***	*494*	***1,767***	*1,999*
EBIT-post IFRS 16 basis (HK$)	***1,899***	*2,139*	***6,763***	*10,341*	***831***	*978*	***314***	*510*	***1,813***	*2,084*

	UK		Italy		Sweden		Denmark		Austria	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Total registered customer base (million)	**13.1**	13.1	**20.7**	21.5	**2.4**	2.2	**1.5**	1.5	**3.3**	3.6
Total active customer base (million)	**9.7**	9.7	**19.0**	19.6	**2.3**	2.2	**1.5**	1.4	**2.9**	3.0
Contract customers as a % of the total registered customer base	**62%**	58%	**48%**	48%	**69%**	69%	**57%**	58%	**75%**	74%
Average monthly churn rate of the total contract registered customer base (%)	**1.3%**	1.4%	**1.4%**	1.4%	**1.2%**	1.4%	**1.6%**	1.7%	**0.2%**	0.2%
Active contract customers as a % of the total contract registered customer base	**99%**	99%	**95%**	94%	**100%**	100%	**100%**	100%	**100%**	100%
Active customers as a % of the total registered customer base	**74%**	74%	**92%**	91%	**98%**	97%	**100%**	100%	**87%**	83%
LTE coverage by population (%)	**94%**	94%	**100%**	100%	**95%**	92%	**100%**	100%	**97%**	96%
Full year data usage per active customer (Gigabyte)										

Note 6: Wind Tre's results include fixed line business revenue of €973 million (2020: €1,004 million) and EBITDA of €211 million (2020: €236 million).

Note 7: As the disposals of tower assets in Denmark, Austria and Ireland were completed in December 2020 and in Sweden was completed in January 2021, the 2020 results were normalised, which exclude the proforma contribution from the tower assets for full year 2020 for comparability purpose. Similarly, as the tower assets disposal in Italy was completed in June 2021, the 2020 Italy results exclude the proforma contribution from the tower assets for July to December 2020. The % changes in EBITDA and EBIT are compared against the normalised 2020 numbers.

Note 8: **3** Group Europe results do not include one-off items in 2021 and 2020, which represented gain on disposal of tower assets of HK$25.3 billion (2020: HK$16.6 billion) and non-cash impairment of goodwill of the Group's Italian telecommunication business of HK$15.5 billion (2020: nil).

Ireland (7) EURO		3 Group Europe before one-off (7) (8) HK$				HTHKH HK$		Corporate and Others and one-off (8) HK$		CKHGT HK$		CKHGT EURO	
2021	2020	**2021**	2020			**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
			Normalised	Tower Assets	Reported								
579	593	**86,972**	85,786	13	85,799	**5,385**	4,545	**218**	319	**92,575**	90,663	**10,083**	10,231
-2%		*+1%*				*+18%*		*-32%*		*+2%*		*-1%*	
Local currencies change %		*-4%*								*-3%*			
445	448	**60,777**	60,358	13	60,371	**2,974**	3,151	**38**	41	**63,789**	63,563	**6,946**	7,182
-1%		*+1%*				*-6%*		*-7%*		**–**		*-3%*	
Local currencies change %		*-4%*								*-4%*			
(77)	(89)	**(16,163)**	(16,155)	–	(16,155)	**(562)**	(526)	**–**	–	**(16,725)**	(16,681)	**(1,823)**	(1,875)
76	87	**12,549**	12,683	–	12,683	**395**	345	**–**	–	**12,944**	13,028	**1,411**	1,462
(1)	(2)	**(3,614)**	(3,472)	–	(3,472)	**(167)**	(181)	**–**	–	**(3,781)**	(3,653)	**(412)**	(413)
(256)	(250)	**(27,271)**	(26,952)	1,431	(25,521)	**(1,714)**	(1,629)	**2,242**	(803)	**(26,743)**	(27,953)	**(2,904)**	(3,162)
58%	*56%*	*45%*	*45%*		*42%*	*58%*	*52%*	*N/A*	*N/A*	*42%*	*44%*	*42%*	*44%*
–	–	**–**	–	–	–	**–**	–	**25,259**	16,583	**25,259**	16,583	**2,620**	1,702
–	–	**–**	–	–	–	**–**	–	**(15,472)**	–	**(15,472)**	–	**(1,669)**	–
188	196	**29,892**	29,934	1,444	31,378	**1,093**	1,341	**12,067**	15,821	**43,052**	48,540	**4,581**	5,309
-4%		**–**				*-18%*		*-24%*		*-11%*		*-14%*	
Local currencies change %		*-5%*								*-14%*			
37%	*39%*	*40%*	*41%*		*43%*	*22%*	*32%*			*54%*	*63%*	*53%*	*61%*
(125)	(122)	**(18,633)**	(14,934)	(174)	(15,108)	**(951)**	(845)	**(6)**	(6)	**(19,590)**	(15,959)	**(2,135)**	(1,797)
63	74	**11,259**	15,000	1,270	16,270	**142**	496	**12,061**	15,815	**23,462**	32,581	**2,446**	3,512
-15%		*-25%*				*-71%*		*-24%*		*-28%*		*-30%*	
Local currencies change %		*-28%*								*-30%*			
188	196	**29,892**	29,934										
–	21	**–**	1,444										
188	217	**29,892**	31,378										
-13%		*-5%*											
Local currencies change %		*-9%*											
63	74	**11,259**	15,000										
–	19	**–**	1,270										
63	93	**11,259**	16,270										
-32%		*-31%*											
Local currencies change %		*-34%*											
(114)	(132)	**(23,118)**	(20,255)			**(874)**	(593)	**(20)**	(15)	**(24,012)**	(20,863)	**(2,623)**	(2,296)
74	85	**6,774**	11,123			**219**	748	**12,047**	15,806	**19,040**	27,677	**1,958**	3,013
–	(1)	**(4,237)**	(477)			**(2,040)**	(202)	**–**	–	**(6,277)**	(679)	**(669)**	(74)
1,719	*1,918*	***29,892***	*31,378*			***1,093***	*1,341*	***12,067***	*15,821*	***43,052***	*48,540*	***€4,581***	*€5,309*
2,012	*2,327*	***37,267***	*38,929*			***1,501***	*1,776*	***12,124***	*16,001*	***50,892***	*56,706*	***€5,432***	*€6,229*
577	*826*	***11,259***	*16,270*			***142***	*496*	***12,061***	*15,815*	***23,462***	*32,581*	***€2,446***	*€3,512*
636	*930*	***12,256***	*16,982*			***156***	*507*	***12,118***	*15,995*	***24,530***	*33,484*	***€2,562***	*€3,612*

Ireland		3 Group Europe		HTHKH	
2021	2020	**2021**	2020	**2021**	2020
3.1	2.6	**44.1**	44.5	**4.0**	3.8
3.1	2.6	**38.5**	38.5	**3.2**	3.3
73%	68%	**57%**	56%	**36%**	37%
0.7%	1.0%	**1.2%**	1.3%	**1.2%**	1.1%
100%	100%	**98%**	97%	**100%**	100%
100%	100%	**87%**	87%	**80%**	86%
99%	99%	**–**	–	**90%**	90%
		192.7	147.7	**85.7**	74.0

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

Note 10: 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 100 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 26 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021 and investment for 30 MHz of 1800 MHz spectrum renewed for 15 years from September 2021. 2020 licence cost for Austria represents investment for 20 MHz of 700 MHz spectrum, 30 MHz of 1500 MHz spectrum and 40 MHz of 2100 MHz spectrum acquired in October 2020, and the licence cost for Hong Kong represents investment for 40 MHz of 3500 MHz spectrum acquired in October 2019 for 15 years from April 2020.

Key Business Indicators

Registered Customer Base

	Registered Customers at 31 December 2021 ('000)			Registered Customer Growth (%) from 30 June 2021 to 31 December 2021			Registered Customer Growth (%) from 31 December 2020 to 31 December 2021		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	4,955	8,192	**13,147**	-2%	+5%	**+2%**	-10%	+8%	**–**
Italy (12)	10,808	9,866	**20,674**	-1%	-2%	**-2%**	-3%	-4%	**-4%**
Sweden	729	1,608	**2,337**	+3%	+3%	**+3%**	+7%	+5%	**+6%**
Denmark	646	850	**1,496**	+1%	+1%	**+1%**	+5%	–	**+2%**
Austria	813	2,498	**3,311**	-7%	–	**-2%**	-13%	-4%	**-7%**
Ireland	835	2,312	**3,147**	+3%	+18%	**+13%**	+1%	+29%	**+20%**
3 Group Europe Total	18,786	25,326	**44,112**	-1%	+2%	**+1%**	-5%	+2%	**-1%**
HTHKH	2,539	1,442	**3,981**	+4%	+1%	**+3%**	+6%	+1%	**+4%**

Active (11) Customer Base

	Active Customers at 31 December 2021 ('000)			Active Customer Growth (%) from 30 June 2021 to 31 December 2021			Active Customer Growth (%) from 31 December 2020 to 31 December 2021		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	1,614	8,076	**9,690**	-6%	+4%	**+3%**	-26%	+7%	**–**
Italy (12)	9,678	9,359	**19,037**	-1%	-1%	**-1%**	-3%	-3%	**-3%**
Sweden	680	1,608	**2,288**	+4%	+3%	**+3%**	+9%	+5%	**+6%**
Denmark	641	850	**1,491**	+1%	+1%	**+1%**	+5%	–	**+2%**
Austria	373	2,493	**2,866**	+5%	–	**+1%**	+9%	-4%	**-3%**
Ireland	835	2,312	**3,147**	+3%	+18%	**+13%**	+1%	+29%	**+20%**
3 Group Europe Total	13,821	24,698	**38,519**	-1%	+3%	**+1%**	-5%	+3%	**–**
HTHKH	1,760	1,442	**3,202**	-3%	+1%	**-1%**	-5%	+1%	**-2%**

Note 11: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 12: In addition to the above, Wind Tre has 2.9 million fixed line customers.

12-month Trailing Average Revenue per Active User (13) ("ARPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£6.02	£21.54	**£18.69**	+4%
Italy	€10.36	€12.54	**€11.44**	-3%
Sweden	SEK117.92	SEK302.71	**SEK248.24**	-6%
Denmark	DKK89.28	DKK146.84	**DKK122.26**	–
Austria	€11.38	€22.74	**€21.32**	+4%
Ireland	€14.60	€14.77	**€14.72**	-15%
3 Group Europe Average	€10.35	€19.18	**€15.95**	+1%
HTHKH	HK$9.49	HK$192.27	**HK$91.08**	+3%

12-month Trailing Net Average Revenue per Active User (14) ("Net ARPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£6.02	£14.58	**£13.00**	+2%
Italy	€10.36	€11.26	**€10.81**	-2%
Sweden	SEK117.92	SEK207.78	**SEK181.29**	-2%
Denmark	DKK89.28	DKK136.19	**DKK116.16**	-1%
Austria	€11.38	€19.15	**€18.18**	+6%
Ireland	€14.60	€11.43	**€12.35**	-16%
3 Group Europe Average	€10.35	€14.77	**€13.15**	+1%
HTHKH	HK$9.49	HK$170.60	**HK$81.41**	+4%

12-month Trailing Net Average Margin per Active User (15) ("Net AMPU") to 31 December 2021

	Non-Contract	Contract	**Blended Total**	% Variance compared to 31 December 2020
United Kingdom	£5.44	£12.90	**£11.53**	+4%
Italy	€9.01	€9.72	**€9.36**	–
Sweden	SEK101.78	SEK181.61	**SEK158.08**	-1%
Denmark	DKK74.68	DKK112.32	**DKK96.25**	–
Austria	€9.84	€17.00	**€16.11**	+6%
Ireland	€13.52	€10.48	**€11.36**	-15%
3 Group Europe Average	€9.06	€12.96	**€11.53**	+2%
HTHKH	HK$8.13	HK$148.34	**HK$70.72**	+4%

Note 13: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 14: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 15: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

United Kingdom

3 UK's EBITDA increased by 10% in local currency compared to last year mainly driven by improvements in other margins from MVNOs and stable net customer service margin, together with lower costs associated to acquisition and retention activities due to various lockdowns in the first half of 2021 and other cost efficiency savings, partly offset by increased marketing spend in second half following increased social mobility as restrictions lifted in the UK. EBIT decreased by 17% in local currency compared to last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout.

Italy

On a normalised basis and in local currency, Italy's EBITDA decreased by 12%, mainly due to intense competition resulting in revenue decline by 10%. Wind Tre has implemented various cost savings initiatives, including reduction in customer servicing and sales and distribution expenses, to partially mitigate margin shortfall. Furthermore, during the second half of 2021, net customer service margin has progressively improved compared to the first half. EBIT decreased by 39% due to higher depreciation and amortisation from an enlarged asset base as 5G rollout continues.

Sweden

Sweden, where the Group has 60% interest, on a normalised basis and in local currency, reported full year EBITDA growth of 10% compared to last year, primarily driven by the 7% total margin growth from 6% increase in active customer base, partly offset by higher operating costs incurred from enlarged network base. Full year EBIT was 2% higher than last year as the EBITDA improvement was partly offset by higher depreciation from the ongoing network rollout, as well as higher amortisation from the new spectrum licence acquired in early 2021.

Denmark

Despite the lockdown impact during first half of 2021, the Denmark operation, where the Group has a 60% interest, reported local currency total margin growth of 2% when compared to last year. On a normalised basis, full year EBITDA was 1% higher than last year, primarily driven by total margin growth, partly offset by higher operating costs from the enlarged network base. During the second half of 2021, the operation recognised accelerated depreciation charges from the ongoing network assets swap, resulting in 21% decrease in full year EBIT when compared to last year.

Austria

On a normalised basis and in local currency, Austria's EBITDA is flat and EBIT decreased by 1% compared to 2020, mainly due to higher operating costs from increased data traffic and enlarged network base, as well as certain non-recurring provision release last year, partly offset by 3% total margin growth from 6% increase in net AMPU, higher roaming contribution due to ease of travel restrictions, as well as favourable contribution from MVNO.

Ireland

On a normalised basis and in local currency, EBITDA and EBIT decreased by 4% and 15% respectively compared to 2020 driven by 1% lower total margin mainly due to lower net AMPU from reduced out of bundle spend and the dilutive impact of higher mix of low value Internet of Things (IoT) customers, which more than offsets the base growth, coupled with higher operating costs from the network expansion. EBIT also reflected the higher depreciation and amortisation from an enlarged asset base.

Hutchison Telecommunications Hong Kong Holdings

HTHKH announced its 2021 Post-IFRS 16 profit attributable to shareholders of HK$4 million. On Pre-IFRS 16 basis, EBITDA and EBIT of HK$1,093 million and HK$142 million were 18% and 71% lower respectively when compared with last year. The decrease was mainly due to lower net customer service margin from decline in roaming revenue which reflected full year impact of prolonged travel restrictions, increased network costs associated with investment in advanced 5G technology and its network coverage expansion, and lower interest income from lower deposit rates and cash balances following the distribution of a special interim dividend in September 2021. EBIT also reflected the higher depreciation and amortisation from an enlarged asset base as the operation continues its 5G rollout.

Hutchison Asia Telecommunications

	2021 HK$ million	2020 HK$ million	Change	Local currencies change
Total Revenue	**8,786**	9,147	-4%	-5%
- Indonesia	**7,610**	7,964	-4%	-6%
- Vietnam	**753**	761	-1%	-2%
- Sri Lanka	**423**	422	–	+7%
EBITDA (16)	**2,036**	2,034	–	-1%
- Indonesia	**2,094**	2,051	+2%	+1%
- Vietnam	**19**	29	-34%	-34%
- Sri Lanka	**75**	48	+56%	+67%
- Corporate costs	**(152)**	(94)	-62%	-62%
EBIT (16)	**209**	544	-62%	-63%
- Indonesia	**739**	1,015	-27%	-28%
- Vietnam	**(301)**	(259)	-16%	-15%
- Sri Lanka	**(77)**	(118)	+35%	+31%
- Corporate costs	**(152)**	(94)	-62%	-62%
Total active customer base ('000)	**56,187**	57,018	-1%	
- Indonesia	**39,056**	39,832	-2%	
- Vietnam	**13,240**	12,990	+2%	
- Sri Lanka	**3,891**	4,196	-7%	

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

As of 31 December 2021, HAT had approximately 56.2 million active customer accounts, 1% lower than 2020.

Indonesia operation's 4G network of approximately 32,000 base transceiver stations ("BTS") covered over 37,000 villages as at 31 December 2021. During 2021, market conditions in Indonesia were severely impacted due to the pandemic. Revenue was 6% below 2020 in local currency, primarily driven by declines in both ARPU and active customer accounts. Despite lower revenue, EBITDA was 1% higher than 2020 in local currency, primarily due to certain one-time foreign currency exchange gains recognised in the year, as well as disciplined cost controls and savings initiatives adopted during the pandemic period more than offset the revenue shortfall. EBIT was 28% lower than 2020 in local currency, primarily due to higher depreciation from continued network investments.

In Vietnam, the operation was also under challenge due to severe pandemic situation, particularly in the second half of 2021 with full lockdown imposed. Reported revenue was 2% lower than 2020 in local currency, reflecting the declining ARPU, partly offset by 2% customer base growth. EBITDA and EBIT for 2021 were 34% and 15% below 2020 respectively in local currency, primarily driven by certain foreign exchange gains included in 2020 results, as well as higher depreciation from network expansion projects completed in 2020 and 2021.

For 2021, the Sri Lanka operation reported 7%, 67% and 31% growth in revenue, EBITDA and EBIT respectively in local currency when compared to 2020, reflecting the margin improvement and cost controls.

In January 2022, the Group announced the completion of merger between Hutchison 3 Indonesia ("H3I") and PT Indosat Tbk ("Indosat"). The merged company, Indosat Ooredoo Hutchison ("IOH"), remains listed on the Indonesian Stock Exchange and becomes the second largest telecommunication operator in Indonesia with estimated proforma combined annual revenue of approximately US$3 billion for 2021. The merger is expected to realise annual run rate pre-tax synergies of approximately US$300 - 400 million over the next 3 to 5 years. With the synergies realisation, enhanced scale, financial strength and capabilities needed to accelerate Indonesia's economic growth and transformation into a digital society, the merger will deliver cost efficiencies and facilitate innovation and network enhancement, and to create additional value to all shareholders, customers and for Indonesia. Following the completion of merger on 4 January 2022, H3I was de-consolidated and the Group holds 50% interest in Ooredoo Hutchison Asia Pte. Ltd, which in turn holds 65.6% in IOH.

