

Notes to the Consolidated Financial Statements

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. Its registered office address is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

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

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated. These financial statements set out on pages 142 to 199 were approved for issuance by the Board of Directors on 5 March 2024.

2 Material Accounting Policies

The material 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 all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared under the historical cost convention, except that defined benefit plans plan assets are measured at fair values, and on a going concern basis. The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards 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.

(b) Amendments to existing standards adopted by the Group

During the year, the Group has adopted the following amendments to existing standards which are relevant to the Group's operations and are mandatory for accounting periods beginning on 1 January 2023:

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules

The adoption of these amendments to existing standards does not have a material impact to the Group's results of operations or financial position.

2 Material Accounting Policies (continued)

(c) Amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2023:

IAS 1 (Amendments) ⁽ⁱ⁾	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments) ⁽ⁱ⁾	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments) ⁽ⁱⁱ⁾	Supplier Finance Arrangements
IAS 21 (Amendments) ⁽ⁱⁱ⁾	Lack of Exchangeability
IFRS 10 and IAS 28 (Amendments) ⁽ⁱⁱⁱ⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 16 (Amendments) ⁽ⁱ⁾	Lease Liability in a Sale and Leaseback

(i) Effective for annual periods beginning on or after 1 January 2024

(ii) Effective for annual periods beginning on or after 1 January 2025

(iii) The original effective date of 1 January 2016 has been postponed until future announcement by the IASB

The Group is in the process of making an assessment of the impact of these amendments to existing standards upon initial application.

(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 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.

2 Material Accounting Policies (Continued)

(d) Subsidiaries (Continued)

(i) Consolidation (Continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the fair value of the net identifiable assets acquired and liabilities assumed (Note 2(i)). 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.

(e) 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.

When the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Material Accounting Policies (Continued)

(f) 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.

(g) 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.

(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.

2 Material Accounting Policies (continued)

(h) 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 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 - 15 years
Motor vehicles	4 years
Office furniture and equipment and computer equipment	4 - 10 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.

Construction in progress is stated at cost and no depreciation is provided on construction in progress until such time when the relevant assets are completed and available for intended use.

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.

2 Material Accounting Policies (continued)

(i) 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.

(j) 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 with a finite useful life are carried at cost less accumulated amortisation and are tested for impairment when there is any indication that they may be impaired. Amortisation is calculated using the straight-line basis to allocate the cost of the telecommunications licences over their estimated useful lives from the date they are available for use. The telecommunications licences' useful lives are reviewed annually.

(k) Customer acquisition and retention costs eligible for capitalisation

The incremental costs of obtaining telecommunications service contracts are those costs that would not have been incurred if the contract had not been obtained, mainly representing commission expenses to internal sales personnel and external agents. These incremental costs are required to be capitalised as an asset when incurred, and amortised on a straight-line basis in the consolidated income statement over the enforceable contractual period.

Acquisition costs related to contracts with durations less than one year are expensed as incurred.

(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 when there is any indication that they may be impaired. Assets that are subject to depreciation and amortisation are tested 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 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 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 Material Accounting Policies (continued)

(m) Financial assets

The Group classifies all of its financial assets as debt instruments measured at amortised cost including trade receivables, other receivables, deposits, cash and bank balances and loan to a joint venture. The classification depends on the entity's business model for managing financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(i) *Debt instruments measured at 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 is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchasing or selling 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.

(ii) *Impairment of financial assets and contract assets*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (Note 3(a)(iii)).

(n) 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.

2 Material Accounting Policies (continued)

(o) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Other receivables are measured at fair value at initial recognition. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method (Note 2(m)).

(p) Contract assets

Contract assets relating to bundled transactions are recognised when the Group has provided the service or delivered the product to the customer before the customer pays consideration or before payment is due.

(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) Contract liabilities

The Group recognises contract liabilities when a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group provides a service or delivers a product to the customer.

(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 Material 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 the 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) 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 disclosed in the notes to the consolidated financial statements unless the possibility 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 Material Accounting Policies (continued)

(v) Employee benefits

(i) 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.

(a) Defined benefit plans

Pension costs for defined benefit plans are assessed using the project unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefits plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in pension reserve. Remeasurements comprise actuarial gains and losses, the return of plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the consolidated income statement within staff costs.

(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) Termination benefits

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

2 Material Accounting Policies (continued)

(w) Revenue recognition

The Group recognises revenue on the following bases:

(i) Sales of services

The Group provides mobile telecommunications and other related services to customers. Revenue is recognised using an output method, either as the service entitlement units are used or as time elapses, because it reflects the pattern by which the Group satisfies the performance obligation through the transfer of service to the customer. Monthly service revenue is generally billed in advance, which results in a contract liability (Note 2(r)).

For service plan based on usage, when monthly usage exceeds the entitlement, the overage usage represents options held by the customer for incremental services and the usage-based fee is recognised when the customer exercises the option. Revenue from other telecommunications services is recognised when the services are rendered.

Customers are invoiced on a monthly basis and consideration is payable when invoiced. The credit periods granted by the Group to customers generally range from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms.

(ii) Sales of products

The Group sells telecommunications hardware and other products to customers. Revenue is recognised upon delivery of product to customers as this is when control passes to the customers and the payment is due immediately.

(iii) Bundled transactions comprising provisions of mobile telecommunications services and sales of handset/other product

Under bundled contracts, the Group sells handset device/other product in exchange for entering into a fixed-term and fixed-price service contract, representing the two distinct performance obligations in these typical bundled contracts.

The amount of revenue recognised for each performance obligation is determined by considering the standalone selling prices of each of the service element and product element provided within the bundled contracts. The payment pattern is consistent with the sales of services and products.

The bundled contracts may include the sale of a handset device/other product and result in the creation of a contract asset when the Group delivered the product to the customer at the time of sale (Note 2(p)).

