Notes to the Accounts

1 Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts have been prepared under the historical cost convention except for certain properties and financial instruments which are stated at fair values, as explained in the significant accounting policies set out in note 2.

In the current year, the Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are relevant to the Group's operations and mandatory for annual periods beginning 1 January 2014. The effect of the adoption of these new and revised standards, amendments and interpretations was not material to the Group's results of operations or financial position.

The accounts also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

2 Significant accounting policies

(a) Basis of consolidation

The consolidated accounts of the Group include the accounts of the Company and its direct and indirect subsidiary companies and also incorporate the Group's interest in associated companies and joint ventures on the basis set out in notes 2(c) and 2(d) below. Results of subsidiary and associated companies and joint ventures acquired or disposed of during the year are included as from their effective dates of acquisition to 31 December 2014 or up to the dates of disposal as the case may be. The acquisition of subsidiaries is accounted for using the acquisition method.

(b) Subsidiary companies

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed, 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. In the consolidated accounts, subsidiary companies are accounted for as described in note 2(a) above. In the unconsolidated accounts of the holding company, investments in subsidiary companies are carried at cost less provision for impairment in value.

(c) Associated companies

An associate is an entity, other than a subsidiary or a joint venture, in which the Group has a long-term equity interest and over which the Group is in a position to exercise significant influence over its management, including participation in the financial and operating policy decisions.

The results and net assets of associates are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

2 Significant accounting policies (continued)

(d) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control.

Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement. Joint ventures are accounted for under the equity method.

The results and net assets of joint ventures are incorporated in these accounts using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5, Non-current assets held for sale and discontinued operations. The total carrying amount of such investments is reduced to recognise any identified impairment loss in the value of individual investments.

(e) Fixed assets

Fixed assets are stated at cost less depreciation and any impairment loss. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right of renewal is attached.

Depreciation of other fixed assets is provided at rates calculated to write off their costs over their estimated useful lives on a straight-line basis at the following annual rates:

Motor vehicles	20-25%
Plant, machinery and equipment	3 1/3-20%
Container terminal equipment	3-20%
Telecommunications equipment	2.5-10%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

(f) Investment properties

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value as determined by professional valuation. Changes in fair values of investment properties are recorded in the income statement.

(g) Leasehold land

The acquisition costs and upfront payments made for leasehold land are presented on the face of the statement of financial position as leasehold land and expensed in the income statement on a straight-line basis over the period of the lease.

(h) Telecommunications licences

Telecommunications licences are comprised of the upfront payments and non-cash consideration 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 of first commercial usage of the spectrum.

Telecommunications licences that are considered to have an indefinite useful life to the Group are not amortised and are tested for impairment annually and when there is indication that they may be impaired. Telecommunications licences with finite useful lives are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected contracted or expected licence periods ranging from approximately 9 to 20 years and are stated net of accumulated amortisation.

(i) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

(j) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation.

Goodwill is subject to impairment test annually and when there are indications that the carrying value may not be recoverable.

If the cost of acquisition is less than the fair value of the Group's share of the net identifiable assets of the acquired company, the difference is recognised directly in the income statement.

The profit or loss on disposal is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill but does not include any attributable goodwill previously eliminated against reserves.

(k) Brand names and other rights

The payments and non-cash consideration made for acquiring brand names and other rights are capitalised. Brand names and other rights with indefinite lives are not amortised. Brand names and other rights with finite lives are amortised on a straight-line basis from the date of their first commercial usage over their estimated useful lives ranging from approximately 3 to 40 years. Brand names and other rights are stated net of accumulated amortisation, if any.

(l) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

2 Significant accounting policies (continued)

(m) Liquid funds and other listed investments and other unlisted investments

"Liquid funds and other listed investments" are investments in listed / traded debt securities, listed equity securities, long-term deposits and cash and cash equivalents. "Other unlisted investments", disclosed under other non-current assets, are investments in unlisted debt securities, unlisted equity securities and other receivables. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire. These investments are classified and accounted for as follows:

Loans and receivables

"Loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

Held-to-maturity investments

"Held-to-maturity investments" are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. At the end of the reporting period subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less impairment. Interest calculated using the effective interest method is recognised in the income statement.

Financial assets at fair value through profit or loss

"Financial assets at fair value through profit or loss" are financial assets where changes in fair value are recognised in the income statement in the period in which they arise. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value. In addition, any dividends or interests earned on these financial assets are recognised in the income statement.

Available-for-sale investments

"Available-for-sale investments" are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. At the end of the reporting period subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are recognised in other comprehensive income and accumulated under the heading of revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in revaluation reserve is removed from revaluation reserve and recognised in the income statement.

(n) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. Changes in fair value are recognised based on whether certain qualifying criteria under HKAS 39 are satisfied in order to apply hedge accounting, and if so, the nature of the items being hedged.

Derivatives designated as hedging instruments to hedge the fair value of recognised assets or liabilities may qualify as fair value hedges. The Group mainly enters into interest rate swap contracts to swap certain fixed interest rate borrowings into floating interest rate borrowings. Changes in the fair value of these derivative contracts, together with the changes in the fair value of the hedged assets or liabilities attributable to the hedged risk are recognised in the income statement as interest expenses and other finance costs. At the same time the carrying amount of the hedged asset or liability in the statement of financial position is adjusted for the changes in fair value.

2 Significant accounting policies (continued)

(n) Derivative financial instruments and hedging activities (continued)

Derivatives designated as hedging instruments to hedge against the cash flows attributable to recognised assets or liabilities or forecast payments may qualify as cash flow hedges. The Group mainly enters into interest rate swap contracts to swap certain floating interest rate borrowings to fixed interest rate borrowings and foreign currency contracts to hedge the currency risk associated with certain forecast foreign currency payments and obligations. Changes in the fair value of these derivative contracts are recognised in other comprehensive income and accumulated under the heading of hedging reserve. Amounts accumulated are removed from hedging reserve and recognised in the income statement in the periods when the hedged derivative contract matures, except, when the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the amounts accumulated are transferred from hedging reserve and, then they are included in the initial cost of the asset or liability.

Derivatives that do not qualify for hedge accounting under HKAS 39 will be accounted for with the changes in fair value being recognised in the income statement.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Appropriate allowance for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(p) Properties under development

Land for properties under development is stated at cost and development expenditure is stated at the aggregate amount of costs incurred up to the date of completion, including capitalised interest on related loans.

(q) Inventories

Inventories consist mainly of retail goods and the carrying value is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value.

(r) 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.

(s) Borrowings and borrowing costs

The Group's borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount of borrowings and debt instruments is recognised over the period of the borrowings using effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(t) Trade and other payables

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

2 Significant accounting policies (continued)

(u) Customer loyalty credits

Customer loyalty credits are accounted for as a separate component of the sales transaction in which they are granted.

(v) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs. In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account and capital redemption reserve created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Company's share capital.

(w) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(x) Leased assets

Assets acquired pursuant to finance leases and hire purchase contracts that transfer to the Group substantially all the rewards and risks of ownership are accounted for as if purchased.

Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Lease payments are treated as consisting of capital and interest elements. The capital element of the leasing commitment is included as a liability and the interest element is charged to the income statement. All other leases are accounted for as operating leases and the rental payments are charged to the income statement on accrual basis.

(y) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease.

(z) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of 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.

2 Significant accounting policies (continued)

(z) Pension plans (continued)

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

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

(aa) Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group companies' estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

(ab) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The accounts of foreign operations (i.e. subsidiary companies, associated companies, joint ventures or branches whose activities are based or conducted in a country or currency other than those of the Company) are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the income statement. For all other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the income statement.

All other exchange differences are recognised in the income statement.

2 Significant accounting policies (continued)

(ac) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

Ports and related services

Revenue from the provision of ports and related services is recognised when the service is rendered.

Property and hotels

Revenue from the sale of properties is recognised either on the date of sale or on the date of issue of the relevant occupation permit, whichever is later, and the economic benefit accrues to the Group and the significant risks and rewards of the properties accrue to the purchasers.

Rental income is recognised on a straight-line basis over the period of the lease.

Revenue from the provision of hotel management, consultancy and technical service is recognised when the service is rendered.

Retail

Revenue from the sale of retail goods is recognised at point of sales less an estimate for sales return based on past experience where goods are sold with a right to return. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, including credit card fees payable for the transaction.

Infrastructure

Income from long-term contracts is recognised according to the stage of completion.