Husky Energy and Cenovus Energy combine their businesses on 1 January 2021.

Finance & Investments and Others

The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL"), which has a 25.05% interest in TPG Telecom Limited ("TPG"). Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group's 15.8% interest in Cenovus Energy is included under Finance Investments and Others segment. The share of Husky's results for 2020 were also reclassified to this segment to conform with the 2021 presentation.

	2021 (1) HK$ million	2020 (1) HK$ million	Change	Local currencies change
Total Revenue	**72,036**	58,760	+23%	+20%
EBITDA (2)	**5,312**	(8,007)	+166%	+165%
- Underlying	**10,320**	6,797	+52%	+52%
- One-off items	**(5,008)**	(14,804)	+66%	+66%
EBIT (2)	**(1,219)**	(15,409)	+92%	+92%
- Underlying	**3,789**	(605)	+726%	+732%
- One-off items	**(5,008)**	(14,804)	+66%	+66%

Note 1: The share of Husky's results for 2020 were reclassified from Energy division to Finance & Investments and Others segment to conform with 2021 presentation, which included the Group's share of Cenovus Energy Post-IFRS 16 results.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$6,464 million (2020: HK$(6,392) million); EBIT was HK$(1,146) million (2020: HK$(15,141) million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$161,360 million at 31 December 2021. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2021 Annual Report.

In 2021, EBITDA and EBIT in this segment included a one-off net loss of HK$5.0 billion, which comprised a non-cash foreign exchange reserve loss following the energy business merger of HK$3.5 billion and the Group's share of non-cash pre-tax impairment on the energy business' US refinery assets of HK$1.5 billion. This is compared to the one-off net loss of HK$14.8 billion in last year, which comprised the share of impairment and write-downs of the energy business, partly offset by a net dilution gain of HK$10.1 billion arising from the merger of the Australian Telecommunication businesses.

Excluding the one-off items, underlying EBITDA and EBIT grew 52% and 726% respectively from 2020 primarily due to the turnaround contribution from the energy business' underlying operations.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the United Kingdom, and also has 38.46% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialisation of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. HUTCHMED raised additional equity through a private placement in April 2021 and HK IPO listing in June 2021. Correspondingly, CKHH's shareholding was further diluted to 38.46%.

Cenovus Energy

Cenovus Energy is a Canadian-based integrated energy company with shares listed on the Toronto and New York stock exchanges. It operates in Canada, the United States and Asia Pacific region, and is the third largest Canadian oil and natural gas producer, as well as the second largest Canadian-based refiner and upgrader. Following the completion of the merger of Cenovus Energy and Husky Energy in January 2021, Cenovus Energy becomes an associated company of the Group. As at 31 December 2021, the Group held 15.8% interest in Cenovus Energy, together with warrants representing a further 1.1% to 16.9% [3].

TOM Group

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

Marionnaud

Marionnaud had over 780 stores in 9 European markets as of 31 December 2021, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

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

HTAL, share of TPG Telecom Limited

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange ("ASX"), has 25.05% interest of TPG Telecom Limited (formerly known as Vodafone Hutchison Australia or "VHA"), a 50-50 joint venture with Vodafone Group Plc before its merger with TPG Corporation Limited (formerly named TPG Telecom Limited) which became effective on 26 June 2020. Post-merger, TPG Telecom Limited was listed on the ASX on 30 June 2020 and is held 25.05% by HTAL, 25.05% by Vodafone Group Plc and 49.9% by other shareholders.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK$14,659 million, decreased by 3% when compared to last year. The Group's weighted average cost of debt for 2021 was 1.6% (2020: 1.7%).

The Group recorded current and deferred tax charges of HK$9,578 million in 2021, an increase from HK$1,470 million in 2020, primarily reflecting the adverse variance arising from the significant deferred tax credit arising from impairment and other charges of Husky recognised in 2020, as well as higher profit before tax for 2021, partly offset by the favourable net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates in 2021.

Note 3: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Summary

New headwinds to the global economic recovery are emerging with the renewed threat of new variants and movement restrictions, global supply shortages and inflationary pressures. All of which poses operational challenges for the Group's businesses globally. Despite these uncertainties, the Group has proven its strength in adapting to various changes in market conditions during the pandemic, as well as ensuring agility in facing new operational challenges ahead. The Group has continued to successfully execute various transactions aimed at creating value for shareholders, as well as providing strong liquidity and strengthening the Group's overall financial profile. The Group as a matter of policy will maintain its strong financial profile and ensure that all investment activities are consistent with maintaining our current investment grade ratings. I remain confident that our management team will achieve these objectives in the year ahead.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 17 March 2022

Operations Review – Additional Information

Ports and Related Services

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

Name	Location	The Group's Effective Interest	2021 Throughput (100% basis)
			(million TEU)
HPH Trust			
Hongkong International Terminals/ COSCO-HIT Terminals/ Asia Container Terminals	Hong Kong	30.07% / 15.03% / 12.03%	10.0
Yantian International Container Terminals – Phase I and II/ Phase III/ West Port	Mainland China	 16.96% / 15.53% / 15.53%	14.2
Huizhou International Container Terminals	Mainland China	12.42%	0.3
Ancillary Services – Asia Port Services/ Hutchison Logistics (HK)/ Shenzhen Hutchison Inland Container Depots	Hong Kong and Mainland China	 30.07% / 30.07% / 26.02%	–

Name	Location	Hutchison Ports' Effective Interest (1)	2021 Throughput (100% basis)
			(million TEU)
Mainland China and Other Hong Kong			
Shanghai Mingdong Container Terminals/ Shanghai Pudong International Container Terminals	Mainland China	30% / 30%	9.3
Ningbo Beilun International Container Terminals	Mainland China	49%	2.1
River Trade Terminal	Hong Kong	50%	0.9
Ports in Southern China – Nanhai International Container Terminals (2)/ Jiangmen International Container Terminals (2)/ Huizhou Port Industrial Corporation/ Xiamen International Container Terminals/ Xiamen Haicang International Container Terminals	Mainland China	 50% / 50% / 33.59% / 49% / 49%	1.6

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

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

Name	Location	Hutchison Ports' Effective Interest [1]	2021 Throughput (100% basis)
			(million TEU)
Europe			
Europe Container Terminals (ECT)/ Delta Terminal/Delta II Terminal [3], ECT/ Euromax Terminal, ECT/ Amsterdam Container Terminals/TMA logistics	Belgium, Germany and The Netherlands	93.5% / 89.37% / 100% / 60.78% / 100% / 50%	10.2
Hutchison Ports (UK) – Port of Felixstowe/ Harwich International Port/ London Thamesport	United Kingdom	100% / 100% / 80%	3.8
Barcelona Europe South Terminal	Spain	100%	2.5
Gdynia Container Terminal	Poland	100%	0.4
Hutchison Ports Stockholm	Sweden	100%	–
Asia, Australia and Others			
Westports Malaysia	Malaysia	23.55%	10.4
Jakarta International Container Terminal/Koja Terminal	Indonesia	49% / 45.09%	3.0
Hutchison Korea Terminals/Korea International Terminals	South Korea	100% / 88.9%	2.8
Hutchison Laemchabang Terminal/Thai Laemchabang Terminal	Thailand	80% / 87.5%	3.5
Karachi International Container Terminal/South Asia Pakistan Terminals	Pakistan	100% / 90%	1.6
Saigon International Terminals Vietnam	Vietnam	70%	–
Myanmar International Terminals Thilawa	Myanmar	100%	0.2
Brisbane Container Terminals	Australia	100%	0.2
Sydney International Container Terminals	Australia	100%	0.5
Tanzania International Container Terminal Services	Tanzania	60%	0.6
Alexandria International Container Terminals	Egypt	73.33%	0.8
Oman International Container Terminal	Oman	65%	0.7
Hutchison Ajman International Terminals	United Arab Emirates	100%	0.2
Hutchison Ports RAK	United Arab Emirates	60%	0.1
Hutchison Ports UAQ	United Arab Emirates	60%	–
Hutchison Ports Basra	Iraq	51%	–
Internacional de Contenedores Asociados de Veracruz/ Lazaro Cardenas Terminal Portuaria de Contenedores/ Lazaro Cardenas Multipurpose Terminal/ Ensenada International Terminal/ Terminal Internacional de Manzanillo	Mexico	100%	2.8
Buenos Aires Container Terminal Services	Argentina	100%	0.1
Freeport Container Port	The Bahamas	51%	1.7
Panama Ports Company	Panama	90%	3.5

Note 3: Delta II Terminal in the Netherlands was newly acquired in 2021.

Retail

Brand list by Market

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

Note 1: ASW opened its first store in the United Arab Emirates in 2020 and subsequently in Saudi Arabia in 2021 as part of the franchise business with Al-Futtaim.

Infrastructure

CKI Project Profile by Geographical Location

Geographical Location	Company/Project	Type of Business	Shareholding Interest within CKHH Group
Australia	SA Power Networks	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Powercor Australia Limited	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	The CitiPower Trust	Electricity Distribution	CKI: 23.07%; Power Assets: 27.93%
	Australian Gas Networks Limited	Gas Distribution	CKHH: 27.51% [(1)]; CKI: 44.97%; Power Assets: 27.51%
	Australian Energy Operations Pty Ltd.	Electricity Transmission	CKI: 50%; Power Assets: 50%
	CK William Group	Electricity distribution, gas transmission and distribution, and provision of electricity generation solutions	CKI: 40%; Power Assets: 20%
Canada	Canadian Power Holdings Inc.	Electricity Generation	CKI: 50%; Power Assets: 50%
	Park'N Fly	Off-airport Parking	CKHH: 5% [(1)]; CKI: 65%; Power Assets: 10%
	Husky Midstream Limited Partnership	Oil pipelines and storage	CKI: 16.25%; Power Assets: 48.75%
	Reliance	Building Equipment Services	CKI: 25%
Germany	ista	Energy Management Services	CKI: 35%
Hong Kong	Power Assets Holdings Limited ("Power Assets")	Holding company of a 33.37% interest in HKEI, a listed electricity generation and transmission business in HK, and power and utility-related businesses overseas	CKI: 35.96%
	Alliance Construction Materials Limited	Infrastructure Materials	CKI: 50%
	Green Island Cement Company, Limited	Infrastructure Materials	CKI: 100%
	Anderson Asphalt Limited	Infrastructure Materials	CKI: 100%
Mainland China	Green Island Cement (Yunfu) Company Limited	Infrastructure Materials	CKI: 100%
	Guangdong GITIC Green Island Cement Co. Ltd.	Infrastructure Materials	CKI: 66.5%
	Shen-Shan Highway (Eastern Section)	Toll Road	CKI: 33.5%
	Shantou Bay Bridge	Toll Bridge	CKI: 30%
	Panyu Beidou Bridge	Toll Bridge	CKI: 40%
The Netherlands	Dutch Enviro Energy Holdings B.V.	Energy-from-Waste	CKHH: 3.5% [(1)]; CKI: 45.5%; Power Assets: 27%
New Zealand	Wellington Electricity Lines Limited	Electricity Distribution	CKI: 50%; Power Assets: 50%
	Enviro (NZ) Limited	Waste Management	CKI: 100%
The Philippines	Siquijor Limestone Quarry	Infrastructure Materials	CKI: 40%
United Kingdom	UK Power Networks Holdings Limited	Electricity Distribution	CKI: 40%; Power Assets: 40%
	Northumbrian Water Group Limited	Water Supply, Sewerage and Waste Water businesses	CKHH: 4% [(1)]; CKI: 52%, Power Assets: 8%
	Northern Gas Networks Limited	Gas Distribution	CKI: 47.06%; Power Assets: 41.29%
	Wales & West Utilities Limited	Gas Distribution	CKHH: 3% [(1)]; CKI: 39%; Power Assets: 36%
	Seabank Power Limited	Electricity Generation	CKI: 25%; Power Assets: 25%
	Southern Water Services Limited	Water and Wastewater Services	CKI: 1.79%
	UK Rails S.à r.l.	Leasing of Rolling Stock	CKHH: 5% [(1)]; CKI: 65%, Power Assets: 10%

Note 1: Represents CKHH's direct interest.

Telecommunications

Summary of licence investments

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

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

Note 1: Acquired in May 2021.

Note 2: Acquired in January 2021.

Note 3: Expired in October 2021.

Note 4: Acquired in April 2021.

Note 5: Spectrum held by 50/50 joint venture with PCCW.

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

Note 7: The new company from the merger, Indosat Ooredoo Hutchison, needs to return one pair of 2100MHz spectrum to Indonesian government within one year after the merger.

Note 8: Spectrum shared with Viettel Mobile.

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

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

Foreign Currency Exposure

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

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

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

For purposes of illustrating the Group's currency sensitivity, based on the recurring results for 2021, a 10% depreciation of British Pounds would result in a HK$2.5 billion decrease in EBITDA, a HK$0.8 billion decrease in NPAT, HK$1.2 billion decrease in net debt and 0.2%-point increase on net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK$3.1 billion decrease in EBITDA, a HK$1.0 billion decrease in NPAT, HK$12.1 billion decrease in net debt and 0.9%-point decrease on net debt to net total capital ratio. Actual sensitivity will depend on actual results and cash flows for the period under consideration.

Credit Exposure

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

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

Credit Profile

Our long term credit rating from Moody's, S&P and Fitch remained at A2 (stable outlook), A (stable outlook) and A- (stable outlook) respectively. The Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings of A2 on the Moody's Investor Service scale, A on the S&P Rating Services scale and A- on the Fitch Ratings scale. Actual credit ratings may depart from these levels from time to time due to economic circumstances. CK Hutchison Group Telecom Holdings ("CK Hutchison Group Telecom"), a wholly-owned subsidiary of the Group, obtained long term credit rating from Moody's and S&P at Baa1 (stable outlook) and A- (stable outlook) respectively. In December 2021, Fitch Ratings upgraded CK Hutchison Group Telecom's rating from BBB+ (stable outlook) to A- (stable outlook). CK Hutchison Group Telecom will seek to maintain its ratings by applying the same financial disciplines as the Group.

Market Price Risk

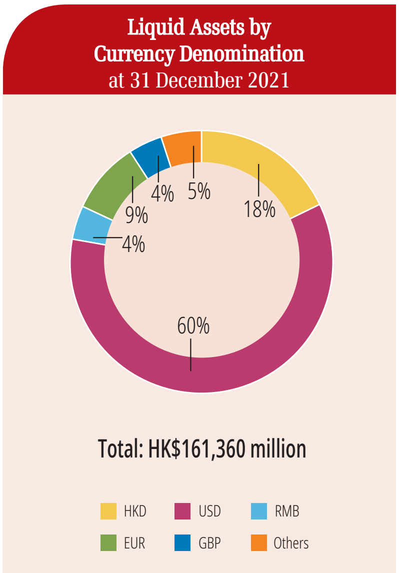
The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 5% (31 December 2020 – approximately 6%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

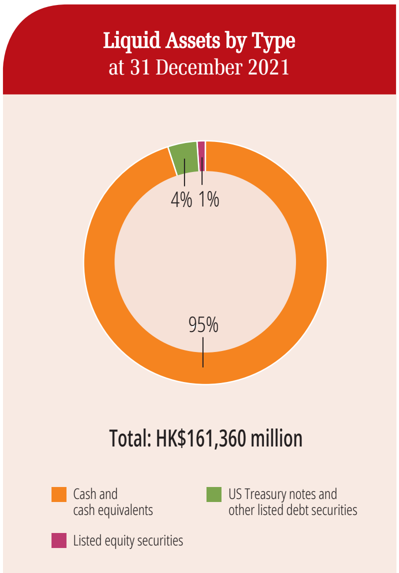
Note 1: Under Post-IFRS 16 basis, EBITDA for 2021 was HK$135,653 million (31 December 2020 – HK$122,348 million).

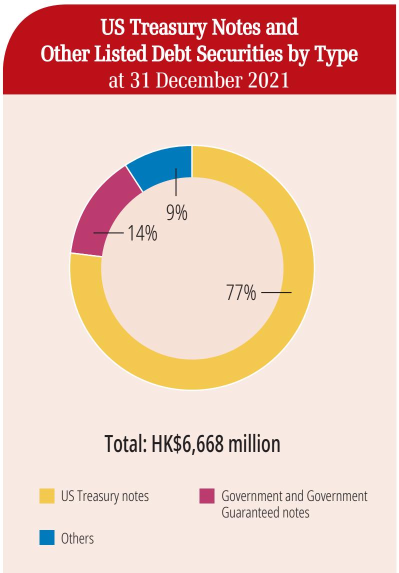
Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 31 December 2021 was HK$166,893 million (31 December 2020 – HK$185,103 million).

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

Group Capital Resources and Liquidity







Liquid Assets

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

Cash and cash equivalents represented 95% (31 December 2020 – 94%) of the liquid assets, US Treasury notes and other listed debt securities 4% (31 December 2020 – 4%) and listed equity securities 1% (31 December 2020 – 2%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 77%, government and government guaranteed notes of 14% and others of 9%. Of these US Treasury notes and other listed debt securities, 99% are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.7 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

EBITDA for 2021 was HK$111,227 million, an increase of 15% compared to HK$96,944 million last year. Consolidated funds from operations [(4)] ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK$54,508 million for 2021, a decrease of 2% against last year of HK$55,543 million.

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

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

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

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

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

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

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(b)(v) and the "Consolidated Statement of Cash Flows" section of this 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 2021 amounted to HK$329,529 million (31 December 2020 – HK$351,837 million) which comprises principal amount of bank and other debts of HK$326,357 million (31 December 2020 – HK$347,953 million) and unamortised fair value adjustments arising from acquisitions of HK$3,172 million (31 December 2020 – HK$3,884 million). The Group's total principal amount of bank and other debts at 31 December 2021 consist of 69% notes and bonds (31 December 2020 – 65%) and 31% bank and other loans (31 December 2020 – 35%). The Group's weighted average cost of debt for the year ended 31 December 2021 is 1.6% (31 December 2020 – 1.7%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK$759 million as at 31 December 2021 (31 December 2020 – HK$798 million).