Financing components

The Group does not expect to have any contracts where the period between the provisions of the promised services to the customers and payment by the customers exceeds one year. The financing component in the bundled contracts where the period between the delivery of the promised handset device/other product to the customers and payment by the customers exceeds one year is not expected to be significant. Based on current facts and circumstances, the Group determined that the financing component within the bundled contracts with customers is not significant and therefore does not adjust any of the transaction prices for the time value of money.

2 Material Accounting Policies (continued)

(x) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

Leases are recognised as right-of-use assets and the corresponding lease liabilities at the dates at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

(i) Lease liabilities

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 payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar term and condition.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Material Accounting Policies (continued)

(X) Leases (continued)

(ii) Right-of-use assets

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- restoration costs.

The right-of-use assets are amortised over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

(iii) Short-term leases

Payments associated with short-term leases for all classes of underlying assets are recognised on a straight-line basis over the lease terms as expenses in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

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 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, trade and other receivables, and trade and other 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\$.

	2023 HK\$ million	2022 HK\$ million
US\$	170	(48)
EURO	(21)	(32)
GBP	9	14
Total net exposure: net assets/(liabilities)	158	(66)

As at 31 December, a 5% strengthening/weakening of the currencies of the above assets and liabilities against HK\$ would have decreased/increased (2022: increased/decreased) post-tax loss for the year by the amounts as shown below. This analysis assumes that all other variables remain constant.

	2023 HK\$ million	2022 HK\$ million
US\$	9	(2)
EURO	(1)	(1)
GBP	-	1
	8	(2)

There is no significant foreign currency transaction risk that would affect equity directly. The 5% 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 investments of surplus funds placed with banks and loan to a joint venture. The Group manages its 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:

	2023 HK\$ million	2022 HK\$ million
Cash at banks and short-term bank deposits	3,627	3,542
Loan to a joint venture (Note 21)	172	214
	3,799	3,756

The cash deposits placed with banks generate interest at the prevailing market interest rates and the loan to a joint venture bears interest at Hong Kong inter-bank offered rate ("HIBOR") plus 3% per annum (2022: Same).

As at 31 December, if interest rates had been 100 basis points higher, with all other variables held constant, post-tax loss for 2023 and 2022 would have decreased by HK\$38 million and HK\$37 million respectively, mainly as a result of higher interest income from cash at banks and bank deposits and interest bearing balance with a joint venture; 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 the 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 refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk arises from cash at banks and short-term bank deposits, trade and other receivables, contract assets, deposits and loan to a joint venture.

Risk management

Credit risk is managed on a group basis. Management has policies in place and exposures to the credit risk are monitored on an ongoing basis.

For banks and financial institutions, only independently rated parties with sound credit rating are accepted.

The Group controls its credit risk by assessing the credit quality of the counterparties, taking into account their credit ratings, past experience and other factors, in measuring the expected credit loss. Individual limits are set by the management with regular monitoring.

The credit periods granted by the Group to customers generally range 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 and contract assets 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:

	2023 HK\$ million	2022 HK\$ million
Cash and bank balances (Note 22)	3,684	3,700
Trade and other receivables (Note 23)	481	393
Contract assets (Note 18)	318	345
Current and non-current deposits	126	119
Loan to a joint venture (Note 21)	172	214
	4,781	4,771

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model of IFRS 9:

- trade receivables from the provisions of mobile telecommunications and other related services and the sales of telecommunications hardware and other products;
- contract assets relating to bundled transactions; and
- other financial assets at amortised cost.

(a) Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance provision against trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group considers the lifetime expected loss for contract assets relating to unbilled bundled transactions to be substantially the same as the trade receivables.

The expected loss rates are based on the payment profiles of the debtors over a period of 24 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Trade receivables and contract assets (Continued)

On that basis, the loss allowance provision as at 31 December 2023 and 2022 are determined as follows for trade receivables and contract assets:

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million
At 31 December 2023:						
Not yet due	3% - 4%	168	5	4%	333	15
Past due 1 - 30 days	6% - 11%	104	4			
Past due 31 - 60 days	12% - 20%	31	4			
Past due 61 - 180 days	20% - 33%	49	12			
Past due over 180 days	29% - 33%	81	31			
		433	56			

	Trade receivables			Contract assets		
	Expected loss rate	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million	Expected loss rate	Gross carrying amount HK\$ million	Loss allowance provision HK\$ million
At 31 December 2022:						
Not yet due	3%	126	4	3%	355	10
Past due 1 - 30 days	5% - 12%	87	6			
Past due 31 - 60 days	11% - 24%	25	4			
Past due 61 - 180 days	21% - 42%	51	12			
Past due over 180 days	31% - 42%	86	31			
		375	57			

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

(a) Trade receivables and contract assets (Continued)

Movement of loss allowance provision of trade receivables and contract assets is as follows:

	Trade receivables		Contract assets	
	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million
At 1 January	57	41	10	4
Increase in provision recognised in the consolidated income statement	43	58	6	8
Amounts recovered in respect of brought forward balance	(24)	(24)	(1)	(2)
Write-off during the year	(20)	(18)	-	-
At 31 December	56	57	15	10

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments past due for a period of greater than 365 days. Impairment losses on trade receivables and contract assets are presented in net basis as "loss allowance provision" within "other operating expenses" in the consolidated income statement (Note 8). Subsequent recoveries of amounts previously written off are credited against the same line item.

(b) Other financial assets at amortised cost

Other financial assets at amortised cost include loan to a joint venture, other receivables, deposits, and cash and bank balances. These financial assets are considered to be low credit risk as the counterparty has capacity to meet its contractual cash flow obligation. Therefore, applying the expected credit risk model resulted in an immaterial impact on the loss allowance provision for these financial assets.

3 Financial Risk Management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk

Prudent liquidity risk management is adopted. Due to the dynamic nature of the underlying business, the Group maintains 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 is required to pay.