Energy

Revenue from the sale of crude oil, natural gas, refined petroleum products and other energy products are recorded when title passes to an external party.

Revenue associated with the sale of transportation, processing and natural gas storage services is recognised when the service is rendered.

2 Significant accounting policies (continued)

(ac) Revenue recognition (continued)

Mobile and fixed-line telecommunications services

Revenue from the provision of mobile telecommunications services with respect to voice, video, internet access, messaging and media services, including data services and information provision, is recognised when the service is rendered and, depending on the nature of the services, is recognised either at gross amount billed to the customer or the amount receivable as commission for facilitating the services.

Revenue from the sale of prepaid mobile calling cards is recognised upon customer's usage of the card or upon the expiry of the service period.

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

Other service income is recognised when the service is rendered.

Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income.

Total revenue arising from mobile and fixed-line telecommunications services comprises of service revenue, other service income and sale of device revenue.

Finance and investments

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

2 Significant accounting policies (continued)

At the date these accounts are authorised for issue, the following standards, amendments and interpretations were in issue, and applicable to the Group's accounts for annual accounting periods beginning on or after 1 January 2015, but not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendments) (iii)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments) (iii)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments) (iii)	Agriculture: Bearer Plants
HKAS 19 (2011) (Amendments) (i)	Defined Benefit Plans – Employee Contributions
HKAS 27 (Amendments) (iii)	Equity Method in Separate Financial Statements
HKFRS 9 (2014) (v)	Financial Instruments
HKFRS 10 and HKAS 28 (Amendments) (iii)	Sale or Contribution of Asset between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments) (iii)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments) (iii)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 15 (iv)	Revenue from Contracts with Customers
Annual Improvements 2010-2012 Cycle (ii)	Improvements to HKFRSs
Annual Improvements 2011-2013 Cycle (i)	Improvements to HKFRSs
Annual Improvements 2012-2014 Cycle (iii)	Improvements to HKFRSs

(i) Effective for the Group for annual periods beginning on or after 1 January 2015.

(ii) Effective for the Group for annual periods beginning on or after 1 January 2015, except for "Amendment to HKFRS 2 Share-based Payment" and "Amendment to HKFRS 3 Business Combinations" which are applicable to share-based payment transactions with a grant date, and business combinations for which the acquisition date, is on or after 1 July 2014.

(iii) Effective for the Group for annual periods beginning on or after 1 January 2016.

(iv) Effective for the Group for annual periods beginning on or after 1 January 2017.

(v) Effective for the Group for annual periods beginning on or after 1 January 2018.

HKFRS 15 will be effective for the Group's accounts for annual reporting periods beginning on or after 1 January 2017. HKFRS 15 will replace all existing HKFRS revenue guidance and requirements including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is assessing the impact of HKFRS 15 and as a result, it is not practicable to quantify the impact of HKFRS 15 as at the date of publication of these accounts.

The adoption of other standards, amendments and interpretations listed above, in future periods is not expected to have any material impact on the Group's results of operations and financial position.

3 Critical accounting estimates and judgements

Note 2 includes a summary of the significant accounting policies used in the preparation of the accounts. The preparation of accounts often requires the use of judgements to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the accounts. The Group bases its estimates and judgements on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgements under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the accounts.

(a) Basis of consolidation

The determination of the Group's level of control over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As such, the classification of the entity as a subsidiary, a joint venture, an associate or a cost investment might require the application of judgement through the analysis of various indicators, such as the percentage of ownership interest held in the entity, the representation on the entity's board of directors and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity.

(b) Long-lived assets

The Group has made substantial investments in tangible and intangible long-lived assets, primarily in mobile and fixed-line telecommunications networks and licences, container terminals, and properties. 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.

The Group considers its asset impairment accounting policy to be a policy that requires one of the most extensive applications of judgements and estimates.

Assets that have an indefinite useful life are tested for impairment annually and when there is indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to dispose and value in use. Such impairment loss is recognised in the income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that asset, in which case it is treated as a revaluation decrease and is recognised in other comprehensive income.

Judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to dispose or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions used to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

3 Critical accounting estimates and judgements (continued)

(b) Long-lived assets (continued)

The Group's 3G businesses have achieved a fifth consecutive year of EBIT positive results but are still building up scale and growing their businesses. Impairment tests were undertaken as at 31 December 2014 and 31 December 2013 to assess whether the carrying values of the Group's telecommunications licences, network assets and goodwill were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. The results of the tests undertaken as at 31 December 2014 and 31 December 2013 indicated that no impairment charge was necessary.

The future cash flow projections for the 3G businesses reflect growing recurring revenue and margins derived from an accumulating customer base and diminishing ongoing investments in network infrastructure and in customer acquisitions.

The forecast growth in recurring revenue and margins is driven primarily by the increasing size of the accumulating customer base, accompanied by profitability improvements due to beneficial changes to services usage profiles. The increase in data usage, which continued to drive growth in the mobile telecommunications business, is forecast to continue supported by the popularity of smartphones. Improving operating margins are forecast driven in part by a change in the mix from voice toward non-voice revenues; increased incoming traffic, which generates revenue from other operators, and increased percentage on-net or intra-network traffic, which avoids interconnection costs being paid to other operators to terminate calls; gradual stabilisation of European mobile termination regimes; and operating cost optimisation and cost savings achieved through cell site and network sharing, network maintenances and other outsourcing programmes, stringent cost controls, and effective working capital management. Improving profitability is also expected to continue based on the economies of scale effect that is able to be achieved in customer operation and network operations functions. Also factored into the forecasts are the potential dilutive effect of attracting lower value customer when growing the customer base and the expected effect of market competition and development.

Initial investments in the upfront licence payments and the network infrastructure which has been built for scale have been significant. However, as the network capital expenditures are forecast to decline progressively as a percentage of revenues as the network construction phase nears completion and a lower "maintenance" level of capital expenditure is required for ongoing operation. Average customer acquisition costs in the start-up years of operation have also been significant, but have declined due to the improved market acceptance of the 3G and LTE technologies and on the widening availability, improving attractiveness and comparatively lower unit cost of smartphones, and the Group's transition to a non-subsidised handset business model.

For the purposes of impairment tests, the recoverable amount of the Group's telecommunications licences, network assets and goodwill is determined based on value in use calculations. The value in use calculations primarily use cash flow projections based on financial budgets approved by management and estimated terminal value at the end of the approved financial budgets period. There are a number of assumptions and estimates involved for the preparation of cash flow projections for the period covered by the approved budget and the estimated terminal value. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and selection of discount rates and the earnings multiple that can be realised for the estimated terminal value. The Group prepared the financial budgets reflecting current and prior year performances and market development expectations. Projections in excess of the approved financial budgets period are used to take into account telecommunications spectrum licence periods, increasing market share and growth momentum. For the purpose of the impairment tests, a market specific growth rate of approximately 2% was used to extrapolate cash flows beyond the approved financial budgets period. This low rate was selected solely for the purposes of the impairment tests to arrive at a conservative projection of cash flows in excess of the approved financial budgets period and does not reflect our expectation of the performance of these businesses nor our forecast of long term industry growth. The discount rates for the tests were based on country specific pre-tax risk adjusted discount rates (for example, 4% and 5.3% used in the Group's 3G operations in Italy and the UK respectively). Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

3 Critical accounting estimates and judgements (continued)

(c) Depreciation and amortisation

(i) Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(ii) Telecommunications licences

Telecommunications licences comprise the right to use spectrum and the right to provide a telecommunications service. Telecommunications licences that are considered to have an indefinite useful life to the Group are not amortised. Telecommunications licences with finite useful lives are amortised on a straight-line basis from the date of first commercial usage of the related spectrum over the remaining expected licence periods and are stated net of accumulated amortisation. Licences are reviewed for impairment annually.

On the basis of confirmation from the Ministry of the Italian Government that the Group's 3G licence term in Italy can be continuously extended for a period equivalent to the previous term, effectively making it a perpetual licence, and the enactment by the UK Houses of Parliament of a statutory instrument, which inter alia changes the life of the Group's 3G licence to indefinite, the Group's 3G licences in Italy and in the UK are considered to have an indefinite useful life.

Judgement is required to determine the useful lives of the Group's telecommunications licences. The actual economic lives of the Group's telecommunications spectrum licences may differ from the current contracted or expected licence periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the income statement.