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

	HK$	US$	Euro	GBP	Others	**Total**
In 2022	1%	10%	4%	–	5%	**20%**
In 2023	1%	3%	16%	1%	1%	**22%**
In 2024	1%	7%	6%	–	1%	**15%**
In 2025	–	–	2%	–	1%	**3%**
In 2026	–	2%	4%	1%	1%	**8%**
In 2027 – 2031	–	11%	9%	2%	–	**22%**
In 2032 – 2041	–	4%	1%	1%	–	**6%**
Beyond 2041	–	4%	–	–	–	**4%**
Total	3%	41%	42%	5%	9%	**100%**

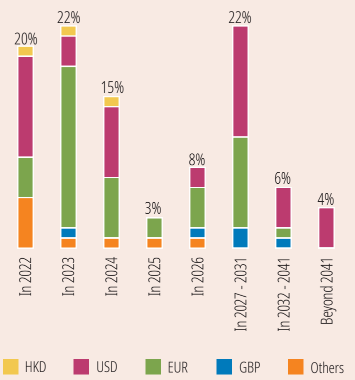
The non-HK dollar and non-US dollar denominated loans are either directly related to the Group's businesses in the countries of the currencies concerned, or the loans are balanced by assets in the same currencies. None of the Group's consolidated borrowings have credit rating triggers that would accelerate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

Note 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for 2021 was HK$51,634 million (31 December 2020 – HK$66,707 million).

Group Capital Resources and Liquidity

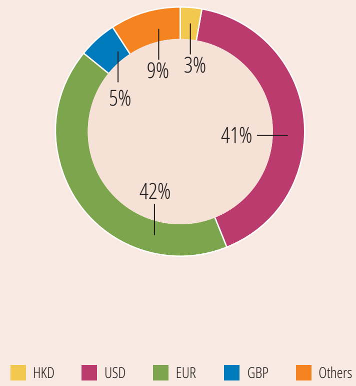
Debt Maturity Profile by Year and Currency Denomination
at 31 December 2021

Total principal amount of bank and other debts:
HK$326,357 million



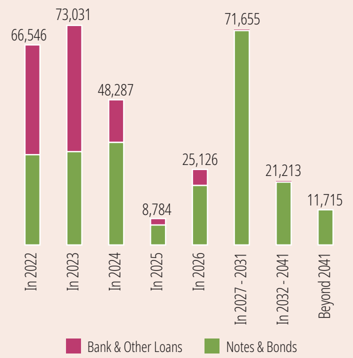
Debt Profile by Currency Denomination
at 31 December 2021

Total principal amount of bank and other debts:
HK$326,357 million



Debt Maturity Profile by Notes & Bonds and Bank & Other Loans
at 31 December 2021

Total principal amount of bank and other debts:
HK$326,357 million



Changes in Debt Financing and Perpetual Capital Securities

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

- In January, prepaid EUR1,650 million (approximately HK$15,527 million) of a floating rate term loan facility of EUR2,100 million maturing in October 2022;
- In March, US$1,200 million (approximately HK$9,360 million) Guaranteed Perpetual Capital Securities issued by OVPH Limited and guaranteed by CKI were redeemed in full;
- In March, obtained two three year floating rate loan facilities of US$50 million (approximately HK$390 million) and US$100 million (approximately HK$780 million) and repaid a floating rate loan facility of US$150 million (approximately HK$1,170 million) on maturity;
- In March, repaid a floating rate loan facility of HK$1,000 million on maturity;
- In March, obtained a three year floating rate loan facility of US$130 million (approximately HK$1,010 million);
- In March, obtained a five year floating rate loan facility of HK$1,000 million and repaid a floating rate term loan of the same amount on maturity;
- In March, obtained a five year floating rate loan facility of EUR260 million (approximately HK$2,410 million);
- In April, prepaid EUR280 million (approximately HK$2,597 million) of a floating rate loan facility maturing in August 2021;
- In April, issued US$500 million (approximately HK$3,900 million) guaranteed notes due 2026 and US$850 million (approximately HK$6,630 million) guaranteed notes due 2031, as well as US$650 million (approximately HK$5,070 million) guaranteed notes due 2041;
- In April, prepaid US$500 million (approximately HK$3,900 million) of a floating rate syndicated loan facility maturing in June 2021;
- In May, obtained a three year floating rate loan facility of AUD100 million (approximately HK$602 million) and a five year floating rate loan facility of AUD100 million (approximately HK$602 million) and repaid two floating rate loan facilities in aggregate amount of AUD200 million (approximately HK$1,204 million) on maturity;
- In May, obtained two three year floating rate term loan facilities of EUR200 million each (approximately HK$3,800 million);
- In May, repaid a floating rate term loan facility of EUR500 million (approximately HK$4,750 million) on maturity;
- In June, prepaid two floating rate loan facilities of US$300 million (approximately HK$2,340 million) and US$250 million (approximately HK$1,950 million) maturing in September 2021 and obtained two three year floating rate term loan facilities of US$250 million (approximately HK$1,950 million) and US$200 million (approximately HK$1,560 million);

- In June, repaid two floating rate term loan facilities in aggregate amount of US$220 million (approximately HK$1,716 million) on maturity;
- In June, US$300 million (approximately HK$2,340 million) guaranteed perpetual capital securities guaranteed by CKI were issued by Cheung Kong Infrastructure Finance (BVI) Limited;
- In July, prepaid EUR450 million (approximately HK$4,172 million) of a floating rate loan facility of EUR2,100 million maturing in October 2022;
- In July, prepaid EUR1,050 million (approximately HK$9,734 million) of a floating rate loan facility of EUR2,100 million maturing in October 2024;
- In July, prepaid EUR100 million (approximately HK$927 million) of a floating rate loan facility maturing in May 2023;
- In July, US$300 million (approximately HK$2,340 million) guaranteed perpetual capital securities guaranteed by CKI were issued by Cheung Kong Infrastructure Finance (BVI) Limited;
- In July, obtained a one year floating rate term loan facility of US$1,800 million (approximately HK$14,040 million);
- In September, repaid HK$2,000 million of a floating rate term loan facility maturing in October 2021;
- In October, repaid US$750 million (approximately HK$5,850 million) principal amount of fixed rate notes on maturity;
- In October, repaid HK$400 million of a fixed rate term loan on maturity;
- In November, repaid EUR1,500 million (approximately HK$13,245 million) principal amount of fixed rate notes on maturity;
- In November, issued EUR500 million (approximately HK$4,415 million) guaranteed notes due 2029 and EUR500 million (approximately HK$4,415 million) guaranteed notes due 2033;
- In November, repaid a club loan facility of US$110 million (approximately HK$858 million) on maturity;
- In November, repaid HK$300 million of a fixed rate term loan on maturity;
- In November, obtained a five year floating rate loan facility of AUD250 million (approximately HK$1,394 million) and repaid a floating rate loan facility of the same amount on maturity; and
- In November, obtained a five year floating rate term loan facility of AUD550 million (approximately HK$3,080 million).

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

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

Capital, Net Debt and Interest Coverage Ratios

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

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

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

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

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

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

Group Capital Resources and Liquidity

Secured Financing

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

Borrowing Facilities Available

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

Contingent Liabilities

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

Risk Factors

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

Global Economy

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

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

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

Industry Trends, Interest Rates and Currency Markets

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

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

COVID-19 Pandemic

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

Several countries' governments and numerous companies have imposed increasingly stringent restrictions to help avoid, or slow down, the spread of the pandemic, including, for example, restrictions on international and local travel, public gatherings and participation in meetings, as well as closures of universities, schools, stores and restaurants, with some countries imposing strict curfews and lockdowns. There can be no assurance that these restrictions will not be extended further on one or more occasions. These measures have led to lockdowns in areas where the Group has operations, and has had and may continue to have an adverse effect in the short to medium term on the Group's operations, particularly the ports and related services and retail operations, among others. Although certain countries have relaxed some restrictions and allowed some businesses to resume operations, there can be no assurance that there will not be new cases of infections and/or that another virus or variant would not appear and there can be no assurance that similar restrictions and lockdowns will not recur.

The Group continues to monitor developments closely as the pandemic develops. The impact of the pandemic on the Group's business will depend on a range of factors which the Group is not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants of COVID-19, and the nature and severity of measures adopted by governments. These factors include, but are not limited to:

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

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

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

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

Cash Flow and Liquidity

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

Currency Fluctuations

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

Highly Competitive Markets

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

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

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

Retail Product Liability

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

Strategic Partners

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

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

Future Growth

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

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

As of 31 December 2021, the Group had a total deferred tax asset balance [(1)] of HK$19,520 million, of which HK$17,928 million were attributable to the CK Hutchison Group Telecom mobile operations. The ultimate realisation of deferred tax assets recognised depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries and locations that CK Hutchison Group Telecom operates, taxation losses may be carried forward indefinitely. In addition, in the UK, the Group benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from its other businesses in the same period. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cash flow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on the Group's financial condition and results of operations.

Completion Risk of Mergers, Acquisitions and Disposals

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

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

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

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU, as well as government-determined tariff resets of the Group's regulated infrastructure assets;
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to the Group's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;

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

- 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.

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

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

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

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

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

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

Accounting

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

Impact of Regulatory Reviews

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

Natural Disasters

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

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

Climate Change

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

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

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

Political Unrest, Terrorist Attacks and Military Tensions

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

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

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

Cyber Security Risks

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

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

Compliance with Data Protection Legislation

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

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

UK's Exit from the EU

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

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

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

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this 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 this 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 this 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 57, 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. He joined Cheung Kong (Holdings) Limited ("Cheung Kong (Holdings)") in 1985 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. The listing status of Cheung Kong (Holdings) on The Stock Exchange of Hong Kong Limited (the "SEHK") was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He was an Executive Director of Hutchison Whampoa Limited ("HWL") since 1995 and Deputy Chairman since 1999 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. 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"). Save and 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 ("LKSGF"), Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference ("CPPCC") of the People's Republic of China. He is also a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region and Vice Chairman of the Hong Kong General Chamber of Commerce. Mr Li is the Honorary Consul of Barbados in Hong Kong. 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.). 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 substantial shareholders of the Company.

FOK Kin Ning, Canning

aged 70, 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. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Fok was an Executive Director of HWL since 1984, Group Managing Director since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. 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 of the Board of Commissioners of PT Indosat Tbk ("PT 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. Mr Fok holds a Bachelor of Arts degree and a Diploma in Financial Management, and is a Fellow of Chartered Accountants Australia and New Zealand.

Frank John SIXT

aged 70, 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. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He was an Executive Director of HWL since 1991, Group Finance Director since 1998 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He 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 member of the Board of Commissioners of PT 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 substantial shareholders of the Company. Mr Sixt 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 69, 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 is an Executive Director and a Deputy Managing Director of CKA. Mr Ip was an Executive Director of Cheung Kong (Holdings) since 1993 and Deputy Managing Director since 2005 until June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. Mr Ip is also 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"). Save and 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 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 75, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He is also an Executive Director and Deputy Managing Director of CKA. Mr Kam was Deputy Managing Director of Cheung Kong (Holdings) since 1993 until June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015 and he was re-designated as Director of Cheung Kong (Holdings) in June 2015. He is also Group Managing Director of CKI and the President of CKLS. Mr Kam was an Executive Director of HWL since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is also Chairman of HXAML as the manager of Hui Xian REIT. Save and 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 holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr Kam 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.

LAI Kai Ming, Dominic

aged 68, 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 Company, 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 since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is a Non-executive Director of HTHKH, a Director of HTAL and a member of the Board of Commissioners of PT Duta Intidaya Tbk ("PTDI"). He is also 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.

Information on Directors

Edith SHIH

aged 70, 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 is also the Company Secretary of the Company and was the Head Group General Counsel of the Company from June 2015 to March 2017. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. Ms Shih is in addition a Non-executive Director of HTHKH, HUTCHMED (China) Limited ("HUTCHMED", formerly known as Hutchison China MediTech Limited) and HPHM as the trustee-manager of HPH Trust as well as a member of the Board of Commissioners 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 the immediate past International President and current member of the Executive Committee of The Chartered Governance Institute ("CGI") as well as a past President of The Hong Kong Chartered Governance Institute ("HKCGI", formerly known as The Hong Kong Institute of Chartered Secretaries) and current chairperson of its Nomination Committee. She is also Chairman of the Process Review Panel for the Financial Reporting Council, a panel member of the Securities and Futures Appeals Tribunal and a member of the Hong Kong-Europe Business Council. 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 84, 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. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 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 is a consultant of Messrs. Herbert Tsoi and Partners, Solicitors. He holds a Master of Laws degree from the University of London. Mr Chow is a director of certain substantial shareholders (within the meaning of the SFO) of the Company and certain companies controlled by substantial shareholders of the Company.

LEE Yeh Kwong, Charles

GBM, GBS, OBE, JP, aged 85, has been a Non-executive Director of the Company since January 2015. Mr Lee was a Non-executive Director of Cheung Kong (Holdings) since 2013 until June 2015. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He was a Director of Cheung Kong (Holdings) during the period from August 1972 to March 1997. Mr Lee was also a Non-executive Director of HWL since 2013 until June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is the President, Chairman of the Board and 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 the solicitor's firm Woo Kwan Lee & Lo, a major law firm in Hong Kong. He 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 Open University of Hong Kong (now known as The Hong Kong Metropolitan University) respectively. Mr Lee is also a Chartered Secretary and Chartered Governance Professional.

George Colin MAGNUS

OBE, BBS, aged 86, 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. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. He was a Non-executive Director of Cheung Kong (Holdings) since November 2005 until June 2015. Mr Magnus was an Executive Director of HWL since 1980 and was re-designated as a Non-executive Director since November 2005 until June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He served as Deputy Chairman of HWL from 1984 to 1993. He is also a Non-executive Director of CKI, an Independent Non-executive Director of HKEIML as the trustee-manager of HKEI, and HKEIL. He holds a Master's degree in Economics from King's College, Cambridge.

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

aged 68, 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 (which was privatised by way of a scheme of arrangement and became a wholly owned subsidiary of the Company since June 2015) from October 1993 to June 2015, Deputy Group Managing Director of HWL from January 1998 to June 2015 and Director of HWL from June 2015 to July 2016. Prior to joining HWL, Mrs Chow was a partner of Woo Kwan Lee & Lo, a major law firm in Hong Kong. Mrs Chow is a Director of HTAL and an Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited. She is also 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 ("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.

CHENG Hoi Chuen, Vincent

GBS, OBE, JP, aged 73, has been an Independent Non-executive Director since June 2015. He has been a member and the Chairman of the Audit Committee of the Company since June 2015 and May 2020 respectively, a member of the Remuneration Committee of the Company since June 2015 and a member of the Nomination Committee of the Company since January 2019. He was an Independent Non-executive Director of HWL since 2014 until June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is an Independent Non-executive Director of Airstar Bank Limited, Great Eagle Holdings Limited, HXAML as manager of Hui Xian REIT, Shanghai Industrial Holdings Limited and Wing Tai Properties Limited. Mr Cheng joined The Hongkong and Shanghai Banking Corporation Limited in 1978 of which he became Chief Financial Officer in 1994, General Manager and an Executive Director in 1995 and Chairman from 2005 to 2010. He was also the Chairman of HSBC Bank (China) Limited from 2007 to 2011, an Executive Director of HSBC Holdings plc from 2008 to 2011 and an adviser to the Group Chief Executive of HSBC Holdings plc from 2011 to 2012. In 2008, Mr Cheng was appointed as a member of the 11th National Committee of the CPPCC of the People's Republic of China and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC of the People's Republic of China. Mr Cheng's previous government advisory roles include being a member of the Executive Council (the Hong Kong government's highest policy-making body) from 1995 to 1997, Hong Kong Affairs Adviser to the People's Republic of China from 1994 to 1997 as well as a member of the Legislative Council of the Hong Kong Government from 1991 to 1995. In 2005, Honorary Doctorates of Social Science and of Business Administration were conferred on Mr Cheng by The Chinese University of Hong Kong and The Open University of Hong Kong (now known as The Hong Kong Metropolitan University) respectively. Mr Cheng holds a Bachelor of Social Science degree in Economics and a Master of Philosophy degree in Economics.

The Hon Sir Michael David KADOORIE

GBS, 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, aged 80, has been an Independent Non-executive Director of the Company since June 2015. He was a Director of HWL since 1995 until July 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is the Chairman of CLP Holdings Limited and The Hongkong and Shanghai Hotels, Limited, as well as Heliservices (Hong Kong) Limited.

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

GBS, SBS, OBE, JP, aged 76, has been an Independent Non-executive Director of the Company since 28 December 2021. 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 Chairman of The Young Entrepreneurs Development Council and the Honorary President and founding member of the Hong Kong Federation of Women. Mrs Leung has always focused on corporate governance and co-founded the Hong Kong Institute of Directors in 1997 to nurture directors of companies listed on the Hong Kong Stock Exchange. She was also the founding Chairperson of the Women's Commission in early 2001 and Vice-Chairman of the United Nation 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 Open University of Hong Kong (now known as The Hong Kong Metropolitan University) and Lingnan University, Hong Kong.

Information on Directors

LEE Wai Mun, Rose

JP, aged 69, has been an Independent Non-executive Director of the Company since June 2015. She was an Independent Non-executive Director of HWL since 2012 until June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. 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.

William Elkin MOCATTA

aged 69, has been an Alternate Director to The Hon Sir Michael David Kadoorie, an Independent Non-executive Director of the Company, since June 2015. He was an Alternate Director to The Hon Sir Michael David Kadoorie, former Independent Non-executive Director of HWL, since 1997 until July 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is the Chairman of CLP Power Hong Kong Limited, CLP Properties Limited and Castle Peak Power Company Limited. He is also the Vice Chairman of CLP Holdings Limited and a Director of The Hongkong and Shanghai Hotels, Limited. He is a Fellow of The Institute of Chartered Accountants in England and Wales.

Paul Joseph TIGHE

aged 65, has been an Independent Non-executive Director of the Company since December 2020 and a member of the Audit Committee of the Company since 13 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 72, has been an Independent Non-executive Director and a member of the Audit Committee and 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) Ltd. ("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.