	Carrying amount HK\$ million	Contractual liabilities HK\$ million	Contractual undiscounted cash flow HK\$ million	Within 1 year HK\$ million	After 1 year but within 2 years HK\$ million	After 2 years but within 5 years HK\$ million	After 5 years HK\$ million
At 31 December 2023							
Trade payables (Note 25)	174	174	174	174	-	-	-
Other payables and accruals (Note 25)	1,114	275	275	275	-	-	-
Licence fees liabilities (Notes 25 and 28(a))	2,166	2,166	2,515	186	191	600	1,538
Lease liabilities (Note 27)	482	482	496	316	152	27	1
	3,936	3,097	3,460	951	343	627	1,539
At 31 December 2022							
Trade payables (Note 25)	197	197	197	197	-	-	-
Other payables and accruals (Note 25)	1,149	295	295	295	-	-	-
Licence fees liabilities (Notes 25 and 28(a))	2,257	2,257	2,661	146	186	586	1,743
Lease liabilities (Note 27)	456	456	463	308	124	31	-
	4,059	3,205	3,616	946	310	617	1,743

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, 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 bank balances, trade and other receivables, deposits, and trade and other 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.

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.

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

The Group has substantial investments in mobile telecommunications infrastructure and network equipment. As at 31 December 2023, the carrying amount of the mobile telecommunications infrastructure and network equipment was HK\$2,220 million (2022: HK\$2,277 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.

(b) Estimated useful life for telecommunications licences

Telecommunications licences with a finite useful life are carried at cost less accumulated amortisation and are tested for impairment when there is any indication that they may be impaired. Judgement is required to estimate the useful lives of the telecommunications licences. 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 consolidated income statement.

4 Critical Accounting Estimates and Judgements (Continued)

(c) Impairment of goodwill and other non-financial assets

Goodwill is tested for impairment annually and when there is indication that it 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, non-financial assets are grouped and tested for impairment at the respective CGUs or group of CGUs and the recoverable amount of the CGUs or group of CGUs is estimated in order to determine the extent of the impairment loss, if any.

In assessing whether these assets have suffered any impairment, the carrying value of the CGUs or group of CGUs is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value in use. The recoverable amounts of the CGUs or group of CGUs have been determined based on a discounted cash flow model. The cash flows 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, market development expectations, including the expected market share and growth momentum, and where available and relevant, 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. The calculation of the recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Estimating the recoverable amount of the CGUs or group of CGUs requires the use of significant judgements that are based on a number of factors including actual operating results, internal forecasts, determination of an appropriate discount rate, growth rate and the estimated terminal value assumptions. It is reasonably possible that the judgements and estimates described above could change in future periods.

(d) Taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement and estimate are 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 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 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, tax planning strategies and the periods in which estimated tax losses can be utilised.

5 Revenue

Revenue comprises revenues from the provisions of mobile telecommunications and other related services and the sales of telecommunications hardware and other products. An analysis of revenue is as follows:

	2023 HK\$ million	2022 HK\$ million
Mobile telecommunications and other related services	3,531	3,278
Telecommunications hardware and other products	1,365	1,604
	4,896	4,882

(a) Disaggregation of revenue

The Group's revenue from the provisions of services and delivery of goods by timing of satisfaction of performance obligations is as follows:

	2023 HK\$ million	2022 HK\$ million
Timing of revenue recognition:		
Over time	3,531	3,278
At a point in time	1,365	1,604
	4,896	4,882

(b) Unsatisfied mobile telecommunications service contracts

The aggregate amount of the transaction price allocated to the performance obligations arisen from fixed-price mobile telecommunications service contracts that are partially or fully unsatisfied as at 31 December 2023 was HK\$2,899 million (2022: HK\$2,924 million). Management expects that the transaction price allocated to these unsatisfied contracts will be recognised as revenue in the following future years:

	2023 HK\$ million	2022 HK\$ million
Not later than 1 year	1,781	1,805
After 1 year but within 5 years	1,108	1,111
After 5 years	10	8
	2,899	2,924

The performance obligations arisen from other mobile telecommunications service contracts are for period of one year or less or are billed based on usage incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6 Segment Information

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment, the Group has identified only one reporting segment, which is mobile telecommunications business.

7 Staff Costs

	2023 HK\$ million	2022 HK\$ million
Wages and salaries	532	490
Pension costs		
- defined benefit plans	13	16
- defined contribution plans	9	9
Long service payments	2	-
	556	515
Less: - Amounts capitalised as property, plant and equipment	(124)	(114)
- Amounts capitalised as customer acquisition and retention costs	(64)	(65)
	368	336

(a) Directors' and chief executive's emoluments

Directors' emoluments comprise payments to directors from the Group. The emoluments of each of the directors of the Company exclude amounts received from a subsidiary of the Group and paid to the Company. The amounts paid to each director and the chief executive for 2023 and 2022 are as follows:

	2023					
	Director's fees HK\$ million	Basic salaries, allowances and benefits- in-kind ^(iv) HK\$ million	Bonuses HK\$ million	Provident fund contributions HK\$ million	Inducement or compensation fees HK\$ million	Total HK\$ million
Fok Kin Ning, Canning	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai ⁽ⁱ⁾	0.09	2.97	1.58	0.23	-	4.87
Lai Kai Ming, Dominic	0.07	-	-	-	-	0.07
Edith Shih	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia	0.07	-	-	-	-	0.07
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.09	2.97	1.58	0.23	-	5.87

7 Staff Costs (Continued)

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

	2022					
	Director's fees HK\$ million	Basic salaries, allowances and benefits-in-kind ^(iv) HK\$ million	Bonuses HK\$ million	Provident fund contributions HK\$ million	Inducement or compensation fees HK\$ million	Total HK\$ million
Fok Kin Ning, Canning	0.09	-	-	-	-	0.09
Lui Dennis Pok Man	0.07	-	-	-	-	0.07
Woo Chiu Man, Cliff	0.07	-	-	-	-	0.07
Koo Sing Fai ⁽ⁱ⁾⁽ⁱⁱ⁾	0.09	2.96	1.44	0.22	-	4.71
Lai Kai Ming, Dominic ⁽ⁱⁱ⁾	0.07	-	-	-	-	0.07
Edith Shih	0.11	-	-	-	-	0.11
Chow Ching Yee, Cynthia ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-
Ip Yuk Keung	0.18	-	-	-	-	0.18
Lan Hong Tsung, David	0.16	-	-	-	-	0.16
Wong Yick Ming, Rosanna	0.18	-	-	-	-	0.18
Total	1.02	2.96	1.44	0.22	-	5.64