(iii) Telecommunications customer acquisition costs

Telecommunications customer acquisition costs ("CACs") comprise the net costs to acquire and retain mobile telecommunications customers, which are primarily 3G and LTE customers. All telecommunications CACs are expensed and recognised in the income statement in the period in which they are incurred.

Judgement is required to determine the most appropriate accounting policy for telecommunications CACs. Any change in the accounting policy to capitalise these costs will impact the charge to the income statement as these costs will be capitalised and amortised over the contract periods.

(d) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill is recorded as a separate asset or, as applicable, included within investments in associated companies and joint ventures. Goodwill is also subject to the impairment test described above.

3 Critical accounting estimates and judgements (continued)

(e) Investment properties valuation

Investment properties are interests in land and buildings that are held to earn rentals or for capital appreciation or both. Such properties are carried in the statement of financial position at their fair value as determined by professional valuation. In determining the fair value of the investment properties, the valuers use assumptions and estimates that reflect, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Judgement is required to determine the principal valuation assumptions to determine the fair value of the investment properties. Changes in fair values of investment properties are recorded in the income statement.

(f) Tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the accounts. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at the end of the reporting period and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the deductible temporary differences and the carry forward of unutilised losses and tax credits, the asset balance will be reduced and charged to the income statement.

The 3G businesses commenced commercial operations from 2003 and some of these businesses are incurring losses as the businesses grow to operating scale. Deferred tax assets have been recognised for the deductible temporary differences and the carry forward of unutilised losses and tax credits relating to the Group's 3G operation in the UK where, amongst other things, tax losses can be carried forward indefinitely and there is availability of group relief for tax purposes that can be utilised to offset taxable profits generated by the Group's other operations in the UK. In addition, deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the Group's 3G operations in Ireland, Austria, Sweden and Denmark, which have become profitable and are expected to have sufficient taxable profits available in the foreseeable future to utilise their unused tax losses. The ultimate realisation of deferred tax assets recognised for **3** UK, **3** Ireland, **3** Austria, **3** Sweden and **3** Denmark depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections.

3 Critical accounting estimates and judgements (continued)

(g) Pension costs

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with HKAS 19, Employee Benefits. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the year in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appointed actuaries to carry out a full valuation of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the accounts in accordance with the HKFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(h) Sale and leaseback transactions

The Group classifies leases into finance leases or operating leases in accordance with the accounting policies stated in note 2(x). Determining whether a lease transaction is a finance lease or an operating lease is a complex issue and requires substantial judgement as to whether the lease agreement transfers substantially all the risks and rewards of ownership to or from the Group. Careful and considered judgement is required on various complex aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether renewal options are included in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

Classification as a finance lease or operating lease determines whether the leased asset is capitalised and recognised on the statement of financial position as set out in note 2(x). In sale and leaseback transactions, the classification of the leaseback arrangements as described above determines how the gain or loss on the sale transaction is recognised. It is either deferred and amortised (finance lease) or recognised in the income statement immediately (operating lease).

(i) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). 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 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 value of the elements as a result of changes in market conditions.

4 Turnover and revenue

Turnover comprises revenues from the sales of goods and development properties, provision of services and rental income from investment properties, interest income and finance charges earned, and dividend income from equity investments. An analysis of revenue of the Company and subsidiary companies is as follows:

	2014 HK$ millions	2013 HK$ millions
Sales of goods	**166,066**	156,188
Rendering of services	**102,296**	96,475
Interest	**3,471**	3,273
Dividends	**328**	298
	272,161	256,234

5 Operating segment information

Save as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the Company and subsidiary companies' respective items and the column headed as Associates and JV refers to the Group's share of associated companies and joint ventures' respective items (see notes 19 and 20), and segments are reported in a manner consistent with internal reporting provided to the board of directors of the Company who is responsible for allocating resources and assessing performance of the operating segments.

The Group's telecommunications division consists of **3** Group Europe with businesses in 6 countries in Europe, a 65.01% interest in Hutchison Telecommunications Hong Kong Holdings, which is listed on the Stock Exchange of Hong Kong, Hutchison Asia Telecommunications, and an 87.87% interest in the Australian Securities Exchange listed Hutchison Telecommunications (Australia) ("HTAL"), which has a 50% interest in a joint venture company, Vodafone Hutchison Australia Pty Limited ("VHA").

VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. In order to assist in providing a meaningful analysis of the ongoing operating activities, HTAL's share of VHA's results are presented as separate items within the income statement line item titled profits on disposal of investments and others (see note 6(e)) to separately identify them from the Group's recurring earnings profile during this phase.

Finance & Investments and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position. As additional information, "Others" is presented as a separate line item, within Finance & Investments and Others, which covers the activities of other Group areas which are not presented separately and includes Hutchison Water, Hutchison Whampoa (China), Hutchison E-Commerce and corporate head office operations, the Marionnaud business, listed subsidiary Hutchison China MediTech, listed subsidiary Hutchison Harbour Ring ("HHR"), which was disposed in the year, and listed associate Tom Group. "Finance & Investments" within Finance & Investments and Others represents returns earned on the Group's holdings of cash and liquid investments.

Revenue from external customers is after elimination of inter-segment revenue. The amount eliminated mainly attributable to Property and hotels is HK$416 million (2013 – HK$384 million), Retail is HK$70 million (2013 – HK$61 million), Hutchison Telecommunications Hong Kong Holdings is HK$162 million (2013 – HK$134 million) and Hutchison Asia Telecommunications is HK$12 million (2013 – HK$10 million).

5 Operating segment information (continued)

(a) The following is an analysis of the Group's revenue by operating segments:

	Revenue							
	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2014 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2013 Total HK$ millions	%
Ports and related services	27,914	7,710	35,624	8%	26,562	7,557	34,119	8%
Hutchison Ports Group other than HPH Trust	27,879	4,962	32,841	8%	26,488	4,872	31,360	7%
HPH Trust #	35	2,748	2,783	–	74	2,685	2,759	1%
Property and hotels	7,285	8,784	16,069	4%	6,807	17,457	24,264	6%
Retail	126,709	30,688	157,397	37%	119,637	29,510	149,147	36%
Cheung Kong Infrastructure	6,173	39,246	45,419	11%	5,087	37,373	42,460	10%
Husky Energy	–	57,368	57,368	14%	–	59,481	59,481	14%
3 Group Europe	65,599	24	65,623	16%	61,968	8	61,976	15%
Hutchison Telecommunications Hong Kong Holdings	16,296	–	16,296	4%	12,777	–	12,777	3%
Hutchison Asia Telecommunications	5,757	–	5,757	1%	6,295	–	6,295	2%
Finance & Investments and Others	16,428	5,491	21,919	5%	17,101	5,313	22,414	6%
Finance & Investments	1,472	894	2,366	–	1,432	889	2,321	1%
Others	14,956	4,597	19,553	5%	15,669	4,424	20,093	5%
	272,161	149,311	421,472	100%	256,234	156,699	412,933	100%
Non-controlling interests' share of HPH Trust's revenue	–	964	964		–	897	897	
	272,161	150,275	422,436		256,234	157,596	413,830	

\# represents the Group's attributable share of HPH Trust's revenue based on the effective shareholdings in HPH Trust during 2014. Revenue reduced by HK$964 million and HK$897 million for 2014 and 2013 respectively, being adjustments to exclude non-controlling interests' share of revenue of HPH Trust.