WONG Yick-ming, Rosanna

DBE, JP, aged 69, 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. The listing status of Cheung Kong (Holdings) on the SEHK was replaced by the Company in March 2015. She was previously an Alternate Director of the Company and Cheung Kong (Holdings). She is currently a member of the 13th National Committee of the CPPCC of the People's Republic of China. She 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"), a 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 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 Hong Kong Institute of Education and University of Toronto in 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 2021 Interim Report or the date of announcement on appointment of Director are set out below:

Directors	Details of Changes
Fok Kin Ning, Canning	Appointed as Deputy President of the Board of Commissioners of PT Indosat (1) on 4 January 2022 Ceased to be member of the Nomination Committee of HTHKH (2) on 28 February 2022
Frank John Sixt	Appointed as member of the Board of Commissioners of PT Indosat (1) on 4 January 2022
Edith Shih	Appointed as member of the Nomination Committee of HTHKH (2) on 28 February 2022
Wong Kwai Lam	Appointed as Advisor of The Chamber of Hong Kong Listed Companies on 1 September 2021

Notes:

(1) A company the shares of which are listed on the Indonesia Stock Exchange

(2) A company the shares of which are listed on the Main Board of the SEHK

In respect of the change in emoluments of Directors, please refer to note 6 to the financial statements on pages 161 and 162.

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

As at 31 December 2021, 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	1,160,195,710 [1]		
	Beneficial owner	Personal interest	220,000		
	Interest of controlled corporations	Corporate interest	4,600,850 [2]		
	Interest of spouse	Family interest	200,000		
	Interest of child	Family interest	205,200 [3]	1,165,421,760	30.3919%
Fok Kin Ning, Canning	Interest of a controlled corporation	Corporate interest	6,011,438 [4]	6,011,438	0.1567%
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%

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%
Cheng Hoi Chuen, Vincent	Beneficial owner	Personal interest	10,000	10,000	0.0002%
Michael David Kadoorie	Founder, a beneficiary and/or a discretionary object of a discretionary trust	Other interest	7,380,860 [7]	7,380,860	0.1924%
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 1,160,195,710 shares of the Company comprise:

(a) 1,003,380,744 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 and 1,077,000 shares are held by LKSF and a wholly owned subsidiary of LKSGF respectively. By virtue of the terms of the constituent documents of LKSF and LKSGF, 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 the general meetings of LKSF and LKSGF.

(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 The Hon Sir Michael David Kadoorie is either the founder, a beneficiary and/or a discretionary object.

(8) The percentages of shareholding in this table were computed based on the number of issued shares of the Company as at 31 December 2021, being 3,834,634,500 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 2021, 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) 153,280 ordinary shares, representing approximately 0.003% of the issued voting shares, in HTHKH held by TUT3 as trustee of UT3; and

(iii) 15,000,000 ordinary shares, representing approximately 15% of the issued voting shares, in Beautiland Company Limited held by a wholly owned subsidiary of TUT1 as trustee of UT1.

As at 31 December 2021, Mr Li Tzar Kuoi, Victor was also deemed to be interested in (i) 7,870,000 share stapled units, representing approximately 0.08% of the issued voting share stapled units, in HKEI and HKEIL of which 5,170,000 share stapled units are held by LKSF and 2,700,000 share stapled units are held by a wholly owned subsidiary of LKSGF; (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) 350,773,499 ordinary shares, representing approximately 7.27% of the issued voting shares, in HTHKH of which 245,546 ordinary shares are held by LKSGF and 350,527,953 ordinary shares are held by LKSF. By virtue of the terms of the constituent documents of LKSF and LKSGF, 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 the general meetings of LKSF and LKSGF.

In addition, Mr Li Tzar Kuoi, Victor had, as at 31 December 2021, 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

(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$38,000,000 in the Subordinated Guaranteed Perpetual Capital Securities issued by CK Hutchison Capital Securities (17) 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 2021, 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 2021, 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 2021, 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 2021, 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 2021, personal interests in (i) 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; and (ii) a nominal amount of US$250,000 in the 4.625% Notes due 2022 issued by Hutchison Whampoa International (11) Limited.

Mr Chow Kun Chee, Roland in his capacity as a beneficial owner had, as at 31 December 2021, 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 2021, 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 2021, 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 2021, 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 2021, 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 2021, 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 2021, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, 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)
	TPG	Chairman[(a)]/Non-executive Director	(4)
Frank John Sixt	HKEIML as trustee-manager of HKEI, and HKEIL	Alternate Director	(3)
	TOM	Non-executive Chairman	(4)
	TPG	Non-executive Director	(4)
Ip Tak Chuen, Edmond	CKA	Deputy Managing Director	(3)
	CKLS	Senior Vice President and Chief Investment Officer	(2)

Directors	Name of Company/ Partnership/ Sole Proprietorship	Interest in the Competing Business	Nature of Competing Business
Kam Hing Lam	CKA	Deputy Managing Director	(3)
	CKLS	President	(2)
Lai Kai Ming, Dominic	TOM	Alternate Director	(4)
Edith Shih	HPHM 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)

Note:

(a) Appointed as Chairman on 26 March 2021

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 57, has been Group Deputy Chief Financial Officer of the Company since June 2015 and was previously the Group Deputy Chief Financial Officer since 2011 of Hutchison Whampoa Limited ("HWL"), which was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the CK Hutchison Holdings Limited group (the "Group") for over 24 years in various finance and accounting roles and has over 33 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 68, 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 75, has been an Executive Director and Deputy Managing Director of the Company since January 2015. He is also an Executive Director and a Deputy Managing Director of CK Asset Holdings Limited ("CKA"). 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 ("Cheung Kong (Holdings)") since 1993 until June 2015. The listing status of Cheung Kong (Holdings) on The Stock Exchange of Hong Kong Limited was replaced by the Company in March 2015 and he was then re-designated as Director of Cheung Kong (Holdings) in June 2015. He was an Executive Director of HWL since 1993 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He is also the Chairman and a Non-executive Director of Hui Xian Asset Management Limited ("HXAML") as the manager of Hui Xian Real Estate Investment Trust. Save and 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. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. 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.

Information on Senior Management

LAI Kai Ming, Dominic

aged 68, 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 Company, 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. He was an Executive Director of HWL since 2000 and was re-designated as Director in June 2015 upon the privatisation of HWL by way of a scheme of arrangement, which became a wholly owned subsidiary of the Company. He 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") and a Director of Hutchison Telecommunications (Australia) Limited ("HTAL"), as well as an Alternate Director to directors of each of HTHKH, HTAL and TOM Group Limited, and a member of the Board of Commissioners 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. He holds a Bachelor of Science (Hons) degree and a Master's degree in Business Administration.

LUI Pok Man, Dennis

aged 71, 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 35 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 36 years of experience in the telecommunications industry. He holds a Bachelor of Science degree.

John Lyon MULCAHY

aged 66, has been Group Treasurer of the Company since June 2015 and was previously the Group Treasurer since January 2015 of HWL, which was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. He has been with the Group since 2000 as Deputy Group Treasurer of HWL and has over 42 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 70, 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 is also the Company Secretary of the Company 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. She was previously the Head Group General Counsel of HWL from 1993 to June 2015 and has been the Company Secretary of HWL since 1997. HWL was privatised by way of a scheme of arrangement in June 2015 and is currently a wholly owned subsidiary of the Company. Ms Shih is in addition a Non-executive Director of HTHKH, HUTCHMED (China) Limited (formerly known as Hutchison China MediTech Limited) and HPHM as the trustee-manager of HPH Trust as well as a member of the Board of Commissioners 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 33 years and has over 35 years of experience in the legal, regulatory, corporate finance, compliance and corporate governance fields. Ms Shih is the immediate past International President and current member of the Executive Committee of The Chartered Governance Institute ("CGI") as well as a past President of The Hong Kong Chartered Governance Institute ("HKCGI", formerly known as The Hong Kong Institute of Chartered Secretaries) and current chairperson of its Nomination Committee. She is also Chairman of the Process Review Panel for the Financial Reporting Council, a panel member of the Securities and Futures Appeals Tribunal and a member of the Hong Kong-Europe Business Council. She holds a Bachelor of Science degree, Master of Arts degrees and a Master of Education degree. 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.

Directors' Report

The Directors have pleasure in submitting to shareholders their report and the audited financial statements for the year ended 31 December 2021.

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 259 to 262.

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 2021 (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 65 to 71 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 in the "Sustainability" section on pages 115 to 118 of the "Corporate Governance Report". All such discussions form part of this report.

GROUP PROFIT

The Consolidated Income Statement is set out on page 124 and shows the Group profit for the year ended 31 December 2021.

DIVIDENDS

An interim dividend of HK$0.8 per share for the first half of 2021 was paid to shareholders in mid September 2021.

The Directors recommended the declaration of a final dividend of HK$1.86 per share payable on Thursday, 9 June 2022 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 25 May 2022, being the record date for determining 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 236 and 237 and the Consolidated Statement of Changes in Equity on pages 128 and 129 respectively.

CHARITABLE DONATIONS

Donations to charitable organisations by the Group during the year amounted to approximately HK$45 million (2020: approximately HK$76 million).

FIXED ASSETS

Particulars of the movements of fixed assets are set out in note 12 to the financial statements on pages 167 and 168.

SHARE CAPITAL

Details of the shares movement during the year are set out in note 32 to the financial statements on page 202.

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 Cheng Hoi Chuen, Vincent, The Hon Sir Michael David Kadoorie, Ms Lee Wai Mun, Rose, Mrs Leung Lau Yau Fun, Sophie, Mr William Elkin Mocatta (Alternate Director to The Hon Sir Michael David Kadoorie), Mr Paul Joseph Tighe, Mr Wong Kwai Lam and Dr Wong Yick-ming, Rosanna.

The following changes to the Board composition were effected during 2021 and prior to the date of this report:

(1) Mr Kwok Tun-li, Stanley retired as an Independent Non-executive Director at the conclusion of the annual general meeting held on 13 May 2021 (the "2021 AGM");

(2) Mr Leung Siu Hon resigned as a Non-executive Director with effect from the conclusion of the 2021 AGM; and

(3) Mrs Leung Lau Yau Fun, Sophie was appointed as an Independent Non-executive Director on 28 December 2021.

Mr Kwok Tun-li, Stanley and Mr Leung Siu Hon have 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.

Mrs Leung Lau Yau Fun, Sophie, who was appointed on 28 December 2021, will hold office until the forthcoming annual general meeting (the "2022 AGM") pursuant to Article 101 of the Articles of Association of the Company and, being eligible, will offer herself for re-election at the 2022 AGM.

Mr Li Tzar Kuoi, Victor, Mr Frank John Sixt, Ms Edith Shih, Mrs Chow Woo Mo Fong, Susan, The Hon Sir Michael David Kadoorie and Ms Lee Wai Mun, Rose will retire by rotation at the 2022 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 as required under 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 111 of the "Corporate Governance Report" for the assessment by the Nomination Committee 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 2022 AGM has a service contract with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

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.

CONTINUING CONNECTED TRANSACTIONS

As announced by the Company on 18 December 2020 (the "Announcement"), the Company entered into with CK Asset Holdings Limited ("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 "2021 CCTs") will help to achieve business continuity and efficiency.

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 2021 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 year ended 31 December 2021 and for the two years ending 31 December 2022 and 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 year ended 31 December 2021 and the two years ending 31 December 2022 and 2023 would not exceed HK$228 million, HK$313 million and HK$313 million respectively.

For the year ended 31 December 2021, the recognised amount of right-of-use assets in respect of the Leasing Transactions was approximately HK$596 million (representing approximately 79% of the annual cap for 2021); and the aggregate amount in respect of the Project Related Supplies Transactions was approximately HK$93 million (representing approximately 41% of the annual cap for 2021).

The internal audit of the Group has reviewed the 2021 CCTs and the relevant internal control procedures in respect of the price negotiation, review and approval, agreement management, reporting and consolidation processes of the 2021 CCTs, and is of the view that satisfactory controls were in place over the 2021 CCTs.

All the Independent Non-executive Directors of the Company, having reviewed the 2021 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 2021 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 2021 CCTs have not been approved by the Board;

(ii) the 2021 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 2021 CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) the aggregate amounts in respect of the 2021 CCTs have exceeded their respective annual caps for 2021 as disclosed in the Announcement.

Related parties transactions of the Group during the year ended 31 December 2021 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 2021 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 78 to 82.

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 2021, 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	1,003,380,744	1,003,380,744 [1]	26.16%
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	1,003,380,744	1,003,380,744 [1]	26.16%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2")	Trustee and beneficiary of a trust	1,003,380,744	1,003,380,744 [1]	26.16%
Li Ka-shing	Interest of controlled corporations	2,736,300)		
	Founder of discretionary trusts	1,160,195,710)	1,162,932,010 [2]	30.32%

Notes:

(1) The three references to 1,003,380,744 shares of the Company relate to the same block of shares of the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 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 1,003,380,744 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) 2,736,300 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 and 1,077,000 shares are held by Li Ka-Shing Foundation Limited ("LKSF") and a wholly owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF") respectively. By virtue of the terms of the constituent documents of LKSF and LKSGF, 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 the general meetings of LKSF and LKSGF.

(b) 1,160,195,710 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 1,160,195,710 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 2021, being 3,834,634,500 shares.

Save as disclosed above, as at 31 December 2021, 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.

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 2021.

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

Particulars of the share repurchases are as follows:

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

Note:

(1) This does not reflect the 100,000 shares repurchased on 22 December 2021 which were cancelled on 18 January 2022. As at the date of this report, the total number of shares of the Company in issue is 3,834,534,500.

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 2021, 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 2021 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the 2022 AGM.

By order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 17 March 2022

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 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 2021 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 Culture

As a multinational conglomerate committed to development, innovation and technology, the Group instils a culture that respects and promotes creativity, opportunities to exchange ideas and cross-fertilisation of innovative advancements and solutions. The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the core values of acting lawfully, ethically and responsibly across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is forward looking, change embracing and competitiveness focused. 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. 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. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, value 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 is increasingly focusing on sustainability and delivering business solutions that support transition to the net-zero economy including the development and adoption of clean tech; circular economy & sustainable sourcing; good health and well-being; and inclusion and diversity. Further information on the sustainability initiatives of the Group and its key relationships with stakeholders can also be found in the standalone Sustainability Report of the Group.

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 18 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 seven Independent Non-executive Directors. Throughout 2021, 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 Kwok Tun-li, Stanley retired from his position as an Independent Non-executive Director with effect from 13 May 2021;
(2) Mr Leung Siu Hon resigned as a Non-executive Director with effect from 13 May 2021; and
(3) Mrs Leung Lau Yau Fun, Sophie was appointed as an Independent Non-executive Director with effect from 28 December 2021.

Biographical details of the Directors are set out in the section of "Information on Directors" on pages 72 to 77 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.

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 2021, the Company held four Board meetings with overall attendance of approximately 97%. All Directors attended the annual general meeting of the Company held on 13 May 2021 (the "2021 AGM") except for one Independent Non-executive Director who did not attend two board meetings and the 2021 AGM due to medical reasons for his late wife and had arranged for his alternate to attend the meetings. The attendance record is set out below:

Directors	Board Meetings Attended/ Eligible to Attend	Attendance at 2021 AGM
Chairman		
Victor T K Li [1] *(Group Co-Managing Director)*	4/4	√
Executive Directors		
Fok Kin Ning, Canning *(Group Co-Managing Director)*	4/4	√
Frank John Sixt *(Group Finance Director and Deputy Managing Director)*	4/4	√
Ip Tak Chuen, Edmond *(Deputy Managing Director)*	4/4	√
Kam Hing Lam [1] *(Deputy Managing Director)*	4/4	√
Lai Kai Ming, Dominic *(Deputy Managing Director)*	4/4	√
Edith Shih	4/4	√
Non-executive Directors		
Chow Kun Chee, Roland [2]	4/4	√
Chow Woo Mo Fong, Susan	4/4	√
Lee Yeh Kwong, Charles	4/4	√
Leung Siu Hon [2][3]	2/2	√
George Colin Magnus	4/4	√
Independent Non-executive Directors		
Kwok Tun-li, Stanley [4]	2/2	√
Cheng Hoi Chuen, Vincent	4/4	√
Michael David Kadoorie	2/4 [5]	–
	(by alternate) 2/4 [5]	*(by alternate)* √
Lee Wai Mun, Rose	4/4	√
Leung Lau Yau Fun, Sophie [6]	N/A	N/A
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) Mr Chow Kun Chee, Roland is a cousin of Mr Leung Siu Hon.

(3) Resigned with effect from the conclusion of the 2021 AGM.

(4) Retired at the conclusion of the 2021 AGM.

(5) The Hon Sir Michael David Kadoorie did not attend the Board meetings held in May and August 2021 and the 2021 AGM due to medical reasons for his late wife. He had arranged for his alternate, Mr William Elkin Mocatta, to attend those meetings albeit the attendance of the alternate is not counted in his attendance record.

(6) Appointed on 28 December 2021.

In addition to Board meetings, in 2021 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.

All Non-executive Directors 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. 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 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.

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 109 to 111 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. 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 remote facilities for attendance. External independent professional advice is also available to all Directors (including Independent Non-executive Directors) whenever deemed necessary. 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).

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 such as seminars, webcasts and relevant 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 18.5 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 9.5 hours undertaken by each Director during the year:

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

Notes:

(1) Resigned with effect from the conclusion of the 2021 AGM.

(2) Retired at the conclusion of the 2021 AGM.

(3) Appointed on 28 December 2021.

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 2021.

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 vision, values and strategy of the Company, takes charge in developing a robust compliance and ethical culture to meet both regulatory and investor expectations, and to ensure the culture and the purpose, value and strategy of the Group are aligned.

The Company Secretary plays a leading role in helping the Company develop and maintain a sound and effective corporate governance framework, in particular, a set of risk management and internal control system 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 report 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 of the Company 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 119 to 123 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.

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 Vincent Cheng with Mr Paul Joseph Tighe (appointed on 13 May 2021) and Mr Wong Kwai Lam as members. Mr Stanley Kwok ceased to be a member of the Audit Committee upon his retirement from the Board on 13 May 2021.

The Audit Committee held four meetings in 2021 with 100% attendance. All members attended the Audit Committee meetings held during 2021.

Members	Attended/Eligible to Attend
Cheng Hoi Chuen, Vincent *(Chairman)*	4/4
Kwok Tun-li, Stanley (1)	2/2
Paul Joseph Tighe (2)	2/2
Wong Kwai Lam	4/4

Notes:

(1) Ceased to be a member upon his retirement from the Board on 13 May 2021.

(2) Appointed as member on 13 May 2021.

Under its terms of reference, the role 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 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 interim and annual financial statements, reviewing the Group's risk management and internal control systems as well as overseeing the relationship between the Company and its external auditors. The Audit Committee 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 2021, the Audit Committee discharged the duties and responsibilities under its terms of reference and the CG Code. The following paragraphs set out a summary of the work performed by the Audit Committee during 2021 and 2022 (up to the date of this report).