- (i) Mr Koo Sing Fai is the chief executive whose emoluments have been shown in directors' emoluments above.
- (ii) Director's fee received by these directors from a subsidiary of the Group during the period they served as directors that have been paid to the Company are not included in the amounts above.
- (iii) Appointed on 28 December 2022.
- (iv) Benefits-in-kind included insurance and transportation.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

7 Staff Costs (Continued)

(c) Five highest paid individuals

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

	2023 Number of individual	2022 Number of individual
Director of the Company	1	1
Management executives	4	4

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

	2023 HK\$ million	2022 HK\$ million
Basic salaries, allowances and benefits-in-kind	10	10
Bonuses	4	4
Provident fund contributions	1	1
	15	15

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

	2023 Number of individual	2022 Number of individual
HK\$2,000,001 - HK\$2,500,000	2	2
HK\$2,500,001 - HK\$3,000,000	1	2
HK\$3,000,001 - HK\$3,500,000	1	-
HK\$4,500,001 - HK\$5,000,000	1	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 2023 (2022: Nil).

8 Other Operating Expenses

	2023 HK\$ million	2022 HK\$ million
Cost of services provided ⁽ⁱ⁾	1,571	1,454
General administrative and distribution costs	109	138
Expenses for short-term leases	32	30
Loss on disposals of property, plant and equipment	1	-
Auditors' remuneration	8	7
Loss allowance provision	24	40
Employment and other subsidies ⁽ⁱⁱ⁾	(10)	(18)
Compensation income ⁽ⁱⁱⁱ⁾	-	(80)
Total	1,735	1,571

(i) Include interconnection charges, roaming costs and other network operating costs.

(ii) Benefits received from governments and other companies under employment and other support schemes.

(iii) Compensation income from third party in relation to early termination of contract.

9 Interest and Other Finance Income/(Costs), Net

	2023 HK\$ million	2022 HK\$ million
Interest and other finance income:		
Bank interest income	181	55
Interest income from a joint venture	15	11
	196	66
Interest and other finance costs:		
Notional interest accretion ⁽ⁱ⁾	(71)	(68)
Guarantee and other finance fees	(9)	(9)
	(80)	(77)
Interest and other finance income/(costs), net	116	(11)

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

10 Taxation

	2023			2022		
	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million	Current taxation HK\$ million	Deferred taxation HK\$ million	Total HK\$ million
Hong Kong	3	75	78	1	48	49

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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:

	2023 HK\$ million	2022 HK\$ million
Tax calculated at domestic rates	7	(15)
Income not subject to tax	(30)	(23)
Expenses not deductible for taxation purposes	79	85
Tax losses not recognised	2	-
Under-provision in prior years	20	2
Total taxation charge	78	49

The Group is in the process of assessing its exposure to the Pillar Two model rules when it comes into effect. It is not expected to have material impacts to the Group.

11 Loss per Share

The calculation of basic loss per share is based on loss attributable to shareholders of the Company of HK\$52 million (2022: HK\$158 million) and on the weighted average number of 4,819,096,208 (2022: Same) ordinary shares in issue during the year.

The diluted loss per share for the year ended 31 December 2023 is the same as basic loss per share as there were no potential dilutive shares during the year (2022: Same).

12 Dividends

	2023 HK\$ million	2022 HK\$ million
Interim dividend, paid of 2.28 HK cents per share (2022: 2.28 HK cents per share)	110	110
Final dividend, proposed of 5.21 HK cents per share (2022: 5.21 HK cents per share)	251	251
	361	361

The final dividend proposed after the end of the reporting period has not been recognised as a liability at 31 December 2023.

13 Property, Plant and Equipment

The movements of property, plant and equipment for the years ended 31 December 2023 and 2022 are as follows:

	Buildings HK\$ million	Telecom- munications infrastructure and network equipment HK\$ million	Other assets HK\$ million	Construction in progress HK\$ million	Total HK\$ million
Cost					
At 1 January 2023	87	5,253	2,402	253	7,995
Additions	-	194	101	186	481
Disposals/write-off	-	(182)	(175)	-	(357)
Transfer between categories	-	106	53	(159)	-
At 31 December 2023	87	5,371	2,381	280	8,119
Accumulated depreciation					
At 1 January 2023	26	2,976	1,986	-	4,988
Charge for the year	2	357	145	-	504
Disposals/write-off	-	(182)	(174)	-	(356)
At 31 December 2023	28	3,151	1,957	-	5,136
Net book value					
At 31 December 2023	59	2,220	424	280	2,983

13 Property, Plant and Equipment (Continued)

	Buildings HK\$ million	Telecom- munications infrastructure and network equipment HK\$ million	Other assets HK\$ million	Construction in progress HK\$ million	Total HK\$ million
Cost					
At 1 January 2022	87	5,270	2,315	330	8,002
Additions	-	211	105	180	496
Disposals/write-off	-	(412)	(91)	-	(503)
Transfer between categories	-	184	73	(257)	-
At 31 December 2022	87	5,253	2,402	253	7,995
Accumulated depreciation					
At 1 January 2022	24	3,046	1,931	-	5,001
Charge for the year	2	342	146	-	490
Disposals/write-off	-	(412)	(91)	-	(503)
At 31 December 2022	26	2,976	1,986	-	4,988
Net book value					
At 31 December 2022	61	2,277	416	253	3,007

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

14 Goodwill

	2023 HK\$ million	2022 HK\$ million
Gross carrying amount and net book value at 1 January and 31 December	2,155	2,155
Accumulated impairment losses at 1 January and 31 December	-	-

Impairment test for the group of CGUs containing goodwill

Goodwill is allocated to the group of CGUs, the lowest level at which goodwill is monitored for internal management purposes, that are expected to benefit from the business combination in which the goodwill arose. In accordance with the Group's accounting policy on asset impairment (Note 2(I)), the carrying value of goodwill was tested annually for impairment and when there is indication that it may be impaired.