5 Operating segment information (continued)

(b) The Group uses two measures of segment results, EBITDA (see note 5(m)) and EBIT (see note 5(n)). The following is an analysis of the Group's results by operating segments by EBITDA:

	EBITDA (LBITDA) (m)							
	Company and Subsidiaries HK$ millions	**Associates and JV HK$ millions**	**2014 Total HK$ millions**	**%**	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2013 Total HK$ millions	%
Ports and related services	**8,459**	**3,674**	**12,133**	**12%**	7,822	3,625	11,447	12%
Hutchison Ports Group other than HPH Trust	**8,433**	**2,289**	**10,722**	**11%**	7,757	2,303	10,060	11%
HPH Trust #	**26**	**1,385**	**1,411**	**1%**	65	1,322	1,387	1%
Property and hotels	**7,639**	**2,359**	**9,998**	**10%**	7,340	6,655	13,995	15%
Retail	**12,606**	**2,943**	**15,549**	**16%**	11,684	2,474	14,158	15%
Cheung Kong Infrastructure	**2,465**	**22,018**	**24,483**	**25%**	1,657	21,184	22,841	24%
Husky Energy	**–**	**14,410**	**14,410**	**14%**	–	14,779	14,779	15%
3 Group Europe	**15,616**	**(18)**	**15,598**	**16%**	12,697	(26)	12,671	13%
Hutchison Telecommunications Hong Kong Holdings	**2,699**	**81**	**2,780**	**3%**	2,694	64	2,758	3%
Hutchison Asia Telecommunications (o)	**(278)**	**–**	**(278)**	**–**	819	–	819	1%
Finance & Investments and Others	**2,646**	**1,554**	**4,200**	**4%**	439	1,740	2,179	2%
Finance & Investments	**2,797**	**894**	**3,691**	**4%**	1,919	889	2,808	3%
Others	**(151)**	**660**	**509**	**–**	(1,480)	851	(629)	-1%
EBITDA before property revaluation and profits on disposal of investments and others	**51,852**	**47,021**	**98,873**	**100%**	45,152	50,495	95,647	100%
Profits on disposal of investments (see note 6)	**2,237**	**20,554**	**22,791**		1,889	–	1,889	
Non-controlling interests' share of HPH Trust's EBITDA	**–**	**644**	**644**		–	634	634	
EBITDA (see note 34(a))	**54,089**	**68,219**	**122,308**		47,041	51,129	98,170	
Depreciation and amortisation	**(17,003)**	**(16,378)**	**(33,381)**		(15,850)	(15,421)	(31,271)	
Change in fair value of investment properties	**24,678**	**514**	**25,192**		26	2	28	
Others (see note 6)	**(4,798)**	**(3,384)**	**(8,182)**		–	(2,163)	(2,163)	
Group's share of the following income statement items of associated companies and joint ventures:								
Interest expenses and other finance costs	**–**	**(6,274)**	**(6,274)**		–	(5,768)	(5,768)	
Current tax	**–**	**(6,625)**	**(6,625)**		–	(6,741)	(6,741)	
Deferred tax	**–**	**1,056**	**1,056**		–	192	192	
Non-controlling interests	**–**	**(326)**	**(326)**		–	(363)	(363)	
	56,966	**36,802**	**93,768**		31,217	20,867	52,084	

\# represents the Group's attributable share of HPH Trust's EBITDA based on the effective shareholdings in HPH Trust during 2014. EBITDA reduced by HK$644 million and HK$634 million for 2014 and 2013 respectively, being adjustments to exclude non-controlling interests' share of EBITDA of HPH Trust.

5 Operating segment information (continued)

(c) The following is an analysis of the Group's results by operating segments by EBIT:

	EBIT (LBIT) [n]							
	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2014 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2013 Total HK$ millions	%
Ports and related services	5,474	2,470	7,944	12%	4,981	2,377	7,358	12%
Hutchison Ports Group other than HPH Trust	5,448	1,684	7,132	11%	4,916	1,657	6,573	11%
HPH Trust #	26	786	812	1%	65	720	785	1%
Property and hotels	7,420	2,241	9,661	15%	7,122	6,537	13,659	21%
Retail	10,680	2,343	13,023	20%	9,864	1,907	11,771	18%
Cheung Kong Infrastructure	2,141	16,074	18,215	28%	1,424	16,104	17,528	27%
Husky Energy	–	6,324	6,324	10%	–	7,208	7,208	11%
3 Group Europe								
EBITDA before the following non-cash items	15,616	(18)	15,598		12,697	(26)	12,671	
Depreciation	(7,535)	(3)	(7,538)		(6,941)	–	(6,941)	
Amortisation of licence fees and other rights	(1,168)	–	(1,168)		(874)	–	(874)	
EBIT (LBIT) - **3** Group Europe	6,913	(21)	6,892	10%	4,882	(26)	4,856	8%
Hutchison Telecommunications Hong Kong Holdings	1,378	2	1,380	2%	1,359	8	1,367	2%
Hutchison Asia Telecommunications [o]	(1,465)	–	(1,465)	-2%	(409)	–	(409)	-1%
Finance & Investments and Others	2,308	1,431	3,739	5%	79	1,180	1,259	2%
Finance & Investments	2,797	894	3,691	5%	1,919	889	2,808	4%
Others	(489)	537	48	–	(1,840)	291	(1,549)	-2%
EBIT before property revaluation and profits on disposal of investments and others	34,849	30,864	65,713	100%	29,302	35,295	64,597	100%
Change in fair value of investment properties	24,678	514	25,192		26	2	28	
EBIT	59,527	31,378	90,905		29,328	35,297	64,625	
Profits on disposal of investments and others (see note 6)	(2,561)	17,170	14,609		1,889	(2,163)	(274)	
Non-controlling interests' share of HPH Trust's EBIT	–	423	423		–	413	413	
Group's share of the following income statement items of associated companies and joint ventures:								
Interest expenses and other finance costs	–	(6,274)	(6,274)		–	(5,768)	(5,768)	
Current tax	–	(6,625)	(6,625)		–	(6,741)	(6,741)	
Deferred tax	–	1,056	1,056		–	192	192	
Non-controlling interests	–	(326)	(326)		–	(363)	(363)	
	56,966	36,802	93,768		31,217	20,867	52,084	

represents the Group's attributable share of HPH Trust's EBIT based on the effective shareholdings in HPH Trust during 2014. EBIT reduced by HK$423 million and HK$413 million for 2014 and 2013 respectively, being adjustments to exclude non-controlling interests' share of EBIT of HPH Trust.

5 Operating segment information (continued)

(d) The following is an analysis of the Group's depreciation and amortisation by operating segments:

	Depreciation and amortisation					
	Company and Subsidiaries	**Associates and JV**	**2014 Total**	Company and Subsidiaries	Associates and JV	2013 Total
	HK$ millions	**HK$ millions**	**HK$ millions**	HK$ millions	HK$ millions	HK$ millions
Ports and related services	**2,985**	**1,204**	**4,189**	2,841	1,248	4,089
Hutchison Ports Group other than HPH Trust	**2,985**	**605**	**3,590**	2,841	646	3,487
HPH Trust #	**–**	**599**	**599**	–	602	602
Property and hotels	**219**	**118**	**337**	218	118	336
Retail	**1,926**	**600**	**2,526**	1,820	567	2,387
Cheung Kong Infrastructure	**324**	**5,944**	**6,268**	233	5,080	5,313
Husky Energy	**–**	**8,086**	**8,086**	–	7,571	7,571
3 Group Europe	**8,703**	**3**	**8,706**	7,815	–	7,815
Hutchison Telecommunications Hong Kong Holdings	**1,321**	**79**	**1,400**	1,335	56	1,391
Hutchison Asia Telecommunications	**1,187**	**–**	**1,187**	1,228	–	1,228
Finance & Investments and Others	**338**	**123**	**461**	360	560	920
Finance & Investments	**–**	**–**	**–**	–	–	–
Others	**338**	**123**	**461**	360	560	920
	17,003	**16,157**	**33,160**	15,850	15,200	31,050
Non-controlling interests' share of HPH Trust's depreciation and amortisation	**–**	**221**	**221**	–	221	221
	17,003	**16,378**	**33,381**	15,850	15,421	31,271

\# represents the Group's attributable share of HPH Trust's depreciation and amortisation based on the effective shareholdings in HPH Trust during 2014. Depreciation and amortisation reduced by HK$221 million for both 2014 and 2013, being adjustments to exclude non-controlling interests' share of depreciation and amortisation of HPH Trust.

