1 General Information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. The address of its registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (together the "Group") are principally engaged in mobile telecommunications business in Hong Kong and Macau and fixed-line telecommunications business in Hong Kong.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and whose American Depositary Shares, each representing ownership of 15 shares, are eligible for trading in the United States of America only in the over-the-counter market.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements were approved for issuance by the Board of Directors on 24 February 2014.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared under the historical cost convention. The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

As at 31 December 2013, the current liabilities of the Group exceeded its current assets by approximately HK$1,734 million. Included in the current liabilities were non-refundable customer prepayments of HK$875 million which will gradually reduce over the contract terms of relevant subscriptions through delivery of services. Excluding the non-refundable customer prepayments, the net current liabilities of the Group would have been approximately HK$859 million. Management of the Group anticipates the net cash inflows from its operations, together with the ability to draw down from available banking facility, would be sufficient to enable the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2 Summary of Significant Accounting Policies (Continued)

(b) New/revised standards and amendments to existing standards adopted by the Group

During the year, the Group has adopted the following new/revised standards and amendments to existing standards which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2013:

IFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
IAS 1 (Amendment)	Financial Statements Presentation
IAS 19 (Revised 2011)	Employee Benefits
IAS 27 (Revised 2011)	Separate Financial Statements
IAS 28 (Revised 2011)	Associates and Joint Ventures
IFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Transition Amendments
IFRS 13	Fair Value Measurements

Except as described below, the adoption of these new/revised standards and amendments to existing standards does not have an impact on the accounting policies of the Group.

IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor controls an investee 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. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 has no impact on the consolidation of investments held by the Group.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. Under IFRS 11, investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Unlike IAS 31, the use of "proportionate consolidation" to account for joint ventures is not permitted. The application of this new standard had no impact on the Group's results of operations or financial position.

2 Summary of Significant Accounting Policies (Continued)

(b) New/revised standards and amendments to existing standards adopted by the Group (Continued)

IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 includes new disclosures for all form of interests in other entities, including subsidiaries and joint arrangements. Accordingly, the Group provides these disclosures in the notes to the financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Accordingly, the Group provides these disclosures in the notes to the financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

IAS 19 (Revised 2011) Employee Benefits

IAS 19 (Revised 2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income and permanently excluded from profit or loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability in profit or loss, calculated using the discount rate used to measure the defined benefit obligation. Other amendments include new disclosures, such as, quantitative sensitivity disclosures. IAS19 (Revised 2011) requires retrospective application. The adoption of IAS 19 (Revised 2011) had an impact on the net defined benefit obligations primarily due to the difference in accounting for interest on plan assets. The effect of the adoption of IAS 19 (Revised 2011) is explained below:

2 Summary of Significant Accounting Policies (Continued)

(b) New/revised standards and amendments to existing standards adopted by the Group (Continued)

	2013 HK$ millions	2012 HK$ millions
Increase in staff costs	**(14)**	(12)
Decrease in profit attributable to shareholders of the Company	**(14)**	(12)
Decrease in earnings per share attributable to shareholders of the Company (expressed in HK cents per share):		
– basic	**(0.29)**	(0.25)
– diluted	**(0.29)**	(0.25)

	At 1 January 2013 HK$ millions	At 1 January 2012 HK$ millions
Increase in accumulated losses	**(87)**	(75)
Increase in pension reserve	**87**	75

(c) New/revised standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of approval of these financial statements, the following new/revised standards, amendments and interpretations to existing standards have been issued but are not yet effective for the year ended 31 December 2013:

IFRSs (Amendments) (ii)	Annual Improvements 2010-2012 Cycle
IFRSs (Amendments) (ii)	Annual Improvements 2011-2013 Cycle
IAS 19 (Amendment) (ii)	Defined Benefit Plans: Employee Contributions
IAS 32 (Amendment) (i)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amendment) (i)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (Amendment) (i)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 (i)	Levies
IFRS 9 (iv)	Financial Instruments
IFRS 14 (iii)	Regulatory Deferral Accounts
IFRS 7 and IFRS 9 (Amendments) (iv)	Mandatory Effective Date and Transition Disclosures
IFRS 10, IFRS 12 and IAS 27 (Amendments) (i)	Investment Entities

(i) Effective for annual periods beginning on or after 1 January 2014
(ii) Effective for annual periods beginning on or after 1 July 2014
(iii) Effective for annual periods beginning on or after 1 January 2016
(iv) The original effective date of 1 January 2015 was removed. It will be set once the other phases of IFRS 9 are completed and finalised.

2 Summary of Significant Accounting Policies (Continued)

(c) New/revised standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

The impact of adoption of these new/revised standards, amendments and interpretations to existing standards in future periods is not currently known or cannot be reasonably estimated.

(d) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured 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 over 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 Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed (Note 2(j)). If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Company's financial statements

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 Summary of Significant Accounting Policies (Continued)

(e) Non-controlling interests

Non-controlling interests at the end of reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interests and the shareholders of the Company.

(f) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results and assets and liabilities of joint ventures are accounted for in the consolidated financial statements using the equity method of accounting.

(g) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2 Summary of Significant Accounting Policies (Continued)

(h) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income (cumulative translation adjustments).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Property, plant and equipment are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives.

Buildings	50 years or over the unexpired period of the lease, whichever is the shorter
Telecommunications infrastructure and network equipment	2-35 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	5-7 years
Leasehold improvements	Over the unexpired period of the lease or at annual rate of 15%, whichever is the shorter

Subsequent costs on property, plant and equipment are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

2 Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (Continued)

Construction in progress is stated at cost, which includes borrowing costs incurred to finance the construction, and is proportionally attributed to the qualifying assets.

The assets' residual values and useful lives are reviewed, and adjusted if applicable, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other operating expenses" in the consolidated income statement.

(j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is reported in the consolidated statement of financial position as a separate asset. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The Group allocates goodwill to each of its business segments.

(k) Telecommunications licences

Telecommunications licences represent the upfront payments made for acquiring telecommunications spectrum licences plus the capitalised present value of fixed periodic payments to be made in subsequent years, together with the interest accrued prior to the date the related spectrum is ready for its intended use. Telecommunications licences are amortised on a straight-line basis from the date the related spectrum is ready for its intended use over the remaining expected licence periods and are stated net of accumulated amortisation.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of Significant Accounting Policies (Continued)

(m) Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period which are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(ii) Impairment of financial assets

The Group assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Financial assets are impaired and impairment losses are incurred only if there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. A provision for doubtful debts of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. The amount of provision is determined based on historical data of payment statistics for aged receivable balances. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement. Changes in the carrying amount of the provision account are recognised in the consolidated income statement.