In performing the impairment assessment, the carrying value of the group of CGUs (including goodwill and telecommunications licences) is compared with its recoverable amount. The recoverable amount of the group of CGUs is determined based on value-in-use calculation. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period to 2028 and the estimated terminal value at the end of the budget period. Information about the estimates and judgements relating to the impairment test are disclosed in Note 4(c).

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

- (i) The expected growth in revenues, gross margin, operating costs, timing of future capital expenditures and growth rate. With reference to the impairment test model of the telecommunications industry, a growth rate of 2.0% into perpetuity is used to extrapolate cash flows beyond the budget period in order to determine the terminal value of the group of CGUs.
- (ii) The discount rate applied to cash flows of the group of CGUs is based on discount rate that reflects the specific risks relating to the relevant segment. The discount rate is adjusted to reflect the risk profile equivalent to those that the Group expects to derive from the assets. The pre-tax discount rate applied in the value-in-use calculation is 11.0% (2022: 10.9%) per annum.

A reasonably possible change in a key assumption would not cause the recoverable amount to fall below the carrying value of the group of CGUs. The results of the tests undertaken as at 31 December 2023 indicated no impairment charge was necessary (2022: Same).

15 Telecommunications Licences

	HK\$ million
At 1 January 2022	
Cost	5,463
Accumulated amortisation	(1,563)
Net book value	3,900
Year ended 31 December 2022	
Opening net book value	3,900
Additions	138
Amortisation for the year	(375)
Closing net book value	3,663
At 31 December 2022	
Cost	5,601
Accumulated amortisation	(1,938)
Net book value	3,663
Year ended 31 December 2023	
Opening net book value	3,663
Amortisation for the year	(379)
Closing net book value	3,284
At 31 December 2023	
Cost	5,601
Accumulated amortisation	(2,317)
Net book value	3,284

During the year ended 31 December 2022, the Group acquired telecommunications licences of HK\$138 million following the bid of two blocks of 10 MHz spectrum at the 700 MHz band.

The additions represent the net present value of the consideration payable for telecommunications licences acquired (Note 28(a)).

16 Right-of-use Assets

The Group leases various network sites, retail stores, office and warehouse. Rental contracts are typically made for fixed period of two to three years. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions.

	2023 HK\$ million	2022 HK\$ million
Network sites	416	439
Retail stores	52	45
Office	43	7
Warehouse	1	-
	512	491

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.

Additions to the right-of-use assets with the corresponding increase in lease liabilities and the assets retirement obligations during the year ended 31 December 2023 were HK\$426 million (2022: HK\$441 million) and HK\$7 million (2022: HK\$8 million) respectively.

Amortisation charge of right-of-use assets recognised in the consolidated income statement is as follows:

	2023 HK\$ million	2022 HK\$ million
Network sites	363	377
Retail stores	29	28
Office	19	19
Warehouse	1	1
	412	425

17 Customer Acquisition and Retention Costs

	HK\$ million
At 1 January 2022	
Cost	325
Accumulated amortisation	(160)
Net book value	165
Year ended 31 December 2022	
Opening net book value	165
Additions	190
Amortisation for the year	(166)
Closing net book value	189
At 31 December 2022	
Cost	373
Accumulated amortisation	(184)
Net book value	189
Year ended 31 December 2023	
Opening net book value	189
Additions	165
Amortisation for the year	(186)
Closing net book value	168
At 31 December 2023	
Cost	386
Accumulated amortisation	(218)
Net book value	168

18 Contract Assets

	Non-current		Current		Total	
	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million	2023 HK\$ million	2022 HK\$ million
Contract assets	156	157	177	198	333	355
Less: Loss allowance provision (Note 3(a)(iii))	(7)	(5)	(8)	(5)	(15)	(10)
Contract assets, net of provision	149	152	169	193	318	345

There is no concentration of credit risk with respect to contract assets, as the Group has a large number of customers.

19 Other Non-Current Assets

	2023 HK\$ million	2022 HK\$ million
Prepayments	274	287
Non-current deposits	34	30
Pension assets (Note 34(a))	46	44
	354	361

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

20 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:

	2023 HK\$ million	2022 HK\$ million
Deferred tax assets	1	4
Deferred tax liabilities	(120)	(48)
Net deferred tax liabilities	(119)	(44)

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

	Accelerated depreciation allowance HK\$ million	Tax losses HK\$ million	Other HK\$ million	Total HK\$ million
At 1 January 2022	(137)	140	1	4
Net charge to consolidated income statement for the year (Note 10)	(9)	(38)	(1)	(48)
At 31 December 2022	(146)	102	-	(44)
At 1 January 2023	(146)	102	-	(44)
Net charge to consolidated income statement for the year (Note 10)	(27)	(48)	-	(75)
At 31 December 2023	(173)	54	-	(119)

20 Deferred Tax Assets and Liabilities (continued)

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

	2023 HK\$ million	2022 HK\$ million
Arising from unused tax losses	3	1

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 2023, subject to the agreement by tax authorities, total unrecognised tax losses of HK\$20 million (2022: HK\$7 million) can be carried forward indefinitely.

21 Investment in a Joint Venture

	2023 HK\$ million	2022 HK\$ million
Loan to a joint venture	172	214
Share of undistributed post acquisition reserves	(63)	(57)
	109	157

As at 31 December 2023, the loan to a joint venture of HK\$172 million (2022: HK\$214 million) was unsecured, had no fixed term of repayment and bore interest at HIBOR plus 3% per annum (2022: Same).