5 Operating segment information (continued)

(e) The following is an analysis of the Group's capital expenditure by operating segments:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2014 Total	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2013 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	3,943	–	48	3,991	7,060	–	11	7,071
Hutchison Ports Group other than HPH Trust	3,943	–	48	3,991	7,060	–	11	7,071
HPH Trust	–	–	–	–	–	–	–	–
Property and hotels	152	–	–	152	535	–	–	535
Retail	2,449	–	–	2,449	2,264	–	–	2,264
Cheung Kong Infrastructure	292	–	13	305	406	–	11	417
Husky Energy	–	–	–	–	–	–	–	–
3 Group Europe [p]	11,144	38	127	11,309	10,116	6,824	60	17,000
Hutchison Telecommunications Hong Kong Holdings	1,174	3	40	1,217	1,239	4	23	1,266
Hutchison Asia Telecommunications	1,906	–	1	1,907	1,621	–	–	1,621
Finance & Investments and Others	229	–	–	229	319	–	–	319
Finance & Investments	–	–	–	–	–	–	–	–
Others	229	–	–	229	319	–	–	319
	21,289	41	229	21,559	23,560	6,828	105	30,493

5 Operating segment information (continued)

(f) The following is an analysis of the Group's total assets by operating segments:

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (a)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2014 Total assets	Segment assets (a)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2013 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	69,324	198	25,799	95,321	71,164	169	27,548	98,881
Hutchison Ports Group other than HPH Trust	69,324	198	12,246	81,768	71,164	169	13,483	84,816
HPH Trust	–	–	13,553	13,553	–	–	14,065	14,065
Property and hotels	75,558	36	47,506	123,100	53,049	21	42,839	95,909
Retail	37,798	881	4,961	43,640	39,329	670	5,035	45,034
Cheung Kong Infrastructure	21,299	15	112,686	134,000	20,134	21	85,589	105,744
Husky Energy	–	–	47,800	47,800	–	–	51,833	51,833
3 Group Europe (f)	225,498	17,785	7	243,290	235,401	17,265	18	252,684
Hutchison Telecommunications Hong Kong Holdings	19,174	258	466	19,898	19,169	369	715	20,253
Hutchison Asia Telecommunications	22,260	1	–	22,261	20,785	1	–	20,786
Finance & Investments and Others	147,470	29	2,936	150,435	114,614	30	4,831	119,475
Finance & Investments	130,516	–	–	130,516	89,947	–	–	89,947
Others	16,954	29	2,936	19,919	24,667	30	4,831	29,528
	618,381	19,203	242,161	879,745	573,645	18,546	218,408	810,599
Reconciliation item @	2	–	3,688	3,690	–	2	4,921	4,923
	618,383	19,203	245,849	883,435	573,645	18,548	223,329	815,522

@ the reconciliation item comprises total assets of HTAL.

5 Operating segment information (continued)

(g) The following is an analysis of the Group's total liabilities by operating segments:

	Total liabilities							
	Segment liabilities [s]	Current & non-current borrowings [t] and other non-current liabilities	Current & deferred tax liabilities	2014 Total liabilities	Segment liabilities [s]	Current & non-current borrowings [t] and other non-current liabilities	Current & deferred tax liabilities	2013 Total liabilities
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Ports and related services	16,210	20,367	4,707	41,284	17,031	28,559	4,843	50,433
Hutchison Ports Group other than HPH Trust	16,210	20,367	4,707	41,284	17,031	28,559	4,843	50,433
HPH Trust	–	–	–	–	–	–	–	–
Property and hotels	3,049	418	3,062	6,529	4,156	409	2,730	7,295
Retail	25,062	13,941	1,345	40,348	24,670	87	1,066	25,823
Cheung Kong Infrastructure	5,211	18,709	1,212	25,132	5,200	13,443	1,532	20,175
Husky Energy	–	–	–	–	–	–	–	–
3 Group Europe	26,131	68,018	193	94,342	23,630	101,565	930	126,125
Hutchison Telecommunications Hong Kong Holdings	3,778	4,719	437	8,934	3,860	5,447	356	9,663
Hutchison Asia Telecommunications	3,817	1,284	3	5,104	3,151	1,550	3	4,704
Finance & Investments and Others	6,963	132,477	3,259	142,699	8,085	84,776	2,087	94,948
Finance & Investments	–	117,597	–	117,597	–	78,011	–	78,011
Others	6,963	14,880	3,259	25,102	8,085	6,765	2,087	16,937
	90,221	259,933	14,218	364,372	89,783	235,836	13,547	339,166
Reconciliation item[@]	1	–	–	1	124	–	–	124
	90,222	259,933	14,218	364,373	89,907	235,836	13,547	339,290

@ the reconciliation item comprises total liabilities of HTAL.

Additional information in respect of geographical locations

(h) Additional disclosures of the Group's revenue by geographical locations are shown below:

	Revenue							
	Company and Subsidiaries	Associates and JV	2014 Total		Company and Subsidiaries	Associates and JV	2013 Total	
	HK$ millions	HK$ millions	HK$ millions	%	HK$ millions	HK$ millions	HK$ millions	%
Hong Kong	58,688	7,027	65,715	16%	53,536	8,676	62,212	15%
Mainland China	30,510	14,315	44,825	11%	27,152	21,667	48,819	12%
Europe	128,338	54,369	182,707	43%	120,969	49,740	170,709	41%
Canada [u]	71	56,351	56,422	13%	96	59,551	59,647	14%
Asia, Australia and others	38,126	11,758	49,884	12%	37,380	11,752	49,132	12%
Finance & Investments and Others	16,428	5,491	21,919	5%	17,101	5,313	22,414	6%
	272,161	149,311	421,472 [1]	100%	256,234	156,699	412,933 [1]	100%

(1) see note 5(a) for reconciliation to total revenue included in the Group's income statement.

5 Operating segment information (continued)

(i) Additional disclosures of the Group's EBITDA by geographical locations are shown below:

	EBITDA [m]							
	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2014 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2013 Total HK$ millions	%
Hong Kong	8,530	3,271	11,801	12%	8,765	4,741	13,506	14%
Mainland China	7,596	5,923	13,519	14%	5,320	8,871	14,191	15%
Europe	24,673	17,569	42,242	43%	21,158	15,767	36,925	39%
Canada [u]	51	13,151	13,202	13%	83	14,550	14,633	15%
Asia, Australia and others	8,356	5,553	13,909	14%	9,387	4,826	14,213	15%
Finance & Investments and Others	2,646	1,554	4,200	4%	439	1,740	2,179	2%
EBITDA before property revaluation and profits on disposal of investments and others	51,852	47,021	98,873 [2]	100%	45,152	50,495	95,647 [2]	100%

(2) see note 5(b) for reconciliation to total EBITDA included in the Group's income statement.

(j) Additional disclosures of the Group's EBIT by geographical locations are shown below:

	EBIT [n]							
	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2014 Total HK$ millions	%	Company and Subsidiaries HK$ millions	Associates and JV HK$ millions	2013 Total HK$ millions	%
Hong Kong	6,614	2,019	8,633	13%	6,861	3,253	10,114	16%
Mainland China	6,854	4,167	11,021	17%	4,693	7,879	12,572	19%
Europe	14,007	13,488	27,495	42%	11,391	12,607	23,998	37%
Canada [u]	52	5,710	5,762	9%	83	6,987	7,070	11%
Asia, Australia and others	5,014	4,049	9,063	14%	6,195	3,389	9,584	15%
Finance & Investments and Others	2,308	1,431	3,739	5%	79	1,180	1,259	2%
EBIT before property revaluation and profits on disposal of investments and others	34,849	30,864	65,713	100%	29,302	35,295	64,597	100%
Change in fair value of investment properties	24,678	514	25,192		26	2	28	
EBIT	59,527	31,378	90,905 [3]		29,328	35,297	64,625 [3]	

(3) see note 5(c) for reconciliation to total EBIT included in the Group's income statement.

5 Operating segment information (continued)

(k) Additional disclosures of the Group's capital expenditure by geographical locations are shown below:

	Capital expenditure							
	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2014 Total	Fixed assets, investment properties and leasehold land	Telecom-munications licences	Brand names and other rights	2013 Total
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	1,830	3	43	1,876	2,008	4	25	2,037
Mainland China	911	–	–	911	1,654	–	–	1,654
Europe	13,250	38	127	13,415	12,460	6,824	60	19,344
Canada	–	–	–	–	–	–	–	–
Asia, Australia and others	5,069	–	59	5,128	7,119	–	20	7,139
Finance & Investments and Others	229	–	–	229	319	–	–	319
	21,289	41	229	21,559	23,560	6,828	105	30,493

(l) Additional disclosures of the Group's total assets by geographical locations are shown below:

	Total assets							
	Company and Subsidiaries				Company and Subsidiaries			
	Segment assets (q)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2014 Total assets	Segment assets (q)	Deferred tax assets	Investments in associated companies and interests in joint ventures	2013 Total assets
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
Hong Kong	101,174	300	45,589	147,063	77,353	417	28,724	106,494
Mainland China	15,635	629	66,320	82,584	14,264	495	65,724	80,483
Europe	281,208	18,058	57,787	357,053	294,553	17,424	56,252	368,229
Canada (u)	390	–	44,834	45,224	329	–	47,701	48,030
Asia, Australia and others	72,506	187	28,383	101,076	72,532	182	20,097	92,811
Finance & Investments and Others	147,470	29	2,936	150,435	114,614	30	4,831	119,475
	618,383	19,203	245,849	883,435	573,645	18,548	223,329	815,522

(m) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of associated companies and joint ventures except for HPH Trust which are included based on the Group's effective share of EBITDA for this operation. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation, and includes profits on disposal of investments and other earnings of a cash nature but excludes change in fair value of investment properties. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with HKFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under generally accepted accounting principles in Hong Kong and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with generally accepted accounting principles in Hong Kong.