(n) Cash and cash equivalents

Cash and cash equivalents represent cash in hand and at banks and all demand deposits placed with banks with original maturities of three months or less from the date of placement or acquisition.

2 Summary of Significant Accounting Policies (Continued)

(o) Inventories

Inventories consist of handsets and phone accessories and are valued using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(p) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts (Note 2(m)(ii)).

(q) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method except for borrowing costs capitalised for qualifying assets (Notes 2(i) and 2(k)).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2 Summary of Significant Accounting Policies (Continued)

(t) Taxation and deferred taxation

Taxation is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are provided in full on all taxable temporary differences while 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 (including tax losses) can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2 Summary of Significant Accounting Policies (Continued)

(w) Employee benefits

(i) Pension plans

Pension plans are classified into defined benefit and defined contribution plans.

(a) Defined benefit plans

The liability 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 plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the year in which they occur in other comprehensive income.

Past-service costs are recognised immediately in the consolidated income statement.

(b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the consolidated income statement in the year incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid.

(ii) Share-based payments

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably committed itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 Summary of Significant Accounting Policies (Continued)

(x) Revenue recognition

The Group recognises revenue on the following bases:

(i) Sales of services are recognised in the accounting period in which the services are rendered.

(ii) Sales of hardware are recognised upon delivery to customers.

(iii) For bundled transactions under contract comprising provision of mobile telecommunications services and sale of a handset device, the amount of revenue recognised upon the sale of the handset device is accrued as determined by considering the estimated fair values of each of the services element and handset device element of the contract.

(iv) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

(y) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

3 Financial Risk Management

(a) Financial risk factors

The Group is exposed to market risk (from changes in interest rates and currency exchange rates), credit risk and liquidity risk. Interest rate risk exists with respect to the Group's financial assets and liabilities bearing interest at floating rates. Interest rate risk also exists with respect to the fair value of fixed rate financial assets and liabilities. Exchange rate risk exists with respect to the Group's financial assets and liabilities denominated in a currency that is not the entity's functional currency. No instruments are held by the Group for speculative purposes.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(i) Foreign currency exposure

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with the surplus funds placed with banks as deposits, trade receivables and trade payables denominated in United States dollars ("US$"), Euro ("EURO") and British pounds ("GBP"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The table below summarises the foreign exchange exposure on the net monetary position of the above assets and liabilities, expressed in the Group's presentation currency of HK$.

	2013 HK$ millions	2012 HK$ millions
US$	**224**	99
EURO	**57**	37
GBP	**(8)**	–
Total net exposure: net assets	**273**	136

As at 31 December, a 10% strengthening/weakening of the currencies of the above assets and liabilities against HK$ would have increased/decreased post-tax profit for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2013 HK$ millions	2012 HK$ millions
US$	**19**	8
EURO	**5**	3
GBP	**(1)**	–
	23	11

There is no foreign currency transaction risk that would affect equity directly. The 10% movement represents management's assessment of a reasonably possible change in foreign exchange rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(ii) Interest rate exposure

The Group's main interest risk exposures relate to its borrowings, investments of surplus funds placed with banks as deposits and loans to joint ventures. The Group manages its interest rate exposure of borrowings with a focus on reducing the overall cost of debt and interest rate exposure of investments of surplus funds by placing such balances with various maturities and interest rate terms.

As at 31 December, the carrying amounts of the Group's financial assets and liabilities where their cash flows are subject to interest rate exposure are as follows:

	2013 HK$ millions	2012 HK$ millions
Borrowings at floating rates (Note 23)	**(4,571)**	(3,746)
Cash at banks and short-term bank deposits	**116**	122
Loans to joint ventures (Note 18)	**742**	498
	(3,713)	(3,126)

The interest rate profile of the Group's borrowings is disclosed in Note 23. The cash deposits placed with banks generate interest at the prevailing market interest rates.

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit for 2013 and 2012 would have decreased by approximately HK$31 million and HK$26 million, respectively, mainly as a result of higher interest expenses on floating rate borrowings, interest income from cash at banks and bank deposits and interest bearing balances with jointly ventures; there would have no direct impact on equity as the Group did not have financial instruments qualified for hedge accounting whereby all movement of interest expense and income as a result of interest rates changes would be charged to the consolidated income statement.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting date and had been applied to the exposure to interest rate risk for the above financial assets and liabilities in existence at that date. The 100 basis point movement represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from counter party and investment risks in respect of the surplus funds as well as credit exposures to trade and other receivables. Management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

For counterparty and investment risks in respect of the surplus fund, the Group manages these risks in a prudent manner, usually in the form of deposits with banks or financial institutions. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The credit period granted by the Group to customers generally ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The utilisation of credit limits is regularly monitored. Debtors who have overdue accounts are requested to settle all outstanding balances before any further credit is granted. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group does not have significant exposure to any individual debtor.

The Group considers its maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets as follows:

	2013 **HK$ millions**	2012 HK$ millions
Cash at banks and short-term bank deposits (Note 19)	**209**	182
Trade and other receivables (Note 20)	**1,744**	1,829
	1,953	2,011

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions, is adopted. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines and sufficient cash for operating and investing activities.

The following table details the contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	Carrying amount HK$ millions	Contractual liabilities HK$ millions	Non-contractual liabilities HK$ millions	Contractual undiscounted cash flow HK$ millions	Within 1 year HK$ millions	After 1 year but within 2 years HK$ millions	After 2 years but within 5 years HK$ millions	After 5 years HK$ millions
At 31 December 2013								
Borrowings (Note 23)	4,571	4,571	-	4,600	-	4,600	-	-
Trade payables (Note 22)	654	654	-	654	654	-	-	-
Other payables, accruals and deferred revenue (Note 22)	3,154	763	2,391	763	763	-	-	-
Licence fees liabilities (Notes 22 and 24)	711	711	-	861	189	199	324	149
	9,090	6,699	2,391	6,878	1,606	4,799	324	149

	Carrying amount HK$ millions	Contractual liabilities HK$ millions	Non-contractual liabilities HK$ millions	Contractual undiscounted cash flow HK$ millions	Within 1 year HK$ millions	After 1 year but within 2 years HK$ millions	After 2 years but within 5 years HK$ millions	After 5 years HK$ millions
At 31 December 2012								
Borrowings (Note 23)	3,746	3,746	-	3,800	-	-	3,800	-
Trade payables (Note 22)	870	870	-	870	870	-	-	-
Other payables, accruals and deferred revenue (Note 22)	3,827	902	2,925	902	902	-	-	-
Licence fees liabilities (Notes 22 and 24)	824	824	-	1,039	178	189	465	207
	9,267	6,342	2,925	6,611	1,950	189	4,265	207

3 Financial Risk Management (Continued)

(b) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The Group defines capital as total equity attributable to shareholders of the Company, comprising issued share capital and reserves, as shown in the consolidated statement of financial position. The Group actively and regularly reviews and manages its capital structure to ensure capital and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, projected operating cash flows and projected capital expenditures.