Particulars of the principal joint venture are summarised as follows:

Name	Place of incorporation	Principal activities	Interest held
Genius Brand Limited	Hong Kong	Telecommunications business in Hong Kong	50%

21 Investment in a Joint Venture (Continued)

The Group's share of the result and capital commitments of its joint venture, which is unlisted, is as follows:

	2023 HK\$ million	2022 HK\$ million
Net loss and total comprehensive loss for the year	(4)	(4)
Capital commitments contracted but not provided for		
Property, plant and equipment	17	12
Telecommunications licences ^(a)	96	-
	113	12

- (a) In November 2023, the Communications Authority of Hong Kong ("CA") approved the transfer of (i) a block of 10 MHz spectrum at the 2600 MHz band from a subsidiary of the Group to the joint venture for a 15-year period commencing March 2024 at aggregate Spectrum Utilisation Fees ("SUFs") of HK\$114 million (the "2600 MHz Spectrum"), (ii) a block of 10 MHz spectrum at the 2600 MHz band from the joint venture partner to the joint venture for a 4-year period from March 2024 to March 2028 at aggregate SUFs to be determined afterwards, and (iii) a block of 10 MHz spectrum at the 2600 MHz band from the joint venture partner to the joint venture for a 11-year period commencing March 2028 at aggregate SUFs of HK\$79 million.

In January 2024, the joint venture has lodged a performance bond with the CA in the amount of HK\$40 million, which was indemnified by a subsidiary of the Group, for payment of the SUF payable in ensuing five years for the 2600 MHz Spectrum.

As at 31 December 2023, there were no contingent liabilities related to the Group's interest in a joint venture (2022: Nil) and no contingent liabilities of joint venture itself (2022: Nil).

As at 31 December 2023, all the shares held by the Group in a joint venture were pledged as security in favour of the joint venture partner under a cross share pledge arrangement (2022: Same).

22 Cash and Bank Balances

	2023 HK\$ million	2022 HK\$ million
Cash at banks and in hand	87	165
Short-term bank deposits with original maturity within 3 months	1,823	2,922
Cash and cash equivalents	1,910	3,087
Short-term bank deposits with original maturity beyond 3 months	1,774	613
	3,684	3,700

As at 31 December 2023, the weighted average interest rate on short-term bank deposits was 5.39% (2022: 4.80%) per annum.

The carrying values of cash and bank balances approximate their fair values.

23 Trade Receivables and Other Current Assets

	2023 HK\$ million	2022 HK\$ million
Trade receivables ^(a)	433	375
Less: Loss allowance provision (Note 3(a)(iii))	(56)	(57)
Trade receivables, net of provision	377	318
Other receivables ^(b)	104	75
Prepayments and deposits ^(b)	408	391
	889	784

(a) Trade receivables

	2023 HK\$ million	2022 HK\$ million
The ageing analysis of trade receivables presented based on the invoice date is as follows:		
0 - 30 days	213	162
31 - 60 days	68	62
61 - 180 days	65	61
Over 180 days	87	90
	433	375

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.

(b) Other receivables, prepayments and deposits

The carrying values of other receivables and deposits approximate their fair values. Insignificant amount of loss allowance provision was made at the reporting date in respect of other receivables, prepayments and deposits (2022: Nil). 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.

24 Inventories

Inventories represent handsets and related accessories held for sale. As at 31 December 2023, the amount of inventories carried at net realisable value was HK\$9 million (2022: HK\$13 million).

25 Trade and Other Payables

	2023 HK\$ million	2022 HK\$ million
Trade payables ^(a)	174	197
Other payables and accruals ^(b)	1,114	1,149
Receipts in advance	165	159
Current portion of licence fees liabilities (Note 28(a))	184	144
	1,637	1,649

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

(a) Trade payables

	2023 HK\$ million	2022 HK\$ million
The ageing analysis of trade payables is as follows:		
0 - 30 days	94	67
31 - 60 days	13	25
61 - 90 days	3	7
Over 90 days	64	98
	174	197

(b) Other payables and accruals

Other payables and accruals mainly represent payables and accruals for capital expenditures and network-related cost payables.

26 Contract Liabilities

	2023 HK\$ million	2022 HK\$ million
Contract liabilities		
- mobile telecommunications service contracts	212	162

Revenue in relation to mobile telecommunications service contracts, which was included in the contract liabilities balance at the beginning of the year amounting to HK\$155 million, was recognised during the year ended 31 December 2023 (2022: HK\$147 million). No revenue is recognised from performance obligations satisfied in previous periods during the year ended 31 December 2023 (2022: Nil).

27 Lease Liabilities

	2023 HK\$ million	2022 HK\$ million
Current	312	305
Non-current	170	151
	482	456

(a) Movement of lease liabilities is as follows:

	2023 HK\$ million	2022 HK\$ million
At 1 January	456	417
Additions	426	441
Interest accretion	14	10
Payments for lease liabilities (including interest) ⁽ⁱ⁾	(414)	(412)
At 31 December	482	456

(i) The payments include the principal elements of lease liabilities paid (included in "net cash used in financing activities") of HK\$400 million (2022: HK\$402 million) and interest elements of lease liabilities paid (included in "net cash from operating activities") of HK\$14 million (2022: HK\$10 million).

(b) The total cash outflow for short-term leases for the year ended 31 December 2023 was HK\$32 million (2022: HK\$30 million).

28 Other Non-Current Liabilities

	2023 HK\$ million	2022 HK\$ million
Non-current licence fees liabilities ^(a)	1,982	2,113
Assets retirement obligations ^(b)	265	258
Long service payments liabilities	2	-
	2,249	2,371

(a) Licence fees liabilities

	2023 HK\$ million	2022 HK\$ million
Licence fees liabilities - minimum annual fees payments:		
Not later than 1 year	186	146
After 1 year but within 5 years	791	772
After 5 years	1,538	1,743
	2,515	2,661
Future finance charges on licence fees liabilities	(349)	(404)
Carrying amount of licence fees liabilities	2,166	2,257
The carrying amount of licence fees liabilities is as follows:		
Current portion of licence fees liabilities (Note 25)	184	144
Non-current licence fees liabilities:		
After 1 year but within 5 years	733	715
After 5 years	1,249	1,398
	1,982	2,113
Total licence fees liabilities	2,166	2,257

(b) Assets retirement obligations

	2023 HK\$ million	2022 HK\$ million
At 1 January	258	249
Additions	7	8
Interest accretion	2	2
Utilisations	(2)	(1)
At 31 December	265	258

The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing property, plant and equipment when they are no longer used and restoring the sites on which they are located.