5 Operating segment information (continued)

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

(o) Included in EBITDA and EBIT of Hutchison Asia Telecommunications in 2014 are compensation contributions amounting to HK$238 million (2013 – HK$717 million).

(p) Included in capital expenditures of **3** Group Europe in 2014 is the effect of foreign exchange translation of overseas subsidiaries' fixed assets balances at 31 December 2014 which has an effect of decreasing total expenditures by HK$1,066 million (2013 – increasing total expenditures by HK$150 million).

(q) Segment assets comprise fixed assets, investment properties, leasehold land, telecommunications licences, goodwill, brand names and other rights, other non-current assets, liquid funds and other listed investments, cash and cash equivalents and other current assets. As additional information, non-current assets (excluding financial instruments, deferred tax assets, post-employment benefits assets and assets from insurance contracts) for Hong Kong, Mainland China, Europe, Canada, and Asia, Australia and others amounted to HK$135,318 million (2013 – HK$96,779 million), HK$76,697 million (2013 – HK$76,967 million), HK$295,629 million (2013 – HK$305,349 million), HK$44,876 million (2013 – HK$47,742 million) and HK$78,254 million (2013 – HK$69,478 million) respectively.

(r) Included in total assets of **3** Group Europe is unrealised foreign currency exchange losses arising in 2014 of HK$13,469 million (2013 – gains of HK$3,129 million) from the translation of overseas subsidiaries accounts to Hong Kong dollars with an offsetting amount recorded in exchange reserve.

(s) Segment liabilities comprise trade and other payables and pension obligations.

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

(u) Include contribution from the United States of America for Husky Energy.

6 Profits on disposal of investments and others

	Attributable to			
	Ordinary shareholders of the Company HK$ millions	Holders of perpetual capital securities HK$ millions	Non-controlling interests HK$ millions	Total HK$ millions
Year ended 31 December 2014				
Profits on disposal of investments				
Marked-to-market gain on CKI's investment in AGN [a]	1,748	–	489	2,237
Others				
Impairment of goodwill and store closure provisions [b]	(652)	–	–	(652)
Provisions relating to the restructuring of **3** Ireland business [c]	(3,388)	–	–	(3,388)
Impairment charges on certain port assets and related provisions [d]	(581)	–	(177)	(758)
	(4,621)	–	(177)	(4,798)
	(2,873)	–	312	(2,561)
HTAL – share of operating losses of joint venture VHA [e]	(1,732)	–	(239)	(1,971)
	(4,605)	–	73	(4,532)
Profits on disposal of investments				
Share of an associated company's gain on disposal [f]	16,066	–	4,488	20,554
Others				
Share of Husky Energy's impairment charge on certain crude oil and natural gas assets	(1,413)	–	–	(1,413)
	14,653	–	4,488	19,141
Year ended 31 December 2013				
Profits on disposal of investments				
3 Austria – one-time net gain [g]	569	–	–	569
Gain on disposal of partial interest in Westports in Malaysia at IPO [h]	1,056	–	264	1,320
	1,625	–	264	1,889
Others				
HTAL – share of operating losses of joint venture VHA [e]	(1,458)	–	(201)	(1,659)
	167	–	63	230
Others				
Share of Husky Energy's impairment charge on certain crude oil and natural gas assets	(504)	–	–	(504)

6 Profits on disposal of investments and others (continued)

(a) It represents a marked-to-market gain on CKI's investments in Australian Gas Networks Limited ("AGN") (formerly known as Envestra Limited) realised upon the disposal of its interest in AGN to a joint venture on the AGN acquisition.

(b) In 2014, the Group recognised provisions of HK$652 million on the impairment of goodwill and store closure of the Marionnaud businesses to exit Poland and downsize operations in Portugal and Spain.

(c) In 2014, the Group recognised provisions relating to the restructuring of **3** Ireland business on the acquisition of O_2 Ireland. The main classes of accounts affected by the provisions are fixed assets (see note 13), brand names and other rights (see note 18), and other payables and accruals (see note 26).

(d) In 2014, the Group recognised impairment charges on certain port assets (see note 13) and related provisions.

(e) VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. In order to assist in providing a meaningful analysis of the ongoing operating activities, HTAL's share of VHA's results for the years ended 31 December 2014 and 2013 are presented as separate items above to separately identify them from the recurring earnings profile during this phase.

(f) It represents the Group's share of the gain arising from listed associated company, Power Assets Holdings Limited's separate listing of its Hong Kong electricity business on the Main Board of the Stock Exchange of Hong Kong.

(g) In 2013, the Group recognised a one-time net gain of HK$569 million, arising from the disposal of certain non-core telecommunications assets in Austria of HK$2,648 million, upon completion of the acquisition of Orange Austria, net with one-time costs of HK$2,079 million mainly relating to the restructuring of **3** Austria's business on the acquisition of Orange Austria. The relating tax effect is a tax credit of HK$389 million.

(h) In 2013, the Group recognised a one-time gain of HK$1,056 million, arising on the Group's reduced interest in Westports Holdings Bhd ("Westports") following Westports' successful initial public offering of its shares.

7 Directors' emoluments

Directors' emoluments comprise payments to directors by the Company and its subsidiaries in connection with the management of the affairs of the Company and its subsidiaries. The emoluments of each of the directors of the Company exclude amounts received from the Company's listed subsidiaries and paid to the Company. The amounts paid to each director for both 2014 and 2013 are as below (also see Corporate Governance Report):

	2014					
Name of directors	Director's Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Discretionary bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing [a] [f]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.59	50.35	–	–	55.06
Paid by Cheung Kong Infrastructure	0.08	–	24.01	–	–	24.09
Paid to the Company	(0.08)	–	–	–	–	(0.08)
	0.12	4.59	74.36	–	–	79.07
FOK Kin Ning, Canning [b]	0.12	10.84	183.12	2.22	–	196.30
CHOW WOO Mo Fong, Susan [b]	0.12	8.01	41.11	1.59	–	50.83
Frank John SIXT [b]	0.12	8.03	39.83	0.69	–	48.67
LAI Kai Ming, Dominic [b]	0.12	5.45	39.26	1.01	–	45.84
KAM Hing Lam						
Paid by the Company	0.12	2.30	8.96	–	–	11.38
Paid by Cheung Kong Infrastructure	0.08	4.20	10.27	–	–	14.55
Paid to the Company	(0.08)	(4.20)	–	–	–	(4.28)
	0.12	2.30	19.23	–	–	21.65
LEE Yeh Kwong, Charles [d]	0.12	–	–	–	–	0.12
George Colin MAGNUS [d]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.08	–	–	–	–	0.08
	0.20	–	–	–	–	0.20
CHENG Hoi Chuen, Vincent [c] [e] [f] [h]	0.15	–	–	–	–	0.15
Michael David KADOORIE [c]	0.12	–	–	–	–	0.12
Holger KLUGE [c] [e] [f] [g]	0.16	–	–	–	–	0.16
LEE Wai Mun, Rose [c]	0.12	–	–	–	–	0.12
William SHURNIAK [c] [e]	0.25	–	–	–	–	0.25
WONG Chung Hin [c] [e] [f]	0.31	–	–	–	–	0.31
Total	2.20	39.22	396.91	5.51	–	443.84

(a) No remuneration was paid to Mr Li Ka-shing during the year other than a director's fee of HK$50,000 (2013 – HK$50,000) which he paid to Cheung Kong (Holdings) Limited.

(b) Directors' fees received by these directors from the Company's listed subsidiaries during the period they served as executive directors or non-executive directors that have been paid to the Company are not included in the amounts above.

(c) Independent non-executive director. The total emoluments of the independent non-executive directors of the Company are HK$1,110,000 (2013 – HK$1,110,000).

(d) Non-executive director.

(e) Member of the Audit Committee.

(f) Member of the Remuneration Committee.

(g) Resigned on 10 July 2014.

(h) Appointed on 10 July 2014.

(i) Appointed on 18 January 2013.