(c) Fair value estimation

The carrying amounts of cash and cash equivalents, and trade and other receivables and payables are assumed to approximate their fair values due to short maturity. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions. The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(i) Estimated useful life for telecommunications infrastructure and network equipment

The Group has substantial investments in mobile and fixed-line telecommunications infrastructure and network equipment. As at 31 December 2013, the carrying amount of the mobile and fixed-line telecommunications infrastructure and network equipment is approximately HK$9,160 million (2012: HK$8,836 million). Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

4 Critical Accounting Estimates and Judgements (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the 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 based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Asset impairment

Management judgement is required in the area of asset impairment, including goodwill, particularly in assessing whether: (i) an event has occurred that may affect asset values; (ii) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (iii) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operation of the Group. The results of the impairment test undertaken as at 31 December 2013 indicated that no impairment charge was necessary.

(iv) Allocation of revenue for bundled transactions with customers

The Group has bundled transactions under contracts with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing the fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values 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 fair values of the elements as a result of changes in market conditions.

4 Critical Accounting Estimates and Judgements (Continued)

(b) Critical judgements in applying the Group's accounting policies

Deferred taxation

Management has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the recognition criteria for deferred tax assets recorded in relation to cumulative tax loss carryforwards. The assumptions regarding future profitability of various subsidiaries require significant judgement, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations. As at 31 December 2013, the Group has recognised deferred tax assets of approximately HK$369 million (2012: HK$368 million).

5 Turnover

Turnover comprises revenues from provision of mobile telecommunications services, sales of telecommunications hardware and provision of fixed-line telecommunications services. An analysis of turnover is as follows:

	2013 HK$ millions	2012 HK$ millions
Mobile telecommunications services	**5,124**	5,480
Fixed-line telecommunications services	**3,432**	3,155
Telecommunications hardware	**4,221**	6,901
	12,777	15,536

6 Segment Information

The Group is organised into two business segments: mobile business and fixed-line business. "Others" segment represents corporate support functions. No geographical segment analysis is presented as the majority of the assets and operations of the Group are located in Hong Kong. Management of the Group measures the performance of its segments based on EBITDA/(LBITDA)[(a)] and EBIT/(LBIT)[(b)]. The segment information on turnover, EBITDA/(LBITDA), EBIT/(LBIT), total assets and total liabilities agreed to the aggregate information in the consolidated financial statements. As such, no reconciliation between the segment information and the aggregate information in the consolidated financial statements is presented.

	At and for the year ended 31 December 2013				
	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
Turnover – service	5,138	3,880	-	(462)	8,556
Turnover – hardware	4,221	-	-	-	4,221
	9,359	3,880	-	(462)	12,777
Operating costs	(7,789)	(2,646)	(130)	462	(10,103)
EBITDA/(LBITDA)	1,570	1,234	(130)	-	2,674
Depreciation and amortisation	(609)	(726)	-	-	(1,335)
EBIT/(LBIT)	961	508	(130)	-	1,339
Total assets before investments in joint ventures	9,498	10,897	12,929	(13,034)	20,290
Investments in joint ventures	550	165	-	-	715
Total assets	10,048	11,062	12,929	(13,034)	21,005
Total liabilities	(11,666)	(7,073)	(93)	9,163	(9,669)
Other information:					
Additions to property, plant and equipment	657	623	-	-	1,280
Additions to telecommunications licences	4	-	-	-	4

6 Segment Information (Continued)

	At and for the year ended 31 December 2012 (Restated)				
	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
Turnover – service	5,482	3,640	–	(487)	8,635
Turnover – hardware	6,901	–	–	–	6,901
	12,383	3,640	–	(487)	15,536
Operating costs	(10,295)	(2,590)	(130)	487	(12,528)
EBITDA/(LBITDA)	2,088	1,050	(130)	–	3,008
Depreciation and amortisation	(615)	(667)	–	–	(1,282)
EBIT/(LBIT)	1,473	383	(130)	–	1,726
Total assets before investments in joint ventures	9,572	10,920	13,174	(13,252)	20,414
Investments in joint ventures	393	93	–	–	486
Total assets	9,965	11,013	13,174	(13,252)	20,900
Total liabilities	(12,394)	(6,703)	(93)	9,381	(9,809)
Other information:					
Additions to property, plant and equipment	879	725	–	–	1,604
Additions to telecommunications licences	152	–	–	–	152

(a) *EBITDA/(LBITDA) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation, depreciation and amortisation and share of results of joint ventures.*

(b) *EBIT/(LBIT) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation and share of results of joint ventures.*

The total revenue from external customers in Hong Kong for the year ended 31 December 2013 amounted to approximately HK$12,208 million (2012: HK$14,849 million) and the total revenue from external customers in Macau for the year ended 31 December 2013 amounted to approximately HK$569 million (2012: HK$687 million).

The total of non-current assets other than deferred tax assets located in Hong Kong as at 31 December 2013 amounted to approximately HK$17,948 million (2012: HK$17,741 million) and the total of these non-current assets located in Macau as at 31 December 2013 amounted to approximately HK$427 million (2012: HK$368 million).