29 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 (2022: Same).

(b) Issued share capital of the Company

	Ordinary share of HK\$0.25 each Number of shares	Issued and fully paid HK\$ million
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	4,819,096,208	1,205

30 Reserves

	Share premium HK\$ million	Accumulated losses HK\$ million	Exchange reserve HK\$ million	Pension reserve HK\$ million	Other reserves ⁽ⁱ⁾ HK\$ million	Total HK\$ million
At 1 January 2022	11,185	(1,552)	1	265	(289)	9,610
Loss for the year	-	(158)	-	-	-	(158)
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	(27)	-	(27)
Dividend paid	-	(361)	-	-	-	(361)
At 31 December 2022	11,185	(2,071)	1	238	(289)	9,064
At 1 January 2023	11,185	(2,071)	1	238	(289)	9,064
Loss for the year	-	(52)	-	-	-	(52)
Remeasurements of defined benefit plans (Note 34(a))	-	-	-	3	-	3
Cumulative translation adjustments released upon de-registration of a subsidiary	-	-	(1)	-	-	(1)
Dividend paid	-	(361)	-	-	-	(361)
Transfer between reserves	-	1	-	-	(1)	-
At 31 December 2023	11,185	(2,483)	-	241	(290)	8,653

- (i) In prior years, the Group acquired the interests in certain subsidiaries held by the non-controlling shareholders. The other reserves mainly represent the difference between the consideration paid for the additional interests acquired by the Group and the proportionate share of the carrying amount of net assets of these subsidiaries.

31 Cash Generated from Operations

	2023 HK\$ million	2022 HK\$ million
Cash flows from operating activities		
Profit/(loss) before taxation	26	(109)
Adjustments for:		
- Interest and other finance income	(196)	(66)
- Interest and other finance costs	80	77
- Depreciation and amortisation	1,481	1,456
- Capitalisation of customer acquisition and retention costs	(165)	(190)
- Share of result of a joint venture	4	4
- Loss on disposals of property, plant and equipment	1	-
- Increase in trade receivables and other assets	(50)	(49)
- Increase in inventories	(3)	(4)
- (Decrease)/increase in trade and other payables, and licence fees liabilities	(27)	13
- Decrease in pension assets	1	16
Cash generated from operations	1,152	1,148

Non-cash transactions from investing activities

Save as disclosed in elsewhere in the consolidated financial statements, the non-cash transactions during the year ended 31 December 2023 include (i) the network access fee payable to a joint venture of HK\$122 million (2022: HK\$111 million) and (ii) the interest income from the loan to a joint venture of HK\$15 million (2022: HK\$11 million), which have been settled by offsetting the loan to a joint venture.

32 Contingent Liabilities

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

	2023 HK\$ million	2022 HK\$ million
Performance guarantees	134	184
Financial guarantees ^(a)	1,091	953
Others	2	2
	1,227	1,139

The contingent liabilities mainly comprise of the performance guarantees and financial guarantees provided to the CA. The Group is required to lodge a performance bond with the CA to guarantee (i) the network and service rollout requirement and (ii) to maintain at all times throughout the whole assignment term for payment of the SUF payable in the ensuing five years, or the SUF payable for the remaining duration of the assignment term if it is less than five years, in respect of those spectrums which the Group elected to pay annually in 15 instalments.

32 Contingent Liabilities (Continued)

- (a) As at 31 December 2023, a standby letter of credit of HK\$114 million covering the aggregate SUFs for the 2600 MHz Spectrum was issued in favour of the CA and the amount has been included in the contingent liabilities of the Group. The standby letter of credit was subsequently released in February 2024.

33 Capital Commitments

As at 31 December, the Group had capital commitments contracted but not provided for as follows:

	2023 HK\$ million	2022 HK\$ million
Property, plant and equipment	121	119
Telecommunications licences	-	114
	121	233

In 2021, a subsidiary of the Group successfully bid the 2600 MHz Spectrum for a 15-year period commencing March 2024 at aggregate SUFs of HK\$114 million. In November 2023, the CA approved the transfer of the 2600 MHz Spectrum to a joint venture and was disclosed as share of capital commitments of the joint venture in Note 21.

34 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 2023, 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 (2022: Same).

	2023 HK\$ million	2022 HK\$ million
The amount recognised in the consolidated statement of financial position:		
Present value of funded plans' obligations	(167)	(164)
Less: Fair value of plan assets	213	208
Pension assets recognised in the consolidated statement of financial position (Note 19)	46	44

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

The movements in the defined benefit plans during the year are as follows:

	Present value of obligations HK\$ million	Fair value of plan assets HK\$ million	Total HK\$ million
At 1 January 2023	(164)	208	44
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(15)	-	(15)
- Net interest (expense)/income	(6)	8	2
	(21)	8	(13)
Amounts recognised in other comprehensive income			
Remeasurements:			
- Gain on plan assets, excluding amounts included in interest income	-	4	4
- Loss from change in financial assumptions	(3)	-	(3)
- Gain from change in demographic assumptions	4	-	4
- Experience losses	(2)	-	(2)
	(1)	4	3
Contributions:			
- Employers	-	12	12
Actual benefits paid	20	(20)	-
Net transfer	(1)	1	-
At 31 December 2023	(167)	213	46