7 Directors' emoluments (continued)

	2013					
Name of directors	Director's Fees HK$ millions	Basic salaries, allowances and benefits-in-kind HK$ millions	Discretionary bonuses HK$ millions	Provident fund contributions HK$ millions	Inducement or compensation fees HK$ millions	Total emoluments HK$ millions
LI Ka-shing [(a)] [(f)]	0.05	–	–	–	–	0.05
LI Tzar Kuoi, Victor						
Paid by the Company	0.12	4.59	47.95	–	–	52.66
Paid by Cheung Kong Infrastructure	0.08	–	22.87	–	–	22.95
Paid to the Company	(0.08)	–	–	–	–	(0.08)
	0.12	4.59	70.82	–	–	75.53
FOK Kin Ning, Canning [(b)]	0.12	10.85	175.00	2.22	–	188.19
CHOW WOO Mo Fong, Susan [(b)]	0.12	8.01	39.16	1.59	–	48.88
Frank John SIXT [(b)]	0.12	7.99	37.88	0.69	–	46.68
LAI Kai Ming, Dominic [(b)]	0.12	5.44	37.39	1.01	–	43.96
KAM Hing Lam						
Paid by the Company	0.12	2.30	8.54	–	–	10.96
Paid by Cheung Kong Infrastructure	0.08	4.20	9.78	–	–	14.06
Paid to the Company	(0.08)	(4.20)	–	–	–	(4.28)
	0.12	2.30	18.32	–	–	20.74
LEE Yeh Kwong, Charles [(d)] [(i)]	0.11	–	–	–	–	0.11
George Colin MAGNUS [(d)]						
Paid by the Company	0.12	–	–	–	–	0.12
Paid by Cheung Kong Infrastructure	0.08	–	–	–	–	0.08
	0.20	–	–	–	–	0.20
Michael David KADOORIE [(c)]	0.12	–	–	–	–	0.12
Holger KLUGE [(c)] [(e)] [(f)]	0.31	–	–	–	–	0.31
LEE Wai Mun, Rose [(c)]	0.12	–	–	–	–	0.12
William SHURNIAK [(c)] [(e)]	0.25	–	–	–	–	0.25
WONG Chung Hin [(c)] [(e)] [(f)]	0.31	–	–	–	–	0.31
Total	2.19	39.18	378.57	5.51	–	425.45

The Company does not have an option scheme for the purchase of ordinary shares in the Company. None of the directors have received any share-based payments from the Company or any of its subsidiaries during the year (2013 – nil).

In 2014, the five individuals whose emoluments were the highest for the year were four directors of the Company and one director of a subsidiary of the Company. The remuneration of the director of the subsidiary company consisted of basic salary, allowances and benefits-in-kind – HK$2.76 million; provident fund contribution – HK$0.19 million; discretionary bonus – HK$4.8 million and cash value of share options exercised during the year – HK$72.42 million.

In 2013, the five individuals whose emoluments were the highest for the year were five directors of the Company.

8 Interest expenses and other finance costs

	2014 HK$ millions	2013 HK$ millions
Bank loans and overdrafts	**1,363**	1,306
Other loans repayable within 5 years	**101**	73
Other loans not wholly repayable within 5 years	**23**	28
Notes and bonds repayable within 5 years	**3,740**	3,374
Notes and bonds not wholly repayable within 5 years	**2,014**	2,652
	7,241	7,433
Interest bearing loans from non-controlling shareholders repayable within 5 years	**176**	186
Interest bearing loans from non-controlling shareholders not wholly repayable within 5 years	**3**	5
	7,420	7,624
Amortisation of loan facilities fees and premiums or discounts relating to borrowings	**309**	274
Notional non-cash interest accretion [a]	**338**	422
Other finance costs	**86**	244
	8,153	8,564
Less: interest capitalised [b]	**(103)**	(173)
	8,050	8,391

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

(b) Borrowing costs have been capitalised at various applicable rates ranging from 0.5% to 6.6% per annum (2013 – 0.1% to 6.6% per annum).

9 Tax

	Current tax HK$ millions	Deferred tax HK$ millions	2014 Total HK$ millions	Current tax HK$ millions	Deferred tax HK$ millions	2013 Total HK$ millions
Hong Kong	**522**	**316**	**838**	601	378	979
Outside Hong Kong	**3,785**	**(656)**	**3,129**	3,630	191	3,821
	4,307	**(340)**	**3,967**	4,231	569	4,800

Hong Kong profits tax has been provided for at the rate of 16.5% (2013 – 16.5%) on the estimated assessable profits less estimated available tax losses. Tax outside Hong Kong has been provided for at the applicable rate on the estimated assessable profits less estimated available tax losses.

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

	2014 HK$ millions	2013 HK$ millions
Tax calculated at the domestic rates applicable in the country concerned	**9,785**	5,537
Tax effect of:		
Tax losses not recognised	**2,200**	1,216
Tax incentives	**–**	(21)
Income not subject to tax	**(5,272)**	(1,034)
Expenses not deductible for tax purposes	**1,362**	1,066
Recognition of previously unrecognised tax losses	**(2,500)**	(1,747)
Utilisation of previously unrecognised tax losses	**(188)**	(56)
Under provision in prior years	**9**	669
Deferred tax assets written off	**–**	(7)
Other temporary differences	**(1,351)**	(745)
Effect of change in tax rate	**(78)**	(78)
Total tax for the year	**3,967**	4,800

10 Distributions and dividends

	2014 HK$ millions	2013 HK$ millions
Distributions paid on perpetual capital securities	**1,980**	1,351
Dividends paid and payable on ordinary shares		
First interim dividend, paid of HK$0.66 per share (2013 – HK$0.60)	**2,814**	2,558
Second interim dividend, in lieu of Final dividend, payable of HK$1.755 per share (2013 – Final dividend, HK$1.70)	**7,482**	7,248
	10,296	9,806
Special dividend, paid of HK$7.00 per share (2013 – nil)	**29,843**	—
	40,139	9,806

11 Earnings per share for profit attributable to ordinary shareholders of the Company

The calculation of earnings per share is based on profit attributable to ordinary shareholders of the Company HK$67,156 million (2013 – HK$31,112 million) and on 4,263,370,780 shares in issue during 2014 (2013 – 4,263,370,780 shares).

The Company has no share option scheme. Certain of the Company's subsidiary and associated companies have employee share options outstanding as at 31 December 2014. The employee share options of these subsidiary and associated companies outstanding as at 31 December 2014 did not have a dilutive effect on earnings per share.

12 Other comprehensive income (losses)

	2014		
	Before-tax amount HK$ millions	Tax effect HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	1,176	(61)	1,115
Valuation gains previously in reserves recognised in income statement	(480)	–	(480)
Remeasurement of defined benefit obligations recognised directly in reserves	(324)	75	(249)
Losses on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	(5)	8	3
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(16,653)	–	(16,653)
Gains previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	(3,636)	–	(3,636)
Share of other comprehensive income (losses) of associated companies	(4,854)	–	(4,854)
Share of other comprehensive income (losses) of joint ventures	(5,205)	–	(5,205)
	(29,981)	22	(29,959)

	2013		
	Before-tax amount HK$ millions	Tax effect HK$ millions	Net-of-tax amount HK$ millions
Available-for-sale investments:			
Valuation gains recognised directly in reserves	382	(64)	318
Valuation losses previously in reserves recognised in income statement	6	–	6
Remeasurement of defined benefit obligations recognised directly in reserves	694	84	778
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	346	(12)	334
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,774)	–	(1,774)
Gains previously in exchange reserve related to subsidiaries and associated companies disposed during the year recognised in income statement	(152)	–	(152)
Share of other comprehensive income (losses) of associated companies	(3,237)	–	(3,237)
Share of other comprehensive income of joint ventures	474	–	474
	(3,261)	8	(3,253)