7 Staff Costs

	2013 HK$ millions	(Restated) 2012 HK$ millions
Wages and salaries	**808**	757
Termination benefits	**14**	3
Pension costs		
– defined benefit plans (Note 30(a))	**42**	33
– defined contribution plans	**12**	12
Less: Amounts capitalised as non-current assets	**(93)**	(56)
	783	749

(a) Directors' and chief executive's emoluments

Directors' emoluments comprise payments to directors from the Company and its subsidiaries. The emoluments of each of the directors of the Company exclude amounts received from a subsidiary of the Company and paid to a subsidiary or an intermediate holding company of the Company. The amounts paid to each director and chief executive for 2013 and 2012 are as follows:

	2013					
	Director's fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total HK$ millions
Fok Kin Ning, Canning [(i)]	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Wong King Fai, Peter [(i) (iii)]	0.07	3.49	8.00	0.26	-	11.82
Chow Woo Mo Fong, Susan [(i)]	0.07	-	-	-	-	0.07
Frank John Sixt [(i)]	0.07	-	-	-	-	0.07
Lai Kai Ming, Dominic	0.07	-	-	-	-	0.07
Cheong Ying Chew, Henry	0.16	-	-	-	-	0.16
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.14	-	-	-	-	0.14
Total	0.90	3.49	8.00	0.26	-	12.65

7 Staff Costs (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	2012					
	Director's fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total HK$ millions
Fok Kin Ning, Canning [(i)]	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Wong King Fai, Peter [(i) (ii)]	0.07	3.48	10.07	0.25	-	13.87
Chow Woo Mo Fong, Susan [(i)]	0.07	-	-	-	-	0.07
Frank John Sixt [(i)]	0.07	-	-	-	-	0.07
Lai Kai Ming, Dominic	0.07	-	-	-	-	0.07
Cheong Ying Chew, Henry	0.16	-	-	-	-	0.16
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.14	-	-	-	-	0.14
Total	0.90	3.48	10.07	0.25	-	14.70

(i) *Director's fee received by these directors from a subsidiary of the Company during the period they served as directors that have been paid to a subsidiary or an intermediate holding company of the Company are not included in the amounts above.*

(ii) *Mr Wong King Fai, Peter was the chief executive for the years ended 31 December 2013 and 2012 whose emoluments have been shown in directors' emoluments above.*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest are as follows:

	2013 Number of individual	2012 Number of individual
Director of the Company	**1**	1
Management executives	**4**	4

7 Staff Costs (Continued)

(b) Five highest paid individuals (Continued)

The aggregate remuneration paid to these highest paid individuals, is as follows:

	2013 HK$ millions	2012 HK$ millions
Basic salaries, allowances and benefits-in-kind	12	12
Bonuses	16	17
Provident fund contributions	1	1
	29	30

The emoluments of the above mentioned individuals with the highest emoluments fall within the following bands:

	2013 Number of individual	2012 Number of individual
HK$3,000,001 – HK$3,500,000	1	1
HK$3,500,001 – HK$4,000,000	-	1
HK$4,000,001 – HK$4,500,000	1	1
HK$4,500,001 – HK$5,000,000	1	1
HK$5,000,001 – HK$5,500,000	1	–
HK$11,500,001 – HK$12,000,000	1	–
HK$13,500,001 – HK$14,000,000	-	1

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2013 (2012: Nil).

8 Other Operating Expenses

	2013 HK$ millions	2012 HK$ millions
Cost of services provided	**3,118**	3,047
General administrative and distribution costs	**359**	398
Operating leases in respect of		
– buildings	**503**	472
– hire of plant and machinery	**577**	564
Loss on disposals of property, plant and equipment	**-**	3
Auditor's remuneration	**13**	13
Provision for doubtful debts	**7**	66
Total	**4,577**	4,563

9 Interest and Other Finance Costs, Net

	2013 HK$ millions	2012 HK$ millions
Interest income:		
Interest income from joint ventures	**21**	12
Interest and other finance costs:		
Bank loans repayable within 5 years	**(81)**	(62)
Notional non-cash interest accretion [(a)]	**(69)**	(76)
Guarantee and other finance fees	**(40)**	(34)
	(190)	(172)
Less: Amounts capitalised on qualifying assets	**9**	6
	(181)	(166)
Interest and other finance costs, net	**(160)**	(154)

(a) Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the consolidated statement of financial position such as licence fees liabilities and asset retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

10 Taxation

	2013		
	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong	-	65	65
Outside Hong Kong	12	-	12
	12	65	77

	2012		
	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong	-	45	45
Outside Hong Kong	9	-	9
	9	45	54

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses. The differences between the Group's expected tax charge at respective applicable tax rates and the Group's tax charge for the year are as follows:

	2013 HK$ millions	(Restated) 2012 HK$ millions
Profit before taxation	1,167	1,569
Tax calculated at domestic rates	187	255
Expenses not deductible for taxation purposes	1	1
Utilisation of previously unrecognised tax losses	(110)	(203)
Utilisation of previously unrecognised temporary differences	(1)	(1)
Temporary differences not recognised	1	1
Tax losses not recognised	-	1
Over provision in prior years	(1)	-
Total taxation charge	77	54

11 Earnings Per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK$916 million (2012: HK$1,215 million) and on the weighted average number of 4,818,896,208 (2012: 4,818,485,607) ordinary shares in issue during the year.

The diluted earnings per share for the year ended 31 December 2013 is calculated by adjusting the weighted average number of 4,818,896,208 (2012: 4,818,485,607) ordinary shares in issue with the weighted average number of 145,355 (2012: 432,063) ordinary shares deemed to be issued assuming the exercise of the share options.

12 Dividends

	2013 HK$ millions	2012 HK$ millions
Interim, paid of 6.25 HK cents per share (2012: 6.05 HK cents per share)	301	292
Final, proposed of 8.00 HK cents per share (2012: 13.03 HK cents per share)	386	628
	687	920

13 Property, Plant and Equipment

The movements of property, plant and equipment for the years ended 31 December 2013 and 2012 are as follows:

	Buildings HK$ millions	Telecom-munications infrastructure and network equipment HK$ millions	Other assets HK$ millions	Construction in progress HK$ millions	Total HK$ millions
Cost					
At 1 January 2013	153	18,607	3,182	947	22,889
Additions	-	703	240	337	1,280
Disposals	-	(556)	(120)	-	(676)
Transfer between categories	-	491	31	(522)	-
At 31 December 2013	153	19,245	3,333	762	23,493
Accumulated depreciation and impairment losses					
At 1 January 2013	29	9,771	2,815	-	12,615
Charge for the year	4	865	170	-	1,039
Disposals	-	(551)	(119)	-	(670)
At 31 December 2013	33	10,085	2,866	-	12,984
Net book value					
At 31 December 2013	120	9,160	467	762	10,509

13 Property, Plant and Equipment (Continued)

	Buildings HK$ millions	Telecom-munications infrastructure and network equipment HK$ millions	Other assets HK$ millions	Construction in progress HK$ millions	Total HK$ millions
Cost					
At 1 January 2012	153	17,755	3,031	512	21,451
Additions	-	768	163	673	1,604
Disposals	-	(117)	(49)	-	(166)
Transfer between categories	-	201	37	(238)	-
At 31 December 2012	153	18,607	3,182	947	22,889
Accumulated depreciation and impairment losses					
At 1 January 2012	25	9,018	2,718	-	11,761
Charge for the year	4	866	144	-	1,014
Disposals	-	(113)	(47)	-	(160)
At 31 December 2012	29	9,771	2,815	-	12,615
Net book value					
At 31 December 2012	124	8,836	367	947	10,274

The carrying values of all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Other assets include motor vehicles, office furniture and equipment, computer equipment and leasehold improvements.