During 2021 and 2022 (up to the date of this report), the Audit Committee met with the GFD/DMD and other senior management of the Group to review the interim and annual results, the interim and annual reports and other financial, internal control, corporate governance and risk management matters of the Group. It received, considered and discussed the reports and presentations of Management, the Group's internal auditor and external auditor, PricewaterhouseCoopers ("PwC"), to ensure that the Group's 2020 and 2021 consolidated 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 internal 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. It also met four times during 2021 and two times during 2022 (up to the date of this report) with PwC to consider their reports on the scope, strategy, progress and outcome of its independent review of the 2021 interim financial report and annual audit of the 2020 and 2021 consolidated financial statements. In addition, the Audit Committee held private sessions with PwC and the internal auditor separately without the presence of Management.

During the reported period, the Audit Committee also reviewed the independence of PwC, as well as the objectivity and effectiveness of the audit process. It reviewed the audit fees and the fees for non-audit services payable to PwC. Having considered the performance and independence of PwC, the Audit Committee 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.

To assist the Board in assessing the overall governance, risk management and internal control framework and maintaining effective risk management and internal control systems, in 2021, the Audit Committee also reviewed the process by which the Group evaluated its control environment and managed significant risks (including sustainability risks). It received and considered the risk management report, the composite risk register, the risk heat map as well as the Management presentation on their review with respect to the effectiveness of the risk management and internal control systems of the Group. It also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

In addition, the Audit Committee reviewed, in conjunction with the Group's internal audit, the 2021 work plans and resource requirements, and deliberated on the reports regarding the effectiveness of risk management and internal controls in the business operations 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 2021, 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 August 2021, the Audit Committee also reviewed and recommended to the Board updates to certain corporate governance policies including the Code of Conduct, Anti-Fraud and Anti-Bribery Policy, Whistleblowing Policy, Policy on Securities Dealings and Handling of Confidential and Price-sensitive Inside Information and Shareholders Communication 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. Having considered the multiple channels of communication and engagement in place (see "Relationship with Shareholders and Other Stakeholders" on pages 113 to 115 of this report), the Audit Committee is satisfied that the Shareholders Communication Policy has been properly implemented during 2021 and is effective.

External Auditor

The Audit Committee reviews and monitors the external auditor's independence, objectivity and effectiveness of the audit process. Each year, the Audit Committee receives a letter from the external auditor confirming its independence and objectivity. It holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendation to the Board on the appointment and retention of the 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 the Group's internal auditor 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 2021, PwC fees, amounting to HK$241 million were primarily for audit services and those for non-audit services (which included tax compliance and other tax services, and financial due diligence services) amounted to HK$33 million, representing approximately 12% of the total PwC fees (audit and non-audit).

Audit Report on the Annual Financial Statements

The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2021 have been audited by PwC in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The unqualified auditor's report is set out on pages 119 to 123. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2021 have also been reviewed by the Audit Committee.

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 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 the Group's risk management and internal audit functions.

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.

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 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, their plausible impact and mitigation measures. These measures include instituting additional controls and deploying appropriate insurance instruments to minimise or transfer the impact of risks to the Group's businesses. 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 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 and provides input as appropriate so as to ensure effective risk management in place. Pages 65 to 71 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.

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 internal control system, an internal control self-assessment process is in place, that requires the executive management team and senior management of each core business to review, evaluate and declare the effectiveness of the controls over the operations and devise action plans to address the issues, if any. These assessment results, together with the risk management report as mentioned earlier and the independent assessments by the 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, 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 advisors, 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.

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 imposing requirements on Directors and employees to conduct themselves in compliance with applicable laws, rules and regulations. These policies are reviewed from time to time to ensure their relevance and appropriateness to the Group’s business, 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 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 compliance with 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. It is also the Group’s general policy not to make any form of donation to political associations or individual politicians. Approval from the Group Co-Managing Directors is required for any political contributions by the Group. 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 high 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 concerning the Group. In this regard, the Company has adopted the Whistleblowing Policy. The procedures aim 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.

Anti-Fraud and Anti-Bribery Policy

In its business dealings, the Group does not tolerate any form of 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 incident of bribery, corruption, theft, fraud or similar offences to the GFD/DMD and the General Manager of the Group's internal audit function ("Internal Audit GM") for independent analyses and necessary follow up (see page 108 of this report for more details).

Policy on Appointment of Third Party Representatives

The Group is also committed to promoting anti-corruption practices amongst any third party representatives (such as advisers, agents, consultants, introducers and finders) it engages. 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.

Media, Public Engagement and Donation Policy

The Group places high value on its reputation in the communities and countries where it operates. Employees are required to observe the Media, Public Engagement and Donation Policy to ensure that the market receives timely and accurate information about the Group. The Group Corporate Affairs Department and subsidiary corporate communications/public relations departments are designated to help the Management 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 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 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 Dealing 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 communication 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 inside 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 is allowed). 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 Group Corporate Affairs Department 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 and procedures the Board adopts for the nomination and selection of Directors as well as the approach to achieving diversity. Further details of the policies are provided on page 109 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-related ones), as well as audit and fraud findings which may affect the risk profile of the Group during the year.

Internal audit 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, internal audit maintains a regular dialogue with the Group's external auditor 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 the internal audit function includes financial, IT, operations, business ethics, governance policy and regulatory compliance reviews, recurring and surprise audits, as well as productivity efficiency reviews.

The internal audit function 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 the external auditor 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 2021 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.

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 Mr Vincent Cheng 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.

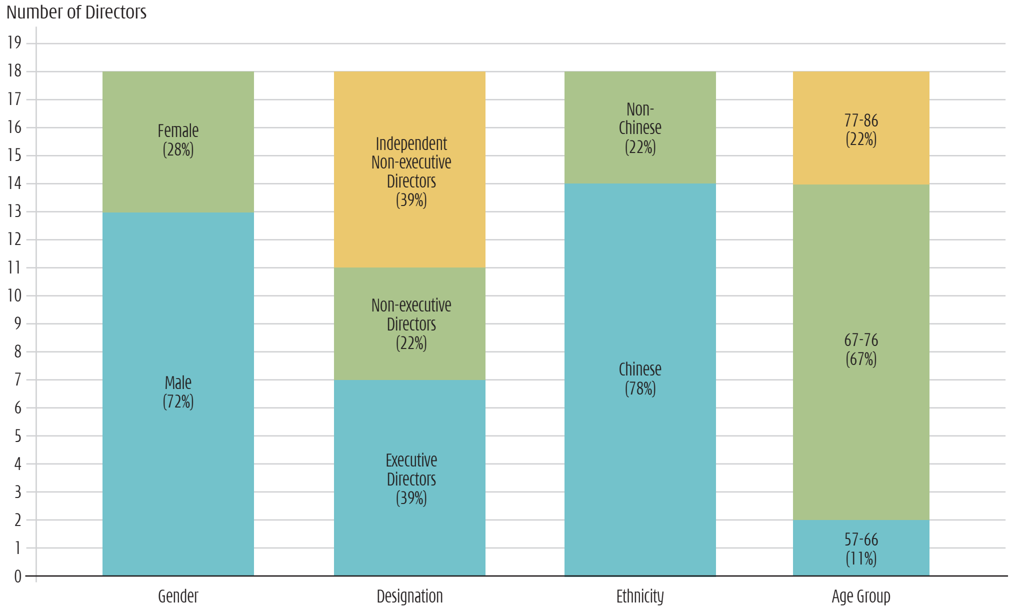
Under the Board Diversity Policy, Board candidates are selected based on merit and the contribution such candidate can bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Group and the benefits 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 following Board Skills Matrix shows a breakdown of the diverse skills set of the Directors.

Board Skills Matrix

Note: The Board comprises 18 Directors.

The following chart shows the diversity profile of the Board as at 31 December 2021:



Gender diversity of the Board stands at a relatively high level (28%, five females out of 18 Directors) amongst companies listed on The Stock Exchange of Hong Kong Limited. The Board 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 2021 Sustainability Report of the Group, which will be published in May 2022.

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, advisors 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.

The Nomination Committee held two meetings in 2021 with 100% attendance.

Members	Attended/Eligible to Attend
Wong Yick-ming, Rosanna *(Chairman)*	2/2
Victor T K Li	2/2
Cheng Hoi Chuen, Vincent	2/2

During 2021, the Nomination Committee reviewed the structure, size and composition (in particular with regard to gender diversity) of the Board, ensuring that it has greater 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. As part of the ongoing initiatives of the Company to promote and prioritise greater diversity on the Board, the Nomination Committee in December 2021 recommended to the Board the appointment of a new Independent Non-executive Director, Mrs Leung Lau Yau Fun, Sophie. The appointment was subject to a stringent nomination 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 Nomination Committee also assessed the independence of all the 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 the 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 2022, 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 2022 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 during 2021. These are determined to be effective.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises four 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 two other Independent Non-executive Directors Mr Vincent Cheng and 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 2021 with 100% attendance.

Members	**Attended/Eligible to Attend**
Wong Yick-ming, Rosanna *(Chairman)*	1/1
Victor T K Li	1/1
Cheng Hoi Chuen, Vincent	1/1
Wong Kwai Lam	1/1

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 2022 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. Prior to the end of the year, the Remuneration Committee reviewed and approved the year end bonus and 2022 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.

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.

2021 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 2021 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]						
Paid by the Company	0.31	4.89	63.50	–	–	68.70
Paid by CK Infrastructure Holdings Limited ("CKI")	0.13	–	29.55	–	–	29.68
	0.44	4.89	93.05	–	–	98.38
FOK Kin Ning, Canning [3]	0.22	11.57	178.97	1.04	–	191.80
Frank John SIXT [3][4]	0.28	8.74	59.95	0.75	–	69.72
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	9.03	–	–	10.87
Paid by CKI	0.10	1.80	11.70	–	–	13.60
	0.32	3.42	20.73	–	–	24.47
KAM Hing Lam						
Paid by the Company	0.22	2.42	8.40	–	–	11.04
Paid by CKI	0.08	4.20	10.73	–	–	15.01
	0.30	6.62	19.13	–	–	26.05
LAI Kai Ming, Dominic [3]	0.22	5.93	57.79	0.48	–	64.42
Edith SHIH [3][4]	0.28	4.58	16.39	0.33	–	21.58
CHOW Kun Chee, Roland [5]	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan [5]	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles [5]	0.22	–	–	–	–	0.22
LEUNG Siu Hon [6]	0.08	–	–	–	–	0.08
George Colin MAGNUS [5]						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun-li, Stanley [7]	0.13	–	–	–	–	0.13
CHENG Hoi Chuen, Vincent [1][2][8][9]	0.44	–	–	–	–	0.44
Michael David KADOORIE [8]	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose [8]	0.22	–	–	–	–	0.22
LEUNG LAU Yau Fun, Sophie [8][10]	–	–	–	–	–	–
Paul Joseph TIGHE [8][9]						
Paid by the Company	0.30	–	–	–	–	0.30
Paid by CKI	0.20	–	–	–	–	0.20
	0.50	–	–	–	–	0.50
WONG Kwai Lam [2][8][9]	0.41	–	–	–	–	0.41
WONG Yick-ming, Rosanna [1][2][4][8]	0.37	–	–	–	–	0.37
Total:	5.39	45.75	446.01	2.60	–	499.75

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 Non-executive Director. Resigned on 13 May 2021.

(7) Former Independent Non-executive Director and member of the Audit Committee. Retired on 13 May 2021.

(8) Independent Non-executive Director. The total emoluments of the Independent Non-executive Directors of the Company are HK$2.29 million (2020: HK$2.14 million).

(9) Member of the Audit Committee.

(10) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.

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

Remuneration Bands*	Number of Individuals
HK$10 million to HK$14 million	1
HK$15 million to HK$19 million	2
HK$20 million to HK$24 million	1
HK$25 million to HK$29 million	1
HK$30 million to HK$34 million	1
HK$60 million to HK$64 million	1

* Rounding to the nearest million.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the year. Through its Executive Directors, the Group Corporate Affairs Department, 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 2021, about 280 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 Shareholders Communication Policy, which is available on the Group's website, sets out the framework in place to promote 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 matter. The Audit Committee is responsible for regular review of the effectiveness and compliance with prevailing regulatory and other requirements of the policy. In August 2021, the Shareholders Communication Policy was updated to elaborate on the multiple avenues available for shareholders to communicate with the Company and vice versa. In February 2022, the Audit Committee reviewed the policy again and considered that the implementation of the policy was effective during 2021 (see "Audit Committee" on page 103 of this report).

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.

The Board is committed to providing 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.

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 Group'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 2021, being the 2021 AGM held on 13 May 2021 at Harbour Grand Kowloon as a hybrid meeting at which shareholders attended both physically and by electronic facilities. The 2021 AGM was attended by all of the Directors (except for one Independent Non-executive Director who did not attend due to medical reasons for his late wife and had arranged for his alternate to attend the 2021 AGM) and the external auditor. The respective chairmen of the Board, Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee all attended the 2021 AGM. Directors are requested and encouraged to attend shareholders' meetings.

Separate resolutions were proposed at the 2021 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 13 May 2021 are set out below:

Resolutions proposed at the 2021 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 2020	99.7652%
2	Declaration of a final dividend	99.6432%
3(a)	Re-election of Mr Ip Tak Chuen, Edmond as a Director	94.8239%
3(b)	Re-election of Mr Lai Kai Ming, Dominic as a Director	94.1585%
3(c)	Re-election of Mr Lee Yeh Kwong, Charles as a Director	93.0012%
3(d)	Re-election of Mr George Colin Magnus as a Director	92.2525%
3(e)	Re-election of Mr Paul Joseph Tighe as a Director	99.3384%
3(f)	Re-election of Dr Wong Yick-ming, Rosanna as a Director	82.9506%
4	Appointment of Auditor and authorisation of Directors to fix the Auditor's remuneration	99.7308%
5(1)	Granting of a general mandate to Directors to issue additional shares of the Company	97.7016%
5(2)	Granting of a general mandate to Directors to repurchase shares of the Company	99.7860%

Accordingly, all resolutions put to shareholders at the 2021 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 2022 and public float capitalisation as at 31 December 2021.

The Group values feedback from shareholders 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 Board receives updates from the Company Secretary and the Head of Group Investor Relations 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 feedback into account.

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.

The Sustainability Committee held two meetings in 2021 with 100% attendance.

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

During 2021, the Sustainability Committee focused on reviewing progress against the actions the Group committed to in the 2020 Sustainability Report. Given the heighted attention of the Group to accelerating progress on its climate strategy, particular focus was centred on assessing the progress of emissions reductions target setting and alignment to science-based methodologies. It also reviewed and approved the 2020 Sustainability Report published in June 2021.

In early 2022, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's sustainability performance and reporting function was examined and considered satisfactory by the Sustainability Committee.

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 and Sustainability Committees for review and approval.

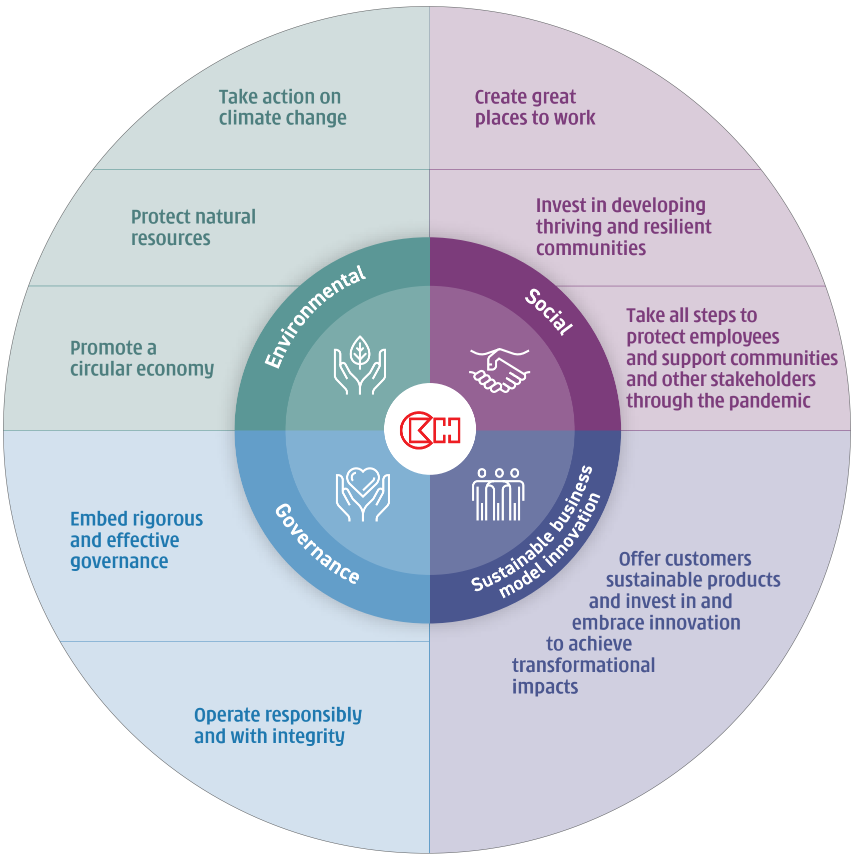
Sustainability Framework

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 nine goals which extend to all core businesses. To ensure focused progress, the Group prioritised the following four goals as Group-wide focus areas, for specific actions to be taken across all core businesses during 2021 and 2022:

- Take action on climate change;
- Create great places to work;
- Take all steps to protect employees and support communities and other stakeholders through the pandemic; and
- Offer customers sustainable products and invest in and embrace innovation to achieve transformational impact.

These priority goals and actions 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.

Group Sustainability Framework



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 corporate 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.

Throughout 2021, 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 conducted a dedicated large-scale investor outreach on sustainability topics to understand key investor priorities with a view to incorporating areas of focus into sustainability strategy development and disclosures of the Group.

Beyond the following sustainability summary of progress, the standalone Sustainability Report of the Group, which will be published in May 2022, will provide more details of the Group's sustainability initiatives and efforts.

Progress

During 2021, the Group dedicated significant efforts to accelerating its climate strategy focusing on developing science-based targets, net-zero pathways and scope 3 footprints.

Having targets validated by the Science Based Target Initiative (SBTi) is seen as the gold standard by the Group. Hong Kong Electric is the first in the Group to have its greenhouse gas emissions reductions target validated by the SBTi in 2017. Also within the Infrastructure division, UK Power Networks is the first distribution network operator in the UK to have its greenhouse gas emission reduction target validated by the SBTi in 2021. CK Hutchison Group Telecom has also finalised its target and is currently awaiting validation by the SBTi. Both the Retail and the Ports division have also enlisted the help of third party carbon experts to finalise science based targets during 2022. A priority for 2022 is to develop a single Group-wide emissions reductions target.