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	Present value of obligations HK\$ million	Fair value of plan assets HK\$ million	Total HK\$ million
At 1 January 2022	(203)	290	87
Amounts recognised in consolidated income statement			
Pension costs, included in staff costs (Note 7):			
- Current service cost	(17)	-	(17)
- Net interest (expense)/income	(3)	4	1
	(20)	4	(16)
Amounts recognised in other comprehensive income			
Remeasurements:			
- Loss on plan assets, excluding amounts included in interest income	-	(64)	(64)
- Gain from change in financial assumptions	30	-	30
- Experience gains	7	-	7
	37	(64)	(27)
Actual benefits paid	22	(22)	-
At 31 December 2022	(164)	208	44

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

Plan assets consist of the following:

	2023 HK\$ million	2022 HK\$ million
Equity instruments	145	139
Debt instruments	41	47
Other assets	27	22
	213	208

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

	2023		
	Assumption used	Impact to the defined benefit obligations if rate increases by 0.25%	Impact to the defined benefit obligations if rate decreases by 0.25%
Discount rate	3.4% - 3.5%	-1.5%	+1.5%
Future salary rate	3.5%	+0.3%	-0.3%

	2022		
	Assumption used	Impact to the defined benefit obligations if rate increases by 0.25%	Impact to the defined benefit obligations if rate decreases by 0.25%
Discount rate	3.7% - 3.8%	-1.7%	+1.8%
Future salary rate	3.5%	+0.3%	-0.3%

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 obligations 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 in 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 comparing to the previous period.

34 Employee Retirement Benefits (Continued)

(a) Defined benefit plans (Continued)

	2023	2022
Weighted average duration of defined benefit obligations	6 years	7 years

Expected contributions to defined benefit plans for the year ending 31 December 2024 are HK\$16 million.

Forfeited contributions totalling HK\$2 million (2022: HK\$3 million) were used to reduce the current year's level of contributions during the year and insignificant forfeited contributions were available as at 31 December 2023 (2022: HK\$0.3 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 pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Stewart Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2023, vested benefits under this plan were fully funded 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 agencies. Forfeited contributions totalling HK\$0.1 million (2022: insignificant forfeited contributions) were used to reduce the current year's level of contributions during the year and no forfeited contribution was available as at 31 December 2023 (2022: Nil) to reduce future years' contributions.

35 Ultimate Holding Company

As at 31 December 2023 and 2022, approximately 66% of the issued share capital of the Company was owned by CK Hutchison Holdings Limited ("CKHH"), which was incorporated in the Cayman Islands with limited liability. The directors regarded CKHH as the Company's ultimate holding company.

36 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) CKHH Group - CKHH together with its direct and indirect subsidiaries, associated companies and joint ventures
- (2) Joint venture of the Group

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.

36 Related Party Transactions (Continued)

(b) Transactions with related parties

	2023 HK\$ million	2022 HK\$ million
CKHH Group		
Provisions of mobile telecommunications services	29	24
Sharing of services arrangement income	3	2
Purchase of telecommunications services	(7)	(5)
Purchase of telecommunications products	(2)	(5)
Purchase of non-telecommunications products	(21)	(12)
Rental expenses on lease arrangements	(5)	(5)
Dealership service expenses	(54)	(51)
Billing collection service expenses	(3)	(5)
Purchase of office supplies	(11)	(10)
Advertising and promotion expenses	(1)	(4)
Global procurement service arrangement expenses	(10)	(7)
Sharing of services arrangement expenses	(21)	(18)
Corporate guarantee expenses	(8)	(8)
Purchase of right-of-use assets	(3)	(4)
Purchase of property, plant and equipment	(1)	(1)
Joint Venture of the Group		
Interest income	15	11
Sharing of services arrangement income	1	1
Purchase of telecommunications services	(122)	(112)

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.

37 Statement of Financial Position of the Company as at 31 December 2023

	2023 HK\$ million	2022 HK\$ million
Non-current assets		
Investments in subsidiaries, at cost ^(a)	5,577	5,577
Receivables from subsidiaries ^(b)	3,873	4,073
Total non-current assets	9,450	9,650
Current assets		
Cash and cash equivalents ^(c)	1,630	2,825
Short-term bank deposits with original maturity beyond 3 months ^(c)	1,774	613
Other current assets	38	19
Total current assets	3,442	3,457
Current liabilities		
Other payables	7	7
Payables to subsidiaries ^(d)	1	52
Current income tax liabilities	2	1
Total current liabilities	10	60
Net assets	12,882	13,047
Capital and reserves		
Share capital (Note 29)	1,205	1,205
Reserves ^(e)	11,677	11,842
Total equity	12,882	13,047

LUI Dennis Pok Man
Director

KOO Sing Fai
Director

37 Statement of Financial Position of the Company as at 31 December 2023 (continued)

- (a) Particulars regarding the principal subsidiaries are set out on page 199.
- (b) Receivables from subsidiaries are unsecured and not expected to be repayable within 12 months from the date of the financial statements. Except for the balance of HK\$461 million (2022: HK\$661 million) which bears interest at HIBOR plus 0.8% per annum (2022: Same), the remaining balance of HK\$3,412 million (2022: HK\$3,412 million) are interest-free.
- (c) As at 31 December 2023, the weighted average interest rate on short-term bank deposits was 5.36% (2022: 4.88%) per annum.

The carrying values of cash and bank balances approximate their fair values.

- (d) Payables to subsidiaries are interest-free, unsecured and repayable on demand.
- (e) Reserve movement of the Company

	Share premium HK\$ million	Retained earnings HK\$ million	Total HK\$ million
At 1 January 2022	11,185	977	12,162
Profit for the year	-	41	41
Dividend paid	-	(361)	(361)
At 31 December 2022	11,185	657	11,842
At 1 January 2023	11,185	657	11,842
Profit for the year	-	196	196
Dividend paid	-	(361)	(361)
At 31 December 2023	11,185	492	11,677

Reserve of the Company available for distribution to shareholders of the Company as at 31 December 2023 amounted to HK\$11,677 million (2022: HK\$11,842 million).