Additions of telecommunications infrastructure and network equipment included interest of HK$5 million (2012: HK$4 million) capitalised at a rate of 2.2% per annum (2012: 1.9%).

14 Goodwill

	2013 HK$ millions	2012 HK$ millions
Gross carrying amount and net book value at 1 January and 31 December	**4,503**	4,503
Accumulated impairment losses at 1 January and 31 December	**-**	-

14 Goodwill (Continued)

Impairment test for goodwill

Goodwill is allocated to the Group's CGUs identified according to business segment.

A segment-level summary of the goodwill allocation is presented below:

	2013 HK$ millions	2012 HK$ millions
Mobile business	**2,155**	2,155
Fixed-line business	**2,348**	2,348
	4,503	4,503

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and forecasts approved by management covering a five-year period to 2018.

Key assumptions used for value-in-use calculations are:

(i) Projected EBITDA has been based on past performance of the Group's respective CGUs and its expectation for the market development. Management considers EBITDA a proxy for operating cash flow.

(ii) A long-term growth rate into perpetuity is not used to extrapolate cash flows beyond the forecast period. Instead, management uses EBITDA multiples to determine the terminal value of the Group's respective CGUs.

(iii) The discount rate applied to cash flows of the Group's respective CGUs is based on pre-tax discount rate and reflects the specific risks relating to the relevant segment. The pre-tax discount rate applied in the value-in-use calculation is as follows:

	2013	2012
Mobile business	**4.0%**	4.7%
Fixed-line business	**2.8%**	4.7%

The discount rate is adjusted to reflect the risk profile equivalent to those that the Group expects to derive from the assets.

In accordance with the Group's accounting policy on asset impairment (Note 2(l)), the carrying values of goodwill were tested for impairment at each reporting date. Note 4(a)(iii) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. The results of the tests undertaken as at 31 December 2013 indicated no impairment charge was necessary (2012: Same).

15 Telecommunications Licences

	HK$ millions
At 1 January 2012	
Cost	2,148
Accumulated amortisation	(430)
Net book value	1,718
Year ended 31 December 2012	
Opening net book value	1,718
Additions	152
Amortisation for the year	(168)
Closing net book value	1,702
At 31 December 2012	
Cost	2,300
Accumulated amortisation	(598)
Net book value	1,702
Year ended 31 December 2013	
Opening net book value	**1,702**
Additions	**4**
Amortisation for the year	**(168)**
Closing net book value	**1,538**
At 31 December 2013	
Cost	**2,304**
Accumulated amortisation	**(766)**
Net book value	**1,538**

Additions of telecommunications licences included interest of HK$4 million (2012: HK$2 million, capitalised at a rate of 2.2% per annum (2012: 2.1%).

16 Other Non-Current Assets

	2013 HK$ millions	2012 HK$ millions
Prepayments	1,057	1,093
Non-current deposits	53	51
	1,110	1,144

Non-current deposits are carried at amortised cost, which approximate their fair values at the reporting date.

17 Deferred Tax Assets and Liabilities

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 following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2013 HK$ millions	2012 HK$ millions
Deferred tax assets	369	368
Deferred tax liabilities	(342)	(276)
Net deferred tax assets	27	92

The gross movement of the deferred tax (liabilities)/assets is as follows:

	Accelerated depreciation allowance HK$ millions	Tax losses HK$ millions	Total HK$ millions
At 1 January 2012	(975)	1,112	137
Net (charge)/credit for the year (Note 10)	(59)	14	(45)
At 31 December 2012	(1,034)	1,126	92
At 1 January 2013	(1,034)	1,126	92
Net charge for the year (Note 10)	(20)	(45)	(65)
At 31 December 2013	(1,054)	1,081	27

17 Deferred Tax Assets and Liabilities (Continued)

The potential deferred tax assets which have not been recognised in the consolidated financial statements are as follows:

	2013 HK$ millions	2012 HK$ millions
Arising from unused tax losses	**94**	204
Arising from depreciation allowances	**7**	5
	101	209

The utilisation of unused tax losses depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

As at 31 December 2013, subject to the agreement by tax authorities, total unrecognised tax losses of approximately HK$571 million (2012: HK$1,238 million) can be carried forward indefinitely.

18 Investments in Joint Ventures

	2013 HK$ millions	2012 HK$ millions
Loans to joint ventures	**783**	538
Share of undistributed post acquisition reserves	**(68)**	(52)
	715	486

The loans to joint ventures are unsecured, have no fixed terms of repayment and non-interest bearing except for loans of HK$742 million (2012: HK$498 million) which bears interest at Hong Kong inter-bank offered rate ("HIBOR") plus 3% per annum (2012: Same).

Particulars of the principal joint ventures are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
Genius Brand Limited	Hong Kong	Telecommunications business in Hong Kong	50%
HGC GlobalCentre Limited	Hong Kong	Data centre services in Hong Kong	50%

18 Investments in Joint Ventures (Continued)

The Group's share of the results of its joint ventures, all of which are unlisted, are as follows:

	2013 HK$ millions	2012 HK$ millions
Net loss and total comprehensive loss for the year	**(12)**	(3)
Proportionate interests in jointly ventures' capital commitments		
Contracted but not provided for	**165**	112

As at 31 December 2013, there were no contingent liabilities related to the Group's interest in joint ventures and no contingent liabilities of joint ventures themselves (2012: Nil).

As at 31 December 2013, all the shares held by the Group in a joint venture were pledged as security in favour of another partner of the joint venture under a cross share pledge arrangement (2012: Same).