As part of the ongoing efforts to align the climate action strategy to leading practice framework, 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 which will be disclosed in the upcoming Sustainability Report.

To finance or refinance green projects, the Group also launched its inaugural green bond in October 2021 alongside its Sustainable Finance Framework which is available on the corporate website of the Company.

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 2021, the Infrastructure division 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. The Ports division has also been committing major investment in the latest innovations in clean technology, digitisation and automation to develop the smart ports of the future. The Group's ports globally are phasing out their diesel-powered yard cranes, tractors, other terminal vehicles and equipment in favour of electrification and hydrogen fuel-cell alternatives, where available, to drastically cut operational emissions. 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. Lastly, the A.S. Watson brands 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.

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 has been a priority focus area during 2021. 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. Changing a system requires an in-depth understanding of top to bottom and long-term dedicated actions to change traditional approaches. Case in point of how concerted efforts and training to make this a priority can influence change, Northern Gas Networks experienced a 20% rise in the offers made to female applicants in 2021, which led to a quadrupling of its female engineering workforce. To do their part in encouraging more diversity in the technology sector, 3 Ireland announced a partnership with Trinity College Dublin to fund the creation of 25 Three Ireland Scholarships for Women in STEM over five years and two Three Ireland Trinity Access Teacher Fellowships for three years. Recognising leadership approaches to inclusion and diversity, among other awards received across the businesses, both Wind Tre and Superdrug were recognised in the 2021 Financial Times' Diversity Leaders index. Superdrug is celebrated for its expansive programme encompassing six pillars: gender equality, LGBTIQ+, BAME, wellbeing, social mobility and flexibility at work. Wind Tre's proactive approach extends to the inclusion of diversity goals and metrics in management compensation schemes, another step initiated during 2021.

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, the Group internal audit function 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. The Group's compliance with the relevant laws and regulations which have a significant impact on the Group are also provided on pages 105 and 106 of this report.

By order of the Board

Edith Shih
Executive Director and Company Secretary

Hong Kong, 17 March 2022

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 124 to 262, comprise:

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

Our opinion

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

Basis for Opinion

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

Independence

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

Key Audit Matters

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

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

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

Key Audit Matter

Goodwill and brand names with an indefinite useful life

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

The Group has a significant amount of goodwill and brand names with an indefinite useful life arising from various acquisitions. As at 31 December 2021, goodwill amounted to approximately HK$289 billion and brand names with an indefinite useful life amounted to approximately HK$69 billion.

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

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

The Group recognised the impairment of goodwill of approximately HK$15.5 billion relating to the mobile telecommunications business in Italy for the year ended 31 December 2021. Refer to notes 5(b)(xvi) and 16 to the consolidated financial statements for details.

Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned impairment charge of approximately HK$15.5 billion, there is no impairment of goodwill and brand names with an indefinite useful life. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the book amounts of the respective business units including goodwill, brand names with an indefinite useful life and other operating assets.

The significant assumptions are disclosed in notes 15, 16 and 46 to the consolidated financial statements.

How our audit addressed the Key Audit Matter

The procedures to evaluate the Group's assessments of goodwill and brand names with an indefinite useful life included:

- Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of goodwill and brand names with an indefinite useful life and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias;
- Assessing the appropriateness of the valuation methodologies used;
- Testing source data to supporting evidence, such as approved budgets, on a sample basis, and considering the reasonableness of these budgets;
- Assessing the reasonableness of key assumptions used in the estimation of recoverable amounts based on our knowledge of the relevant businesses and industries and with the involvement of our valuations specialists; and
- Performing sensitivity analyses on the key assumptions to evaluate the potential impacts on the recoverable amounts, where we flexed the growth rates and discount rates as these are the key assumptions to which the valuation models are the most sensitive.

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

Key Audit Matters (continued)

Key Audit Matter	*How our audit addressed the Key Audit Matter*
Investments in associated companies and joint ventures *Refer to notes 5(b)(xvii), 17, 18 and 46 to the consolidated financial statements* The Group has significant investments in associated companies and joint ventures, which are accounted for under the equity method. As at 31 December 2021, investments in associated companies and joint ventures amounted to approximately HK$279 billion. Investments in associated companies and joint ventures are subject to impairment assessments when there is an indication of impairment. In carrying out the impairment assessments, significant judgements are required to estimate the recoverable amounts of the Group's investments in the associated companies and the joint ventures, taking into consideration the share of the associated companies' and the joint ventures' future cash flows and a number of other assumptions, including the growth rates to prepare the associated companies' and joint ventures' cash flow projections, and the discount rates to bring the future cash flows back to their present values. Cenovus Energy Inc. ("Cenovus Energy"), a listed associated company of the Group, recorded an impairment charge for the year ended 31 December 2021 as the carrying values of certain of its refinery assets exceeded their recoverable amounts. The Group therefore recognised its share of the impairment charge of Cenovus Energy of approximately HK$1.4 billion for the year ended 31 December 2021. Refer to note 5(b)(xvii) to the consolidated financial statements for details. Based on the results of the impairment assessments conducted, the Group determined that, other than the abovementioned share of impairment charge of Cenovus Energy of approximately HK$1.4 billion, there is no impairment of the Group's investments in associated companies and joint ventures. This judgement is based on recoverable amounts, being the higher of the fair value less costs of disposal and value in use, exceeding the respective book amounts.	The procedures to evaluate the Group's assessments of investments in associated companies and joint ventures included: • Obtaining an understanding of the Group's internal controls and management's assessment process of impairment of investments in associated companies and joint ventures and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias; • Evaluating the Group's assessments as to whether any indication of impairment exists in respect of investments in associated companies and joint ventures; • Assessing the appropriateness of the valuation methodologies used; • Assessing the reasonableness of key assumptions used by management in the estimation of recoverable amounts of those investments in associated companies or joint ventures with impairment indicators, including the growth rates and discount rates; and comparing cash flow projections to supporting evidence, such as approved budgets; and • Performing sensitivity analyses on the key assumptions, including the growth rates and discount rates, to evaluate the potential impacts on the recoverable amounts. We found the assumptions adopted in relation to the impairment assessments to be supportable and reasonable based on available evidence.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2022

Consolidated Income Statement

for the year ended 31 December 2021

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

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

See note 44.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2021

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

See note 44.

Consolidated Statement of Financial Position

at 31 December 2021

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

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

See note 44.

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

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

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

\# See note 44.
(a) See note 32(a) for details on share capital and share premium.
(b) See note 33 for details on reserves.
(c) See note 33(b).

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

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

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

See note 44.

Notes to the Financial Statements

1 General information

CK Hutchison Holdings Limited (the "Company") is a company incorporated in the Cayman Islands with limited liability and the shares of the Company are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") as at and for the year ended 31 December 2021 (the "Annual Financial Statements") were authorised for issue by the Company's board of directors on 17 March 2022.

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

2 Use of judgements, assumptions and estimates

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

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

3 Basis of preparation

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

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

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

4 Revenue

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

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

4 Revenue (continued)

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

(i) By segments *

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

	Revenue from contracts with customers recognised at a point in time HK$ million	Revenue from contracts with customers recognised over time HK$ million	Subtotal HK$ million	Revenue from other sources HK$ million	2020 Total HK$ million
Ports and Related Services	–	24,926	24,926	157	25,083
Retail	121,284	64	121,348	–	121,348
Infrastructure	3,866	–	3,866	3,480	7,346
Telecommunications					
CK Hutchison Group Telecom					
3 Group Europe	*13,047*	*72,736*	*85,783*	*4*	*85,787*
Hutchison Telecommunications Hong Kong Holdings	*1,260*	*3,285*	*4,545*	*–*	*4,545*
Corporate and Others	*2*	*56*	*58*	*143*	*201*
	14,309	76,077	90,386	147	90,533
Hutchison Asia Telecommunications	–	9,146	9,146	1	9,147
Finance & Investments and Others	10,865	162	11,027	1,912	12,939
	150,324	110,375	260,699	5,697	266,396

* See note 5 for operating segment information.

4 Revenue (continued)

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

(ii) By geographical locations *

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

	Revenue from contracts with customers			Revenue from other sources	2020 Total
	recognised at a point in time	recognised over time	Subtotal		
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Hong Kong	30,336	3,227	33,563	230	33,793
Mainland China	24,082	359	24,441	17	24,458
The People's Republic of China	54,418	3,586	58,004	247	58,251
Europe	60,430	82,709	143,139	2,540	145,679
Canada	–	–	–	236	236
Asia, Australia and Others	24,611	23,918	48,529	762	49,291
	85,041	106,627	191,668	3,538	195,206
	139,459	110,213	249,672	3,785	253,457
Finance & Investments and Others	10,865	162	11,027	1,912	12,939
	150,324	110,375	260,699	5,697	266,396

* See note 5 for operating segment information.

4 Revenue (continued)

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

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

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

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

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

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

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

(d) Transaction price allocated to the remaining performance obligations

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

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

5 Operating segment information

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

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

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

Ports and Related Services:

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

Retail:

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

Infrastructure:

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

Telecommunications:

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

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

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

5 Operating segment information (continued)

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

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

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

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

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

5 Operating segment information (continued)

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

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

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) (xiv)							
	Company and Subsidiaries HK$ million	**Associates and JV HK$ million**	**2021 Total HK$ million**	**%**	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	**9,021**	**6,136**	**15,157**	**13%**	7,672	3,242	10,914	12%
Retail	**11,633**	**4,401**	**16,034**	**14%**	11,108	3,289	14,397	15%
Infrastructure	**3,345**	**26,291**	**29,636**	**27%**	3,574	25,492	29,066	30%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe	***29,892***	**–**	***29,892***	***27%***	*31,377*	*1*	*31,378*	*32%*
Hutchison Telecommunications Hong Kong Holdings	***1,036***	***57***	***1,093***	***1%***	*1,278*	*63*	*1,341*	*1%*
Corporate and Others (xvi)	***12,067***	**–**	***12,067***	***11%***	*15,824*	*(3)*	*15,821*	*17%*
	42,995	**57**	**43,052**	**39%**	48,479	61	48,540	50%
Hutchison Asia Telecommunications	**2,036**	**–**	**2,036**	**2%**	2,034	–	2,034	2%
Finance & Investments and Others (xvii) (xviii) (xix)	**(3,928)**	**9,240**	**5,312**	**5%**	13,143	(21,150)	(8,007)	-9%
EBITDA	**65,102**	**46,125**	**111,227**	**100%**	86,010	10,934	96,944	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	**–**	**984**	**984**		–	740	740	
EBITDA ^	**65,102 ^**	**47,109 ^**	**112,211 ^**		86,010 ^	11,674 ^	97,684 ^	
Depreciation and amortisation	**(27,617)**	**(19,140)**	**(46,757)**		(23,550)	(19,812)	(43,362)	
Interest expenses and other finance costs	**(7,075)**	**(7,584)**	**(14,659)**		(7,166)	(7,973)	(15,139)	
Current tax	**(4,031)**	**(3,600)**	**(7,631)**		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	**1,771**	**(3,718)**	**(1,947)**		(431)	6,518	6,087	
Non-controlling interests	**(7,063)**	**(654)**	**(7,717)**		(8,240)	(473)	(8,713)	
	21,087	**12,413**	**33,500**		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBITDA ^	**21,353 ^**	**3,073 ^**	**24,426 ^**		22,073 ^	3,331 ^	25,404 ^	
Depreciation and amortisation	**(17,639)**	**(2,713)**	**(20,352)**		(18,108)	(2,846)	(20,954)	
Interest expenses and other finance costs	**(3,533)**	**(649)**	**(4,182)**		(3,684)	(768)	(4,452)	
Current tax	**2**	**–**	**2**		19	–	19	
Deferred tax	**28**	**(13)**	**15**		114	26	140	
Non-controlling interests	**75**	**–**	**75**		(14)	–	(14)	
	21,373	**12,111**	**33,484**		43,019	(13,876)	29,143	
^ Reconciliation to Post-HKFRS 16 basis EBITDA :								
Pre-HKFRS 16 basis EBITDA per above	**65,102**	**47,109**	**112,211**		86,010	11,674	97,684	
HKFRS 16 impact per above	**21,353**	**3,073**	**24,426**		22,073	3,331	25,404	
Post-HKFRS 16 basis EBITDA (see note 34(a)(i))	**86,455**	**50,182**	**136,637**		108,083	15,005	123,088	

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) (xv)							
	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2021 Total HK$ million	%	Company and Subsidiaries HK$ million	Associates and JV HK$ million	2020 Total HK$ million	%
Ports and Related Services	6,058	4,679	10,737	17%	4,793	1,924	6,717	12%
Retail	8,899	3,561	12,460	19%	8,434	2,499	10,933	20%
Infrastructure	3,013	16,082	19,095	30%	3,206	15,282	18,488	34%
Telecommunications								
CK Hutchison Group Telecom								
3 Group Europe								
EBITDA before the following non-cash items:	29,892	–	29,892		31,377	1	31,378	
Depreciation	(10,728)	–	(10,728)		(9,237)	–	(9,237)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(7,905)	–	(7,905)		(5,871)	–	(5,871)	
EBIT – **3** Group Europe	11,259	–	11,259	17%	16,269	1	16,270	30%
Hutchison Telecommunications Hong Kong Holdings	130	12	142	–	479	17	496	1%
Corporate and Others (xvi)	12,061	–	12,061	19%	15,818	(3)	15,815	30%
	23,450	12	23,462	36%	32,566	15	32,581	61%
Hutchison Asia Telecommunications	209	–	209	–	544	–	544	1%
Finance & Investments and Others (xvii) (xviii) (xix)	(4,144)	2,925	(1,219)	-2%	12,917	(28,326)	(15,409)	-28%
EBIT (LBIT)	37,485	27,259	64,744	100%	62,460	(8,606)	53,854	100%
Portion attributable to:								
Non-controlling interests of HPH Trust	–	710	710		–	468	468	
EBIT (LBIT) ^	37,485 ^	27,969 ^	65,454 ^		62,460 ^	(8,138) ^	54,322 ^	
Interest expenses and other finance costs	(7,075)	(7,584)	(14,659)		(7,166)	(7,973)	(15,139)	
Current tax	(4,031)	(3,600)	(7,631)		(4,004)	(3,553)	(7,557)	
Deferred tax credit (charge)	1,771	(3,718)	(1,947)		(431)	6,518	6,087	
Non-controlling interests	(7,063)	(654)	(7,717)		(8,240)	(473)	(8,713)	
	21,087	12,413	33,500		42,619	(13,619)	29,000	
HKFRS 16 impact								
EBIT ^	3,714 ^	360 ^	4,074 ^		3,965 ^	485 ^	4,450 ^	
Interest expenses and other finance costs	(3,533)	(649)	(4,182)		(3,684)	(768)	(4,452)	
Current tax	2	–	2		19	–	19	
Deferred tax	28	(13)	15		114	26	140	
Non-controlling interests	75	–	75		(14)	–	(14)	
	21,373	12,111	33,484		43,019	(13,876)	29,143	
^ Reconciliation to Post-HKFRS 16 basis EBIT (LBIT) :								
Pre-HKFRS 16 basis EBIT (LBIT) per above	37,485	27,969	65,454		62,460	(8,138)	54,322	
HKFRS 16 impact per above	3,714	360	4,074		3,965	485	4,450	
Post-HKFRS 16 basis EBIT (LBIT)	41,199	28,329	69,528		66,425	(7,653)	58,772	

5 Operating segment information (continued)

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

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

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

5 Operating segment information (continued)

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

(v) An analysis of capital expenditure by segments

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

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

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

5 Operating segment information (continued)

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

(vii) An analysis of total liabilities by segments

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

5 Operating segment information (continued)

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

(viii) An analysis of revenue by geographical locations

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

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

(ix) An analysis of EBITDA by geographical locations

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

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

5 Operating segment information (continued)

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

(x) An analysis of EBIT by geographical locations

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

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

5 Operating segment information (continued)

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

(xi) An analysis of capital expenditure by geographical locations

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

5 Operating segment information (continued)

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

(xii) An analysis of total assets by geographical locations

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

5 Operating segment information (continued)

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

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

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

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

An analysis of EBITDA by segments

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

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

5 Operating segment information (continued)

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

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

An analysis of EBITDA by geographical locations

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

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

5 Operating segment information (continued)

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

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

An analysis of EBIT by segments

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

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

5 Operating segment information (continued)

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

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

An analysis of EBIT by geographical locations

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

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

5 Operating segment information (continued)

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

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

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

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

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

5 Operating segment information (continued)

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

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

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

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

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

5 Operating segment information (continued)

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

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

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

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

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

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

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

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

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

(xxiv) See note 25.

5 Operating segment information (continued)

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

(i) Consolidated Income Statement

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

5 Operating segment information (continued)

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

(ii) Consolidated Statement of Comprehensive Income

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

5 Operating segment information (continued)

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

(iii) Consolidated Statement of Financial Position

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

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows

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

5 Operating segment information (continued)

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

(iv) Consolidated Statement of Cash Flows (continued)

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

6 Directors' emoluments

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

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

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

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

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

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

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

6 Directors' emoluments (continued)

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

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
	2020					
Victor T K LI (1) (2)						
Paid by the Company	0.28	4.89	55.21	–	–	60.38
Paid by CKI	0.10	–	25.93	–	–	26.03
	0.38	4.89	81.14	–	–	86.41
FOK Kin Ning, Canning (3)	0.22	11.56	153.22	1.04	–	166.04
Frank John SIXT (3) (4)	0.25	8.66	99.96	0.75	–	109.62
IP Tak Chuen, Edmond						
Paid by the Company	0.22	1.62	7.85	–	–	9.69
Paid by CKI	0.08	1.80	10.26	–	–	12.14
	0.30	3.42	18.11	–	–	21.83
KAM Hing Lam						
Paid by the Company	0.22	2.42	7.30	–	–	9.94
Paid by CKI	0.08	4.20	9.42	–	–	13.70
	0.30	6.62	16.72	–	–	23.64
LAI Kai Ming, Dominic (3)	0.22	5.94	50.25	0.48	–	56.89
Edith SHIH (3) (4)	0.25	4.58	14.25	0.33	–	19.41
CHOW Kun Chee, Roland (5)	0.22	–	–	–	–	0.22
CHOW WOO Mo Fong, Susan (5)	0.22	–	–	–	–	0.22
LEE Yeh Kwong, Charles (5)	0.22	–	–	–	–	0.22
LEUNG Siu Hon (5)	0.22	–	–	–	–	0.22
George Colin MAGNUS (5)						
Paid by the Company	0.22	–	–	–	–	0.22
Paid by CKI	0.08	–	–	–	–	0.08
	0.30	–	–	–	–	0.30
KWOK Tun–li, Stanley (8) (9)	0.35	–	–	–	–	0.35
CHENG Hoi Chuen, Vincent (1) (2) (8) (9)	0.41	–	–	–	–	0.41
Michael David KADOORIE (8)	0.22	–	–	–	–	0.22
LEE Wai Mun, Rose (8)	0.22	–	–	–	–	0.22
William SHURNIAK (11)	0.21	–	–	–	–	0.21
Paul Joseph TIGHE (8) (12)	–	–	–	–	–	–
WONG Chung Hin (13)	0.15	–	–	–	–	0.15
WONG Kwai Lam (2) (8) (9) (14)	0.26	–	–	–	–	0.26
WONG Yick–ming, Rosanna (1) (2) (4) (8)	0.32	–	–	–	–	0.32
Total	5.24	45.67	433.65	2.60	–	487.16

(1) Member of the Nomination Committee.