19 Cash and Cash Equivalents

	2013 HK$ millions	2012 HK$ millions
Cash at banks and in hand	**115**	87
Short-term bank deposits	**94**	95
	209	182

The effective interest rates on short-term bank deposits ranged from 0.01% to 0.02% per annum (2012: 0.01% to 0.31%). These deposits have an average maturity of 1 to 4 days (2012: 1 to 14 days).

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

20 Trade Receivables and Other Current Assets

	2013 HK$ millions	2012 HK$ millions
Trade receivables	**1,792**	1,927
Less: Provision for doubtful debts	**(165)**	(202)
Trade receivables, net of provision [(a)]	**1,627**	1,725
Other receivables [(b)]	**117**	104
Prepayments and deposits [(b)]	**137**	211
	1,881	2,040

(a) Trade receivables, net of provision

	2013 HK$ millions	2012 HK$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0-30 days	**1,088**	1,133
31-60 days	**197**	245
61-90 days	**118**	97
Over 90 days	**224**	250
	1,627	1,725

The carrying values of trade receivables approximate their fair values. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

As at 31 December 2013, trade receivables of approximately HK$814 million (2012: HK$972 million) were past due but not provided for. These related to a number of independent customers that have a good track record with the Group. The ageing analysis of these trade receivables is as follows:

	2013 HK$ millions	2012 HK$ millions
The ageing analysis of trade receivables which were past due but not provided for is as follows:		
Past due 1-30 days	**462**	608
Past due 31-60 days	**120**	106
Past due 61-90 days	**61**	52
Past due over 90 days	**171**	206
	814	972

20 Trade Receivables and Other Current Assets (Continued)

(a) Trade receivables, net of provision (Continued)

As at 31 December 2013, provision for doubtful debts of approximately HK$165 million (2012: HK$202 million) was recognised for trade receivables of approximately HK$883 million (2012: HK$885 million) which were individually assessed for impairment. These impaired receivables were past due and management assessed that only a portion of the receivables was expected to be recovered. The Group does not hold any collateral over these balances.

Movement of provision for doubtful debts of trade receivables is as follows:

	2013 HK$ millions	2012 HK$ millions
At 1 January	**202**	189
Increase in provision recognised in the consolidated income statement	**153**	198
Amounts recovered in respect of brought forward balance	**(146)**	(132)
Write-off during the year	**(44)**	(53)
At 31 December	**165**	202

The creation and release of provision for doubtful debts have been included in "Other operating expenses" in the consolidated income statement (Note 8). Amount charged to the provision account is generally written off when the recoverability is remote.

(b) Other receivables, prepayments and deposits

The carrying values of other receivables approximate their fair values. Other receivables, prepayments and deposits do not contain impaired assets. The maximum exposure to credit risk is the fair value of each class of financial assets mentioned above. The Group does not hold any collateral as security.

21 Inventories

Inventories represent handsets and related accessories held for sale. As at 31 December 2013, the amount of inventories carried at net realisable value was approximately HK$13 million (2012: HK$13 million).

22 Trade and Other Payables

	2013 HK$ millions	2012 HK$ millions
Trade payables [(a)]	654	870
Other payables and accruals	2,279	2,880
Deferred revenue	875	947
Current portion of licence fees liabilities (Note 24)	173	164
	3,981	4,861

The carrying values of trade and other payables approximate their fair values.

(a) Trade payables

	2013 HK$ millions	2012 HK$ millions
The ageing analysis of trade payables is as follows:		
0-30 days	306	404
31-60 days	59	76
61-90 days	80	67
Over 90 days	209	323
	654	870

23 Borrowings

	Maturity date	2013 HK$ millions	2012 HK$ millions
Unsecured bank loans			
Repayable between 1 and 2 years	2015	4,571	-
Repayable between 2 and 5 years	2015	-	3,746
		4,571	3,746

The Group's borrowings are denominated in HK$.

The carrying values of the Group's total borrowings as at 31 December 2013 and 2012 approximate their fair values which are based on cash flows discounted using the effective interest rates of the Group's total borrowings of 2.2% per annum (2012: 2.3%) and are within level 2 of the fair value hierarchy.

24 Other Non-Current Liabilities

	2013 HK$ millions	2012 HK$ millions
Non-current licence fees liabilities [(a)]	**538**	660
Pension obligations (Note 30(a))	**58**	133
Accrued expenses	**165**	120
	761	913

(a) Licence fees liabilities

	2013 HK$ millions	2012 HK$ millions
Licence fees liabilities – minimum annual fees payments:		
Not later than 1 year	**189**	178
After 1 year, but within 5 years	**523**	654
After 5 years	**149**	207
	861	1,039
Future finance charges on licence fees liabilities	**(150)**	(215)
Present value of licence fees liabilities	**711**	824
The present value of licence fees liabilities is as follows:		
Current portion of licence fees liabilities (Note 22)	**173**	164
Non-current licence fees liabilities:		
After 1 year, but within 5 years	**423**	504
After 5 years	**115**	156
	538	660
Total licence fees liabilities	**711**	824

25 Share Capital

(a) Authorised share capital of the Company

The authorised share capital of the Company comprises 10 billion shares of HK$0.25 each (2012: Same).

25 Share Capital (Continued)

(b) Issued share capital of the Company

	Ordinary share of HK$0.25 each	
	Number of shares	Issued and fully paid HK$ millions
At 1 January 2012	4,818,006,208	1,205
Issuance of shares arising from exercise of employee share options [(c)]	890,000	–
At 31 December 2012, 1 January 2013 and 31 December 2013	**4,818,896,208**	**1,205**

(c) Share options of the Company

The Company's share option scheme was approved on 21 May 2009. The Board of Directors may, under the share option scheme, grant share options to directors, non-executive directors or employees of the Group.

The movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	Weighted average exercise price per share HK$	Number of share options granted
At 1 January 2012	1.00	1,090,000
Exercised	1.00	(890,000)
At 31 December 2012, 1 January 2013 and 31 December 2013	**1.00**	**200,000**

The exercise price of the share options granted is equal to the market price of the shares on the date of grant. The share options are exercisable during a period, subject to the vesting schedule, commencing on the date on which the share options are deemed to have been granted and ending on the date falling ten years from the date of grant of the share options (subject to early termination thereof). The fair value of share options determined using the Black-Scholes model was approximately HK$0.27 each. The significant inputs into the model were an expected volatility of 49%, an expected dividend yield of 5.9%, an expected option life up to 6 years and an annual risk-free interest rate of 1.65%. Share options exercised in 2012 resulted in 890,000 ordinary shares of HK$0.25 each being issued at weighted average exercise price of HK$1.00 each. The related weighted average share price at the date of exercise during 2012 was HK$3.41 per share.

As at 31 December 2013, 200,000 (2012: 200,000) share options were exercisable.

26 Reserves

Group

	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions
At 1 January 2012, previously reported	11,184	(1,730)	-	(92)	17	9,379
Effect of change in accounting policy (Note 2(b))	-	(75)	-	75	-	-
At 1 January 2012, restated	11,184	(1,805)	-	(17)	17	9,379
Profit for the year, restated	-	1,215	-	-	-	1,215
Remeasurements of defined benefit plans	-	-	-	(31)	-	(31)
Currency translation differences	-	-	1	-	-	1
Dividend paid	-	(808)	-	-	-	(808)
Employee share option scheme						
- proceeds from shares issued	1	-	-	-	-	1
At 31 December 2012	11,185	(1,398)	1	(48)	17	9,757
At 1 January 2013, previously reported	11,185	(1,311)	1	(135)	17	9,757
Effect of change in accounting policy (Note 2(b))	-	(87)	-	87	-	-
At 1 January 2013, restated	11,185	(1,398)	1	(48)	17	9,757
Profit for the year	-	916	-	-	-	916
Remeasurements of defined benefit plans	-	-	-	93	-	93
Currency translation differences	-	-	(1)	-	-	(1)
Dividend paid (Note 12)	-	(929)	-	-	-	(929)
At 31 December 2013	11,185	(1,411)	-	45	17	9,836

26 Reserves (Continued)

Company

	Share premium HK$ millions	Retained earnings HK$ millions	Total HK$ millions
At 1 January 2012	11,184	550	11,734
Profit for the year	-	949	949
Dividend paid	-	(808)	(808)
Employee share option scheme			
– proceeds from shares issued	1	-	1
At 31 December 2012	11,185	691	11,876
At 1 January 2013	**11,185**	**691**	**11,876**
Profit for the year	**-**	**684**	**684**
Dividend paid (Note 12)	**-**	**(929)**	**(929)**
At 31 December 2013	**11,185**	**446**	**11,631**

27 Cash Generated from Operations

	2013 HK$ millions	(Restated) 2012 HK$ millions
Cash flows from operating activities		
Profit before taxation	**1,167**	1,569
Adjustments for:		
– Interest income (Note 9)	**(21)**	(12)
– Interest and other finance costs (Note 9)	**181**	166
– Depreciation and amortisation	**1,335**	1,282
– Loss on disposals of property, plant and equipment (Note 8)	**-**	3
– Share of results of joint ventures (Note 18)	**12**	3
Changes in working capital		
– Decrease/(increase) in trade receivables and other assets	**93**	(273)
– Decrease in inventories	**30**	98
– (Decrease)/increase in trade and other payables	**(973)**	122
– Retirement benefits obligations	**18**	11
Cash generated from operations	**1,842**	2,969

28 Contingent Liabilities

As at 31 December, the Group had contingent liabilities in respect of the following:

	2013 HK$ millions	2012 HK$ millions
Performance guarantees	**634**	830
Financial guarantees	**15**	17
	649	847

29 Commitments

Outstanding commitments of the Group not provided for in the consolidated financial statements are as follows:

(a) Capital commitments

	2013 HK$ millions	2012 HK$ millions
Property, plant and equipment		
Contracted but not provided for	**820**	1,003
Authorised but not contracted for	**631**	791
	1,451	1,794
Investments in joint ventures		
Authorised but not contracted for	**175**	257

The above amount included the following capital commitment with related parties:

	2013 HK$ millions	2012 HK$ millions
Property, plant and equipment		
Contracted but not provided for	**26**	27

29 Commitments (Continued)

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Buildings	
	2013	2012
	HK$ millions	HK$ millions
Not later than one year	**193**	347
Later than one year but not later than five years	**92**	134
	285	481

	Other assets	
	2013	2012
	HK$ millions	HK$ millions
Not later than one year	**213**	212
Later than one year but not later than five years	**141**	130
Later than five years	**8**	9
	362	351

The above amount included the following future aggregate minimum lease payments to related parties:

	Buildings	
	2013	2012
	HK$ millions	HK$ millions
Not later than one year	**31**	73
Later than one year but not later than five years	**10**	24
	41	97

(c) Telecommunications licence fees

A subsidiary of the Company has a unified carrier licence for the provision of telecommunications services in Hong Kong over various periods of time up to year 2021 (the "Licence") and variable licence fees are payable based on 5% of the network turnover or the Appropriate Fee (as defined in the Licence) in respect of the relevant year whichever is greater. The net present value of the Appropriate Fees has already been recorded as licence fee liabilities.

30 Employee Retirement Benefits

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 defined benefit plans represent principally contributory final salary pension plans in Hong Kong. As at 31 December 2013, the Group's plans were valued by the independent qualified actuaries using the projected unit credit method to account for the Group's pension accounting costs (2012: Same).

	2013 HK$ millions	2012 HK$ millions
The amount recognised in the consolidated statement of financial position:		
Present value of funded plans' obligations	**(330)**	(369)
Less: Fair value of plan assets	**272**	236
Pension obligations recognised in the consolidated statement of financial position (Note 24)	**(58)**	(133)

30 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

The movement in the defined benefit obligations over the year is as follows:

	Present value of obligations HK$ millions	Fair value of plan assets HK$ millions	Total HK$ millions
At 1 January 2012	(299)	208	(91)
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(32)	-	(32)
- Net interest (expense)/income	(4)	3	(1)
	(36)	3	(33)
Amounts recongised in other comprehensive income			
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	12	12
- Loss from change in financial assumptions	(33)	-	(33)
- Experience losses	(10)	-	(10)
	(43)	12	(31)
Contributions:			
- Employers	-	22	22
- Employees	(1)	1	-
Actual benefits paid	12	(12)	-
Net transfer	(2)	2	-
At 31 December 2012	(369)	236	(133)