(2) Member of the Remuneration Committee.

(3) Directors' fees to these Directors from the Company's listed subsidiaries during the period they served as directors have been paid to the Company and are not included in the amounts above.

(4) Member of the Sustainability Committee.

(5) Non–executive Director.

(6) Former Non–executive Director. Resigned on 13 May 2021.

(7) Former Independent Non–executive Director and member of the Audit Committee. Retired on 13 May 2021.

(8) Independent Non–executive Director. The total emoluments of the Independent Non–executive Directors of the Company are HK$2.29 million (2020: HK$2.14 million).

(9) Member of the Audit Committee.

(10) Appointed on 28 December 2021. The amount of director's fee shown above is a result of rounding.

(11) Former Independent Non–executive Director and member of the Audit Committee and Nomination Committee. Passed away on 9 August 2020.

(12) Appointed on 28 December 2020. The amount of director's fee shown above is a result of rounding.

(13) Former Independent Non–executive Director and member of the Audit Committee, Nomination Committee and Remuneration Committee. Retired on 14 May 2020.

(14) Appointed on 14 May 2020.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 Interest expenses and other finance costs

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

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

9 Tax

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

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

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

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

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

10 Earnings per share for profit attributable to ordinary shareholders

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

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

11 Distributions and dividends

(a) Distribution paid on perpetual capital securities

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

(b) Dividends

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

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

12 Fixed assets

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

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

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

12 Fixed assets (continued)

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

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

13 Leases

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

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

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

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

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

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

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

(d) Group as lessee – other lease disclosure

Variable lease payments

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

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

13 Leases (continued)

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

Extension and termination options

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

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

Residual value guarantees

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

Leases not yet commenced to which the lessee is committed

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

Restriction or covenants imposed by leases

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

(e) Group as lessor

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

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

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

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

14 Telecommunications licences

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

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

15 Brand names and other rights

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

15 Brand names and other rights (continued)

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

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

16 Goodwill

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

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

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

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

16 Goodwill (continued)

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

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

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

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

17 Associated companies

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

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

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

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

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

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

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

17 Associated companies (continued)

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

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

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

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

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

(b) Material associated companies

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

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

17 Associated companies (continued)

(b) Material associated companies (continued)

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

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

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

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

18 Interests in joint ventures

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

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

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

18 Interests in joint ventures (continued)

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

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

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

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

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

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

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

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

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

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

19 Deferred tax

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

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

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

Analysis of net deferred tax assets (liabilities):

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

19 Deferred tax (continued)

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

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

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

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

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

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

20 Liquid funds and other listed investments

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

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

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

20 Liquid funds and other listed investments (continued)

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

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

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

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

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

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

21 Other non-current assets

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

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

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

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

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

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

22 Investment properties

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

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

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

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

23 Cash and cash equivalents

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

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

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

24 Trade receivables and other current assets

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

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

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

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

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

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

24 Trade receivables and other current assets (continued)

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

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

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

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

24 Trade receivables and other current assets (continued)

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

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

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

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

25 Assets and liabilities classified as held for sale

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

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

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

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

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

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

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

26 Bank and other debts

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

26 Bank and other debts (continued)

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

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

^ HIBOR represents the Hong Kong Interbank Offered Rate

26 Bank and other debts (continued)

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

(a) By year of repayment

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

(b) By secured and unsecured borrowings

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

26 Bank and other debts (continued)

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

(c) By borrowings at fixed and floating interest rate

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

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

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

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

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

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

26 Bank and other debts (continued)

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

(e) By currency

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

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

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

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

27 Trade payables and other current liabilities

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

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

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

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

28 Provisions

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

Provisions are analysed as:

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

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

29 Interest bearing loans from non-controlling shareholders

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

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

30 Pension plans

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

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

(a) Defined benefit plans

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

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

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

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

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

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

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets (continued)

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

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

(ii) Defined benefit obligation

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

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

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

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

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

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

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

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

(b) Defined contribution plans

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

31 Other non-current liabilities

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

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

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

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

(a) Share capital and share premium

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

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

(b) Perpetual capital securities

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

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

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

(c) Capital management

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

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

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

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

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

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

33 Reserves

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

33 Reserves (continued)

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

33 Reserves (continued)

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

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

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

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

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

34 Notes to consolidated statement of cash flows

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

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

34 Notes to consolidated statement of cash flows (continued)

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

(i) Reconciliation of EBITDA:

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

(b) Changes in working capital

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

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

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

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

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

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

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

34 Notes to consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

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

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

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

34 Notes to consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

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

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

35 Share-based payments

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

36 Pledge of assets

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

37 Contingent liabilities and guarantees

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

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

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

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

38 Commitments

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

Capital commitments

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

39 Related parties transactions

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

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

40 Legal proceedings

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

41 Financial risk management

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

(a) Cash management and funding

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

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

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

41 Financial risk management (continued)

(b) Interest rate exposure

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

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

(c) Foreign currency exposure

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

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

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

(d) Credit exposure

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

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

(e) Market price risk

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

(f) Market risks sensitivity analyses

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis

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

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

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

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

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

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

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(ii) Foreign currency exchange rate sensitivity analysis

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

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

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

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

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

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

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

41 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

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

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

(iii) Other price sensitivity analysis

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

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

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

- financial assets at FVOCI (see note 20)

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

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ million	After 1 year, but within 5 years HK$ million	After 5 years HK$ million	Total undiscounted cash flows HK$ million	Difference from carrying amounts HK$ million	Carrying amounts HK$ million
At 31 December 2021						
Trade payables	23,382	–	–	23,382	–	23,382
Expenses and other accruals	40,636	–	–	40,636	–	40,636
Other payables	17,775	–	–	17,775	–	17,775
Interest free loans from non-controlling shareholders	427	–	–	427	–	427
Lease liabilities	17,688	42,075	51,213	110,976	(25,897)	85,079
Bank loans	36,309	63,006	–	99,315	(349)	98,966
Other loans	4	182	65	251	–	251
Notes and bonds	30,030	91,568	103,917	225,515	1,067	226,582
Interest bearing loans from non-controlling shareholders	759	–	–	759	–	759
Obligations for telecommunications licences and other rights	4,587	4,818	3,824	13,229	(1,671)	11,558
Liabilities relating to the economic benefits agreements	–	2,166	–	2,166	–	2,166
Amounts due to associated companies	567	–	–	567	–	567
Amounts due to joint ventures	381	–	–	381	–	381
	172,545	203,815	159,019	535,379	(26,850)	508,529

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

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

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

41 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

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

41 Financial risk management (continued)

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

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

(i) Hedge accounting

(i) Fair value hedges

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(i) Fair value hedges (continued)

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

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

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
	2021			Carrying amount of derivatives included in			
Forward foreign exchange contracts maturing in							
2022	0.95	US$ 13	101	2	–	–	–

Hedged items	Change in value used for calculating hedge ineffectiveness	Surplus (deficit) in hedging reserve for continuing hedges	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied
	2021		
	HK$ million	HK$ million	HK$ million
Interest rate risk	(267)	136	–
Foreign exchange risk	(2,220)	221	–

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges (continued)

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

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

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

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

41 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges (continued)

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

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

41 Financial risk management (continued)

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

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

	Note	Classification under HKFRS 9 *	2021 Carrying amounts HK$ million	2021 Fair values HK$ million	2020 Carrying amounts HK$ million	2020 Fair values HK$ million
Financial assets						
Liquid funds and other listed investments						
Cash and cash equivalents (included in Managed funds)	20	Amortised cost	41	41	50	50
Listed equity securities, Hong Kong	20	FVOCI	701	701	3,423	3,423
Listed equity securities, outside Hong Kong	20	FVOCI	557	557	198	198
Listed equity securities (included in Managed funds)	20	FVOCI	260	260	226	226
Listed debt securities (included in Managed funds)	20	FVOCI	6,668	6,668	6,691	6,691
Unlisted investments						
Unlisted debt securities	21	Amortised cost	–	–	179	179
Unlisted equity securities	21	FVOCI	2,506	2,506	2,347	2,347
Unlisted equity securities	21	FVPL	2,648	2,648	2,614	2,614
Unlisted debt securities	21	FVPL	165	165	358	358
Derivative financial instruments						
Fair value hedges – Interest rate swaps	21 & 24	Fair value – hedges	4	4	108	108
Cash flow hedges						
Interest rate swaps	21	Fair value – hedges	42	42	–	–
Cross currency interest rate swaps	21 & 24	Fair value – hedges	175	175	–	–
Forward foreign exchange contracts	24	Fair value – hedges	2	2	–	–
Other contracts	21 & 24	Fair value – hedges	771	771	63	63
Net investment hedges						
Forward foreign exchange contracts	21 & 24	Fair value – hedges	555	555	432	432
Cross currency swaps	21 & 24	Fair value – hedges	654	654	40	40
Other derivative financial instruments	21	FVPL	37	37	823	823
Lease receivables	21	Amortised cost	232	232	383	383
Cash and cash equivalents	23	Amortised cost	153,133	153,133	155,951	155,951
Trade receivables	24	Amortised cost	16,697	16,697	16,898	16,898
Other receivables	24	Amortised cost	15,123	15,123	13,998	13,998
Amounts due from associated companies	17	Amortised cost	3,734	3,734	4,442	4,442
Amounts due from joint ventures	18	Amortised cost	37,616	37,616	39,397	39,397
			242,321	242,321	248,621	248,621

41 Financial risk management (continued)

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

	Note	Classification under HKFRS 9 *	2021 Carrying amounts HK$ million	2021 Fair values HK$ million	2020 Carrying amounts HK$ million	2020 Fair values HK$ million
Financial liabilities						
Bank and other debts [i]	26	Amortised cost	**325,799**	**336,283**	349,071	358,717
Trade payables	27	Amortised cost	**23,382**	**23,382**	25,042	25,042
Derivative financial instruments						
Cash flow hedges						
Interest rate swaps	27 & 31	Fair value – hedges	**210**	**210**	436	436
Cross currency interest rate swaps	27 & 31	Fair value – hedges	**399**	**399**	2,437	2,437
Forward foreign exchange contracts	27	Fair value – hedges	**–**	**–**	4	4
Net investment hedges						
Forward foreign exchange contracts	27	Fair value – hedges	**68**	**68**	1,023	1,023
Cross currency swaps	27 & 31	Fair value – hedges	**48**	**48**	780	780
Other derivative financial instruments	27 & 31	FVPL	**119**	**119**	503	503
Interest free loans from non-controlling shareholders	27	Amortised cost	**427**	**427**	380	380
Expenses and other accruals	27	Amortised cost	**40,636**	**40,636**	38,774	38,774
Other payables	27	Amortised cost	**17,775**	**17,775**	27,479	27,479
Lease liabilities	13	Amortised cost	**85,079**	**85,079**	94,265	94,265
Interest bearing loans from non-controlling shareholders	29	Amortised cost	**759**	**759**	798	798
Obligations for telecommunications licences and other rights	27 & 31	Amortised cost	**11,558**	**11,558**	9,008	9,008
Liabilities relating to the economic benefits agreements	31	Amortised cost	**2,166**	**2,166**	2,166	2,166
Amounts due to associated companies	17	Amortised cost	**567**	**567**	717	717
Amounts due to joint ventures	18	Amortised cost	**381**	**381**	380	380
			509,373	**519,857**	553,263	562,909

* see note 47(n).

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

41 Financial risk management (continued)

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

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

(k) Fair value measurements

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

Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

Fair value hierarchy (continued)

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

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

Level 3 fair values

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

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

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

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

41 Financial risk management (continued)

(k) Fair value measurements (continued)

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

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

Fair value hierarchy

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

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

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

41 Financial risk management (continued)

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

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

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

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

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 31 December 2021						
Financial assets						
Trade receivables	46	(30)	16	(7)	–	9
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	422	–	422	(68)	–	354
Cross currency swaps	27	–	27	(31)	–	(4)
Other receivables and prepayments	496	(24)	472	–	–	472
	991	(54)	937	(106)	–	831
Financial liabilities						
Trade payables	(502)	30	(472)	–	–	(472)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(68)	–	(68)	68	–	–
Cross currency swaps	(31)	–	(31)	31	–	–
Other payables and accruals	(31)	24	(7)	7	–	–
	(632)	54	(578)	106	–	(472)
At 31 December 2020						
Financial assets						
Trade receivables	91	(51)	40	(10)	–	30
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	393	–	393	(793)	–	(400)
Cross currency swaps	40	–	40	(737)	–	(697)
Other receivables and prepayments	488	(142)	346	–	–	346
	1,012	(193)	819	(1,540)	–	(721)
Financial liabilities						
Trade payables	(4,782)	51	(4,731)	–	–	(4,731)
Derivative financial instruments						
Net investment hedges						
Forward foreign exchange contracts	(793)	–	(793)	793	–	–
Cross currency swaps	(737)	–	(737)	737	–	–
Other payables and accruals	(142)	142	–	10	–	10
	(6,454)	193	(6,261)	1,540	–	(4,721)

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

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

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

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

(a) Particulars regarding the principal subsidiary companies are set forth on pages 259 to 262.

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

(c) Reserves – Retained profit

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

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

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

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

43 Subsequent events

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

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

44 US dollar equivalents

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

45 Rounding of amounts

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

46 Significant accounting judgements, estimates and assumptions

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

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

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

(i) Basis of consolidation and classification of investee entities

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

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

(iii) Determination of lease term

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

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

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

(iv) Business combinations

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

(b) Key sources of estimation uncertainty

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

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

(vi) Estimation of useful life: Fixed assets

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

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

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

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

46 Significant accounting judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

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

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

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

47 Significant accounting policies

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

Interest Rate Benchmark Reform – Phase 2

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

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

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

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform of interest rate benchmarks, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by reform of interest rate benchmarks to be made to hedge designation and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an alternative nearly risk free interest rate instrument is designated as a hedge of a risk component.

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

47 Significant accounting policies (continued)

COVID-19-Related Rent Concessions beyond 30 June 2021

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

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

New standards and interpretations not yet adopted

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

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

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

- A package of narrow scope amendments to three standards as well as the Annual Improvements:

  - Amendments to HKFRS 3 Business Combinations update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  - Amendments to HKAS 16 Property, Plant and Equipment prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  - Amendments to HKAS 37 Provisions, Contingent Liabilities and Contingent Assets specify which costs a company includes when assessing whether a contract will be loss-making.

  - Annual Improvements make minor amendments to HKFRS 1 First-time Adoption of International Financial Reporting Standards, HKFRS 9 Financial Instruments, HKAS 41 Agriculture and the Illustrative Examples accompanying HKFRS 16 Leases.

47 Significant accounting policies (continued)

New standards and interpretations not yet adopted (continued)

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

  – right-of-use assets and lease liabilities, and

  – decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

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

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

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

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

(a) Subsidiary companies

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

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

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

47 Significant accounting policies (continued)

(b) Associated companies and joint arrangements

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

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

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

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

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

(c) Business combinations

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

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

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

47 Significant accounting policies (continued)

(c) Business combinations (continued)

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

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

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

(d) Goodwill

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

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

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

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

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

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

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

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

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

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

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

(f) Fixed assets

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

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

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

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

(g) Leases

(i) Group as a lessee

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

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

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

47 Significant accounting policies (continued)

(g) Leases (continued)

(i) Group as a lessee (continued)

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.

- lease payments made at or before the commencement date less any lease incentives received.

- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(ii) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(h) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value. Changes in fair values of investment properties are recorded in the income statement.

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 statement of financial position as leasehold land prior to 1 January 2019 and are grouped as part of right-of-use assets with effect from 1 January 2019. Leasehold land are expensed in the income statement on a straight-line basis over the period of the lease.

(j) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 45 years

Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired.

(k) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication 3G and LTE customers. CACs are expensed and recognised in the income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

(l) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(m) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

47 Significant accounting policies (continued)

(n) Liquid funds and other listed investments and unlisted investments

"Liquid funds and other listed investments" are investments in listed debt securities, listed equity securities and cash and cash equivalents. "Unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(i) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(ii) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under HKFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Liquid funds and other listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

47 Significant accounting policies (continued)

(o) Derivative financial instruments and hedging activities (continued)

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(q) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(r) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group’s right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group’s rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowances for expected credit losses.

47 Significant accounting policies (continued)

(s) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Trade and other payables, and contract liabilities

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the ordinary shareholders.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(x) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

47 Significant accounting policies (continued)

(y) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the income statement within staff costs.

(z) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2021 and 31 December 2020 but certain of the Company's associated companies have issued equity-settled and cash-settled share-based compensation plans. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(aa) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

47 Significant accounting policies (continued)

(aa) Foreign exchange (continued)

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

For accounting purposes, Argentina is considered a hyper-inflationary economy for accounting periods ended after 1 July 2018. HKAS 29 "Financial Reporting in Hyperinflationary Economies" requires financial statements of these subsidiary companies whose functional currency is Argentine peso to be restated into the current purchasing power at the end of the reporting period before being included in the Group's consolidated financial statements. Under this requirement, transactions during the reporting period and non-monetary balances at the end of the reporting period of these subsidiary companies have been restated to reflect a price index that is current at the statement of financial position date, using consumer price index published by The National Institute of Statistics and Censuses of Argentina of 582 in December 2021 (2020: 386) as basis for hyperinflation adjustment calculation. All amounts, including income, expenses, assets, liabilities and equity items are then translated at the closing exchange rate into Hong Kong dollars. The differences from retranslation of opening equity are directly recognised in equity. As required by HKAS 29, comparative amounts of these subsidiary companies included in the comparative consolidated financial statements of the Group are not restated and continue to be those previously presented.