30 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	Present value of obligations HK$ millions	Fair value of plan assets HK$ millions	Total HK$ millions
At 1 January 2013	(369)	236	(133)
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(41)	-	(41)
- Net Interest (expense)/income	(2)	1	(1)
	(43)	1	(42)
Amounts recongised in other comprehensive income			
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	27	27
- Gain from change in demographic assumptions	12	-	12
- Gain from change in financial assumptions	49	-	49
- Experience gains	5	-	5
	66	27	93
Contributions:			
- Employers	-	24	24
- Employees	(1)	1	-
Actual benefits paid	18	(18)	-
Net transfer	(1)	1	-
At 31 December 2013	(330)	272	(58)

30 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

Plan assets consist of the following:

	2013 HK$ millions	2012 HK$ millions
Equity instruments	188	135
Debt instruments	69	52
Other assets	15	49
	272	236

The principal actuarial assumptions and the sensitivity of the defined benefit obligations to changes in the principal assumptions are:

	2013		
	Assumption used	Impact to the defined benefit obligations if rate increase by 0.25%	Impact to the defined benefit obligations if rate decrease by 0.25%
Discount rate	1.5% to 2.1%	-2.4%	+2.5%
Future salary rate	4.0%	+0.8%	-0.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

	2013	2012
Weighted average duration of defined benefit obligations	10 years	12 years

Expected contributions to defined benefit plans for the year ending 31 December 2014 are approximately HK$28 million.

30 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

Forfeited contributions totaling HK$3 million (2012: HK$3 million) were used to reduce the current year's level of contributions during the year and HK$1 million was available as at 31 December 2013 (2012: HK$0.1 million) to reduce future years' contributions.

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. The realisation of the surplus/deficit 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. Funding requirements of the Group's major defined benefit plans are detailed below.

The Group operates two principal plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides 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 a benefit derived by a formula based on the final salary and years of service. A formal independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 31 July 2011 reported a funding level of 118% 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 6% per annum and salary increases of 4%. The valuation was performed by Tian Keat Aun, a Fellow of The Institute 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 2013, the plan was fully funded for the funding of vested benefits in accordance with the ORSO funding requirements.

(b) Defined contribution plans

Employees of certain subsidiaries are entitled to receive benefits from a provident fund, which is a defined contribution plan. The employee and the employer both make monthly contributions to the plan at a predetermined rate of the employees' basic salary. The Group has no further obligations under the plan beyond its monthly contributions. The fund is administered and managed by the relevant government agencies. Forfeited contributions totalling HK$0.3 million (2012: HK$0.2 million) were used to reduce the current year's level of contributions during the year and insignificant amounts were available as at 31 December 2013 and 31 December 2012 to reduce future years' contributions.

31 Investments in Subsidiaries and Balances with Subsidiaries

The Company's investments in subsidiaries represent investments in unlisted shares, stated at cost, of Hutchison Global Communications Investment Holding Limited and Hutchison Telecommunications (HK) Holdings Limited.

Particulars of principal subsidiaries are set out on pages 133 to 134.

The receivables and payables with subsidiaries are unsecured, interest free and repayable on demand.

31 Investments in Subsidiaries and Balances with Subsidiaries (Continued)

The financial information for the subsidiary that has non-controlling interests and is material to the Group is as follows:

	Hutchison Telephone Company Limited	
	2013 HK$ millions	2012 HK$ millions
Summarised statement of financial position		
Assets		
Non-current assets	**10,537**	10,556
Current assets	**1,778**	1,770
	12,315	12,326
Liabilities		
Non-current liabilities	**(9,389)**	(9,303)
Current liabilities	**(2,031)**	(2,873)
	(11,420)	(12,176)
Net assets	**895**	150
Summarised income statement		
Revenue	**8,934**	12,010
Profit for the year	**742**	1,039
Total profit for the year attributable to non-controlling interests	**179**	250
Total comprehensive income	**745**	1,040
Summarised cash flows		
Net cash generated from operating activities	**467**	1,586
Net cash used in investing activities	**(676)**	(988)
Net cash generated from/(used in) financing activities	**204**	(597)
Net (decrease)/increase in cash and cash equivalents	**(5)**	1
Cash and cash equivalents at 1 January	**35**	34
Cash and cash equivalents at 31 December	**30**	35

The information above is the amount before inter-company eliminations.

32 Ultimate Holding Company

As at 31 December 2013, the Company was owned as to approximately 65% by Hutchison Whampoa Limited ("HWL"). The directors regarded HWL as the Company's ultimate holding company.

33 Related Party Transactions

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

Related Party Group:

(1) HWL Group – HWL together with its direct and indirect subsidiaries or joint ventures

(2) Other shareholders of the Group or HWL Group:

(a) CKH Group – Cheung Kong (Holdings) Limited together with its direct and indirect subsidiaries or joint ventures

(b) DoCoMo Group – NTT DoCoMo, Inc. together with its direct and indirect subsidiaries or joint ventures

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Save as disclosed elsewhere in the consolidated financial statements, transactions between the Group and other related parties during the year are summarised below.

(a) Key management personnel remuneration

No transaction has 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 remuneration) as disclosed in Note 7.

33 Related Party Transactions (Continued)

(b) Transactions with related parties

	2013 HK$ millions	2012 HK$ millions
HWL Group		
Provision of mobile telecommunications services	20	23
Provision of fixed-line telecommunications services	144	127
Supply of telecommunications products, net of rebate	5	(2)
Purchase of telecommunications services	(91)	(32)
Rental expenses on lease arrangements	(85)	(77)
Dealership service expenses	(5)	(9)
Billing collection service expenses	(12)	(12)
Purchase of office supplies	(11)	(11)
Purchase of air tickets and hotel accommodation	(3)	(4)
Advertising and promotion expenses	(12)	(29)
Global procurement service arrangement expenses	(5)	(13)
Sharing of services arrangement	(38)	(37)
Corporate guarantee expenses	(8)	(2)
Purchase of property, plant and equipment	(4)	(4)
CKH Group		
Provision of mobile telecommunications services	1	2
Provision of fixed-line telecommunications services	37	37
Provision of marketing services	7	2
Rental expenses on lease arrangements	(9)	(8)
Purchase of telecommunications services	(1)	(2)
Business risks management services	(7)	(7)
Purchase of office supplies	(4)	(3)
Advertising and promotion expenses	(1)	(1)
Sharing of services arrangement	(10)	(10)
Purchase of property, plant and equipment	(19)	(18)
DoCoMo Group		
Provision of mobile telecommunications services	15	27
Purchase of property, plant and equipment	(30)	-

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.