All other exchange differences are recognised in the income statement.

(ab) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Ports and Related Services

Revenue from the provision of ports and related services is recognised over time when the services are rendered and the Group's performance provides the benefits received and consumed simultaneously by the customer.

Retail

Revenue from the sale of retail goods is recognised at point of sale less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually settled in cash or by credit card and debit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

47 Significant accounting policies (continued)

(ab) Revenue recognition (continued)

Infrastructure

Operating lease income from the rental of rolling stock assets is recognised on a straight-line basis over the lease term.

Contributions related to the connection of new properties to the Group's networks, comprising infrastructure charges, new connection charges, requisitioned mains and sewers and adopted assets, are recognised as deferred income and amortised to the income statement over the expected useful life of the connection, and other contributions to capital investment, most significantly mains and sewer diversions, the contributions are recognised in full in the income statement upon completion of the investment, which are typically the point at which the associated asset is brought into use.

Revenue from the provision of waste collection, commercial refuse and recycling services together with refuse transfer station operations and landfill operations is recognised when a performance obligation is satisfied, which is recognised at a point of time, based on the timing of control of the services underlying the particular performance obligation being transferred to the customer.

Telecommunications services

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

Principal Subsidiary and Associated Companies and Joint Ventures

at 31 December 2021

	Subsidiary and associated companies and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Ports and related services					
	Abu Qir Container Terminal Company S.A.E.	Egypt	USD	79,000,000	49	Container terminal operating
	Alexandria International Container Terminals Company S.A.E.	Egypt	USD	30,000,000	59	Container terminal operating
	Amsterdam Container Terminals B.V.	Netherlands	EUR	18,400	80	Container terminal operating
	Brisbane Container Terminals Pty Limited	Australia	AUD	34,100,000	80	Container terminal operating
	Buenos Aires Container Terminal Services S.A.	Argentina	ARS	3,626,288,581	80	Container terminal operating
	ECT Delta Terminal B.V.	Netherlands	EUR	18,000	71	Container terminal operating
	Ensenada Cruiseport Village, S.A. de C.V.	Mexico	MXP	145,695,000	80	Cruise terminal operating
	Ensenada International Terminal, S.A. de C.V.	Mexico	MXP	160,195,000	80	Container terminal operating
	Europe Container Terminals B.V.	Netherlands	EUR	45,000,000	75	Holding company
	Euromax Terminal Rotterdam B.V.	Netherlands	EUR	100,000	49	Container terminal operating
	Freeport Container Port Limited	Bahamas	BSD	2,000	41	Container terminal operating
	Gdynia Container Terminal Sp. z o.o.	Poland	PLN	11,379,300	80	Container terminal operating and rental of port real estate
	Harwich International Port Limited	United Kingdom	GBP	16,812,002	80	Container terminal operating
	Hongkong United Dockyards Limited	Hong Kong	HKD	76,000,000	100	Ship repairing, general engineering and tug operations
✡	惠州港業股份有限公司	China	RMB	300,000,000	27	Container terminal operating
✡ ⌘	Huizhou Quanwan Port Development Co., Ltd.	China	RMB	359,300,000	40	Port related land development
	Hutchison Ajman International Terminals Limited – F.Z.E.	United Arab Emirates	AED	60,000,000	80	Container terminal operating
	Hutchison Korea Terminals Limited	South Korea	WON	4,107,500,000	80	Container terminal operating
	Hutchison Laemchabang Terminal Limited	Thailand	THB	1,000,000,000	64	Container terminal operating
	Hutchison Port Holdings Limited	British Virgin Islands / Hong Kong	USD	26,000,000	80	Operation, management and development of ports and container terminals, and investment holding
✧ ❋ #	Hutchison Port Holdings Trust	Singapore / China	USD	8,797,780,935	30	Container port business trust
	Hutchison Port Investments Limited	Cayman Islands / Hong Kong	USD	74,870,807	80	Holding company
	Hutchison Port Jazan Limited	Saudi Arabia	SAR	15,000,000	60	Container terminal operating
	Hutchison Ports Investments S.à r.l.	Luxembourg	EUR	12,750	80	Operation, management and development of ports and container terminals, and investment holding
	Hutchison Ports RAK Limited	British Virgin Islands / United Arab Emirates	USD	10,000	48	Container terminal operating
	Hutchison Ports Sweden AB	Sweden	SEK	100,000	80	Container terminal operating
	Hutchison Ports UAQ Limited	British Virgin Islands / United Arab Emirates	USD	36,320	48	Container terminal operating
	Internacional de Contenedores Asociados de Veracruz, S.A. de C.V.	Mexico	MXP	138,623,200	80	Container terminal operating
✡ ⌘	Jiangmen International Container Terminals Limited	China	USD	14,461,665	40	Container terminal operating
	Karachi International Container Terminal Limited	Pakistan	PKR	1,109,384,220	80	Container terminal operating
	Korea International Terminals Limited	South Korea	WON	45,005,000,000	71	Container terminal operating
	L.C. Terminal Portuaria de Contenedores, S.A. de C.V.	Mexico	MXP	995,760,628	80	Container terminal operating
	Maritime Transport Services Limited	United Kingdom	GBP	13,921,323	64	Container terminal operating
✡ ⌘	Nanhai International Container Terminals Limited	China	USD	42,800,000	40	Container terminal operating
	NAWAH for Ports Management LLC	Iraq	IQD	10,000,000	41	Container terminal operating
✡ ⌘	寧波北侖國際集裝箱碼頭有限公司	China	RMB	700,000,000	39	Container terminal operating

	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	11,720	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
	Tanzania International Container Terminal Services Limited	Tanzania	TZS	2,208,492,000	48	Container terminal operating
	Terminal Catalunya, S.A.	Spain	EUR	2,342,800	80	Container terminal operating
	Thai Laemchabang Terminal Co., Ltd.	Thailand	THB	680,000,000	70	Container terminal operating
	Thamesport (London) Limited	United Kingdom	GBP	2	64	Container terminal operating
❋ # +	Westports Holdings Berhad	Malaysia	MYR	341,000,000	19	Holding company
# ⌘ +	Xiamen Haicang International Container Terminals Limited	China	RMB	555,515,000	39	Container terminal operating
# ⌘ +	Xiamen International Container Terminals Limited	China	RMB	1,148,700,000	39	Container terminal operating
	Retail					
	A.S. Watson Holdings Limited	Cayman Islands / Hong Kong	HKD	1,000,000	75	Holding company
	A.S. Watson (Europe) Retail Holdings B.V.	Netherlands	EUR	18,001	75	Investment holding in retail businesses
	A.S. Watson Retail (HK) Limited	Hong Kong	HKD	100,000,000	75	Retailing
✡ +	Dirk Rossmann GmbH	Germany	EUR	12,000,000	30	Retailing
⌘	廣州屈臣氏個人用品商店有限公司	China	HKD	71,600,000	71	Retailing
	PARKnSHOP (HK) Limited	Hong Kong	HKD	100,000,000	75	Supermarket operating
❋	PT Duta Intidaya Tbk	Indonesia	IDR	242,054,702,500	55	Retailing
✡	Rossmann Supermarkety Drogeryjne Polska sp. z o.o.	Poland	PLN	26,442,892	53	Retailing
	Superdrug Stores plc	United Kingdom	GBP	22,000,000	75	Retailing
⌖	武漢屈臣氏個人用品商店有限公司	China	RMB	55,930,000	75	Retailing
	Watson's Personal Care Stores Sdn. Bhd.	Malaysia	MYR	6,000,000	75	Retailing
	Infrastructure					
✡	Australian Gas Networks Limited	Australia	AUD	879,082,753	62	Gas distribution
✡ +	AVR-Afvalverwerking B.V.	Netherlands	EUR	1	38	Producing energy from waste
❋ +	CK Infrastructure Holdings Limited	Bermuda / Hong Kong	HKD	2,519,610,945	76	Holding company
✡ +	CK William UK Holdings Limited	United Kingdom	GBP	2,049,000,000	30	Investment holding in electricity distribution and generation, and gas transmissions and distribution
✡ +	CKP (Canada) Holdings Limited	Canada	CAD	1,143,862,831	19	Water heater and HVAC (heating, ventilation and air conditioning) rentals, sales and services

	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	181	43	Water supply, sewage and waste water businesses
❖ ❋ # +	Power Assets Holdings Limited	Hong Kong	HKD	6,610,008,417	27	Investment in energy and utility-related businesses
✡ +	Trionista TopCo GmbH	Germany	EUR	25,000	26	Sub-metering and related services
✡ +	UK Power Networks Holdings Limited	United Kingdom	GBP	610,000,000	30	Electricity distribution
✡ +	Wales & West Gas Networks (Holdings) Limited	United Kingdom	GBP	29,027	33	Gas distribution
	Telecommunications					
	CK Hutchison Group Telecom Holdings Limited	Cayman Islands / Hong Kong	EUR	64	100	Holding company
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
❋	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
	PT Hutchison 3 Indonesia	Indonesia	IDR	73,156,947,800,000	67	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Vietnamobile Telecommunications Joint Stock Company	Vietnam	VND	9,348,000,000,000	49	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
	Finance & investments and others					
	Cheung Kong (Holdings) Limited	Hong Kong	HKD	10,488,733,666	100	Holding company
	CK Hutchison Global Investments Limited	British Virgin Islands / Hong Kong	USD	2	100	Holding company
❋ # +	Cenovus Energy Inc.	Canada	CAD	17,015,824,919	16	Investment in oil and gas
❋ # +	CK Life Sciences Int'l., (Holdings) Inc.	Cayman Islands / Hong Kong	HKD	961,107,240	45	Holding company of nutraceuticals, pharmaceuticals and agriculture-related businesses
	Hutchison International Limited	Hong Kong	HKD	727,966,526	100	Holding company & corporate
❋	Hutchison Telecommunications (Australia) Limited	Australia	AUD	4,204,487,847	88	Holding company
	Hutchison Whampoa (China) Limited	Hong Kong	HKD	15,100,000	100	Investment holding & China businesses
	Hutchison Whampoa Limited	Hong Kong	HKD	29,424,795,590	100	Holding company
❋ #	HUTCHMED (China) Limited (formerly known as Hutchison China MediTech Limited)	Cayman Islands / China	USD	86,453,085	38	Holding company of healthcare business
	Marionnaud Parfumeries S.A.S.	France	EUR	351,575,833	100	Investment holding in perfume retailing businesses
#	Metro Broadcast Corporation Limited	Hong Kong	HKD	1,000,452	24	Radio broadcasting
❋ #	TOM Group Limited	Cayman Islands / Hong Kong	HKD	395,851,056	36	Technology and media
❋ #	TPG Telecom Limited	Australia	AUD	18,399,043,754	22	Telecommunications services

The above table lists the principal subsidiary and associated companies and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and associated companies and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

Except Cheung Kong (Holdings) Limited and CK Hutchison Global Investments Limited which are 100% directly held by the Company, the interests in the remaining subsidiary and associated companies and joint ventures are held indirectly.

❋ Company listed on The Stock Exchange of Hong Kong Limited except Hutchison Port Holdings Trust which is listed on the Singapore Stock Exchange, Westports Holdings Berhad which is listed on the Bursa Malaysia Securities Berhad, PT Duta Intidaya Tbk which is listed on the Indonesia Stock Exchange, Cenovus Energy Inc. which is listed on the New York Stock Exchange and Toronto Stock Exchange, Hutchison Telecommunications (Australia) Limited which is listed on the Australian Securities Exchange, TPG Telecom Limited which is listed on the Australian Securities Exchange and HUTCHMED (China) Limited which is listed on The Stock Exchange of Hong Kong Limited, AIM market of the London Stock Exchange and in the form of American Depositary Shares on the NASDAQ Global Select Market.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

Associated companies

✡ Joint ventures

⌘ Equity joint venture registered under PRC law

⧳ Wholly owned foreign enterprise (WOFE) registered under PRC law

✧ The share capital of Hutchison Port Holdings Trust is in a form of trust units.

❖ Power Assets Holdings Limited indirectly holds 33.37% equity interest in HK Electric Investments and HK Electric Investments Limited, which are listed on The Stock Exchange of Hong Kong Limited.

+ The accounts of these subsidiary and associated companies and joint ventures have been audited by firms other than PricewaterhouseCoopers. The aggregate revenue (excluding share of associated companies and joint ventures) attributable to shareholders and net assets (excluding share of net assets of associated companies and joint ventures) of these companies not audited by PricewaterhouseCoopers amounted to approximately 4% and 30% of the Group's respective items.

Ten Year Summary

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
CONSOLIDATED INCOME STATEMENT										
HK$ million										
Revenue [(1)]	21,379	21,480	26,384	176,094	259,842	248,515	277,129	299,021	266,396	**280,847**
Profit attributable to ordinary shareholders of the Company [(1)]	32,036	35,260	53,869	118,570	33,008	35,100	39,000	39,830	29,143	**33,484**
Dividends	7,319	8,060	24,676	9,842	10,340	10,994	12,226	12,225	8,923	**10,204**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
HK$ million										
Non-current assets										
Fixed assets	10,145	9,977	17,454	179,855	145,598	158,789	110,605	119,131	132,101	**131,099**
Right-of-use assets	–	–	–	–	–	–	–	83,708	83,805	**76,852**
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**
Brand names and other rights	–	–	–	82,233	73,625	75,985	88,761	88,275	91,453	**89,019**
Goodwill	–	–	–	261,449	254,748	255,334	323,160	308,986	319,718	**289,340**
Associated companies	187,348	196,812	216,841	148,372	150,406	145,343	136,287	144,751	136,076	**137,781**
Interests in joint ventures	63,303	65,659	68,754	92,425	106,253	162,134	121,397	143,555	141,465	**141,344**
Deferred tax assets	–	–	–	20,986	15,856	20,195	20,260	20,353	19,926	**21,188**
Liquid funds and other listed investments	10,828	8,843	10,210	10,255	5,954	7,813	9,292	7,722	10,588	**8,227**
Other non-current assets [(2)]	30,756	30,341	34,557	4,572	5,440	5,540	10,717	14,276	14,944	**14,202**
	302,380	311,632	347,816	839,970	789,971	866,709	892,402	994,144	1,017,020	**979,037**
Current assets	104,345	117,205	110,125	192,974	223,494	233,546	339,842	216,832	237,576	**234,489**
Total assets	406,725	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**
Current liabilities	20,189	15,466	31,350	130,303	157,312	114,888	221,929	159,301	173,446	**181,413**
Non-current liabilities										
Bank and other debts	43,001	39,452	19,522	270,536	231,260	310,276	325,570	304,565	301,050	**259,438**
Interest bearing loans from non-controlling shareholders	–	–	–	4,827	4,283	3,143	752	728	798	**759**
Lease liabilities	–	–	–	–	–	–	–	75,609	75,644	**68,994**
Deferred tax liabilities	820	986	1,022	26,062	23,692	25,583	19,261	16,819	17,672	**17,383**
Pension obligations	–	–	–	4,066	5,369	3,770	2,443	3,123	3,804	**3,466**
Other non-current liabilities	63	112	–	48,039	47,359	51,048	71,466	53,868	52,119	**37,818**
	43,884	40,550	20,544	353,530	311,963	393,820	419,492	454,712	451,087	**387,858**
Net assets	342,652	372,821	406,047	549,111	544,190	591,547	590,823	596,963	630,063	**644,255**
Capital and reserves										
Share capital	1,158	1,158	10,489 [(3)]	3,860	3,858	3,858	3,856	3,856	3,856	**3,834**
Share premium	9,331	9,331	–	244,691	244,505	244,505	244,377	244,377	244,377	**243,169**
Reserves	323,354	350,192	383,656	144,884	145,806	181,693	197,918	216,052	246,063	**266,149**
Total ordinary shareholders' funds	333,843	360,681	394,145	393,435	394,169	430,056	446,151	464,285	494,296	**513,152**
Perpetual capital securities	5,652	9,048	9,045	35,153	30,510	29,481	12,326	12,410	12,415	**12,414**
Non-controlling interests	3,157	3,092	2,857	120,523	119,511	132,010	132,346	120,268	123,352	**118,689**
Total equity	342,652	372,821	406,047	549,111	544,190	591,547	590,823	596,963	630,063	**644,255**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
PERFORMANCE DATA										
Earnings per share for profit attributable to ordinary shareholders of the Company – (HK$)	13.83	15.22	23.26	36.91	8.55	9.10	10.11	10.33	7.56	**8.70**
Dividends per share – (HK$) (4)	3.16	3.48	3.65	2.55	2.68	2.85	3.17	3.17	2.314	**2.66**
Special dividends per share – (HK$)	–	–	7.00	–	–	–	–	–	–	**–**
Dividend cover (4)	4.4	4.4	6.4	14.5	3.2	3.2	3.2	3.3	3.3	**3.3**
Return on average ordinary shareholders' funds (%)	10.0%	10.2%	14.3%	30.1%	8.4%	8.5%	8.9%	8.7%	6.1%	**6.6%**
Current ratio	5.2	7.6	3.5	1.5	1.4	2.0	1.5	1.4	1.4	**1.3**
Net debt – (HK$ million) (5)	15,868	Note 6	Note 6	172,580	141,806	164,872	207,965	202,648	185,103	**166,893**
Net debt / Net total capital (%) (5)	4.4%	N/A	N/A	23.7%	20.5%	21.7%	26.0%	25.3%	22.7%	**20.5%**
Net assets attributable to ordinary shareholders of the Company per share – book value (HK$)	144.1	155.7	170.2	101.9	102.2	111.5	115.7	120.4	128.2	**133.8**
Number of shares outstanding (million)	2,316.2	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**

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$133,421 million (approximately 69% of the issued share capital of the Company) as at 31 December 2021
Financial Calendar	Payment of 2021 Interim Dividend: 16 September 2021 2021 Final Results Announcement: 17 March 2022 Record Date for 2021 Final Dividend: 25 May 2022 Payment of 2021 Final Dividend: 9 June 2022
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
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