13 Fixed assets

	Land and buildings HK$ millions	Telecom-munications network assets HK$ millions	Other assets HK$ millions	Total HK$ millions
Cost				
At 1 January 2013	47,970	137,877	106,315	292,162
Additions	3,078	2,207	17,320	22,605
Relating to subsidiaries acquired	527	822	1,047	2,396
Disposals	(688)	(1,174)	(3,198)	(5,060)
Relating to subsidiaries disposed	–	–	(5)	(5)
Transfer from (to) other assets	(443)	8	193	(242)
Transfer between categories / investment properties / leasehold land	1,566	6,264	(5,591)	2,239
Exchange translation differences	(27)	160	1,435	1,568
At 1 January 2014	**51,983**	**146,164**	**117,516**	**315,663**
Additions	**2,218**	**2,689**	**16,277**	**21,184**
Relating to subsidiaries acquired	**1**	**660**	**67**	**728**
Disposals	**(342)**	**(662)**	**(3,317)**	**(4,321)**
Relating to subsidiaries disposed	**(4)**	**–**	**(4)**	**(8)**
Write-off for the year [(a)]	**–**	**(552)**	**(15)**	**(567)**
Transfer to other assets	**(253)**	**–**	**(14)**	**(267)**
Transfer between categories / leasehold land	**890**	**7,693**	**(8,036)**	**547**
Exchange translation differences	**(1,763)**	**(10,783)**	**(7,429)**	**(19,975)**
At 31 December 2014	**52,730**	**145,209**	**115,045**	**312,984**
Accumulated depreciation and impairment				
At 1 January 2013	11,803	49,831	62,940	124,574
Relating to subsidiaries acquired	146	42	518	706
Charge for the year	1,291	7,227	5,328	13,846
Disposals	(46)	(976)	(2,987)	(4,009)
Relating to subsidiaries disposed	–	–	(4)	(4)
Impairment recognised for the year [(b)]	–	426	–	426
Transfer from (to) other assets	(5)	3	6	4
Transfer between categories / investment properties / leasehold land	28	746	369	1,143
Exchange translation differences	72	633	948	1,653
At 1 January 2014	**13,289**	**57,932**	**67,118**	**138,339**
Relating to subsidiaries acquired	**–**	**–**	**2**	**2**
Charge for the year	**1,414**	**7,173**	**6,117**	**14,704**
Disposals	**(106)**	**(638)**	**(3,113)**	**(3,857)**
Relating to subsidiaries disposed	**(1)**	**–**	**(3)**	**(4)**
Impairment recognised and write-off for the year [(a)]	**140**	**(163)**	**219**	**196**
Transfer to other assets	**(124)**	**–**	**(106)**	**(230)**
Transfer between categories / leasehold land	**(10)**	**(892)**	**923**	**21**
Exchange translation differences	**(504)**	**(3,477)**	**(5,440)**	**(9,421)**
At 31 December 2014	**14,098**	**59,935**	**65,717**	**139,750**
Net book value				
At 31 December 2014	**38,632**	**85,274**	**49,328**	**173,234**
At 31 December 2013	38,694	88,232	50,398	177,324
At 1 January 2013	36,167	88,046	43,375	167,588

13 Fixed assets (continued)

(a) Mainly relates to restructuring of **3** Ireland (see note 6(c)) and impairment on port assets (see note 6(d)).

(b) Mainly relates to restructuring of **3** Austria (see note 6(g)).

Land and buildings include projects under development in the amount of HK$3,527 million (2013 – HK$4,102 million).

Cost and net book value of fixed assets include HK$149,644 million (2013 – HK$153,058 million) and HK$84,404 million (2013 – HK$87,820 million) respectively, relating to **3** Group Europe. Impairment tests were undertaken at 31 December 2014 and 31 December 2013 to assess whether the carrying value of the Group's 3G telecommunications licences and network assets were supported by the net present value of future cash flows forecast to be derived from the use of these assets for each respective business. Note 3(b) contains information about the estimates, assumptions and judgements relating to the impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2014 and 31 December 2013 indicated that no other impairment charge was necessary.

14 Investment properties

	2014 HK$ millions	2013 HK$ millions
Valuation		
At 1 January	**42,454**	43,652
Additions	**105**	423
Disposals	**(21)**	(98)
Relating to subsidiaries disposed	**(1,032)**	(573)
Change in fair value of investment properties	**24,678**	26
Transfer to fixed assets	**–**	(1,040)
Exchange translation differences	**27**	64
At 31 December	**66,211**	42,454

The Group's investment properties comprise:

	2014 HK$ millions	2013 HK$ millions
Hong Kong		
Long leasehold (not less than 50 years)	**30,345**	17,303
Medium leasehold (less than 50 years but not less than 10 years)	**35,079**	23,347
Outside Hong Kong		
Freehold	**725**	708
Medium leasehold	**62**	1,096
	66,211	42,454

14 Investment properties (continued)

At 31 December, the analysis of the Group's aggregate future minimum lease payments receivable under non-cancellable operating leases is as follows:

	2014 HK$ millions	2013 HK$ millions
Within 1 year	2,955	2,975
After 1 year, but within 5 years	4,407	5,874
After 5 years	1,204	126

(a) Fair value measurements

The table below analyses recurring fair value measurements for investment properties located in Hong Kong and outside Hong Kong. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2014				
Hong Kong	–	304	65,120	65,424
Outside Hong Kong	–	–	787	787
	–	304	65,907	66,211

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2013				
Hong Kong	–	268	40,382	40,650
Outside Hong Kong	–	–	1,804	1,804
	–	268	42,186	42,454

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

Investment properties have been fair valued as at 31 December 2014 and 31 December 2013 by DTZ Debenham Tie Leung Limited, professional valuers. The fair value of the investment properties was determined based on, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

14 Investment properties (continued)

(a) Fair value measurements (continued)

The movements of the balance of investment properties measured at fair value based on Level 3 are as follows:

	2014 HK$ million	2013 HK$ million
At 1 January	**42,186**	43,414
Additions	**105**	423
Disposals	**(21)**	(98)
Relating to subsidiaries disposed	**(1,032)**	(573)
Change in fair value of investment properties	**24,678**	(4)
Transfer to fixed assets	**–**	(1,040)
Exchange translation differences	**(9)**	64
At 31 December	**65,907**	42,186

The valuations are derived using the income capitalisation method. This method is based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	2014 Fair value HK$ million	Valuation techniques	Range of significant unobservable inputs	
			Rental rates	Capitalisation rates
Office properties in Hong Kong	**40,493**	Income capitalisation method	HK$22.7 per square foot ("psf") to HK$112.7 psf	4.5% to 5%
Commercial properties in Hong Kong	**14,296**	Income capitalisation method	HK$13.5 psf to HK$79.6 psf	4.75% to 6.75%
Residential properties in Hong Kong	**1,529**	Income capitalisation method	HK$14.5 psf to HK$45 psf	2% to 2.5%
Industrial properties in Hong Kong	**8,802**	Income capitalisation method	HK$6.6 psf to HK$18 psf	5.5% to 5.75%
Other properties outside Hong Kong	**787**	Income capitalisation method	HK$49.6 per square meter ("psm") to HK$151 psm	6% to 7.5%

14 Investment properties (continued)

(a) Fair value measurements (continued)

Description	2013 Fair value HK$ million	Valuation techniques	Range of significant unobservable inputs: Rental rates	Capitalisation rates
Office properties in Hong Kong	27,979	Income capitalisation method	HK$17.9 psf to HK$112.2 psf	4.75% to 6%
Commercial properties in Hong Kong	7,527	Income capitalisation method	HK$10.5 psf to HK$69.7 psf	6% to 9.75%
Residential properties in Hong Kong	937	Income capitalisation method	HK$24.8 psf to HK$50.5 psf	2.75% to 3.75%
Industrial properties in Hong Kong	3,939	Income capitalisation method	HK$2.7 psf to HK$17 psf	8% to 11.5%
Other properties outside Hong Kong	1,804	Income capitalisation method	HK$63.5 psm to HK$281.6 psm	6% to 8.5%

For rental rate, the higher the rental rate, the higher the fair value will be. For capitalisation rate, the higher the capitalisation rate, the lower the fair value will be.

15 Leasehold land

	2014 HK$ millions	2013 HK$ millions
Net book value		
At 1 January	**9,849**	9,495
Additions	**–**	532
Amortisation for the year	**(444)**	(454)
Relating to subsidiaries disposed	**(2)**	–
Transfer from other assets	**–**	217
Transfer to fixed assets	**(526)**	(56)
Exchange translation differences	**(364)**	115
At 31 December	**8,513**	9,849

The Group's leasehold land comprises:

	2014 HK$ millions	2013 HK$ millions
Outside Hong Kong		
Long leasehold	**1,005**	1,040
Medium leasehold	**7,508**	8,809
	8,513	9,849

16 Telecommunications licences

	2014 HK$ millions	2013 HK$ millions
Net book value		
At 1 January	**86,576**	78,655
Additions	**41**	6,828
Relating to subsidiaries acquired	**2,206**	440
Amortisation for the year	**(894)**	(774)
Exchange translation differences	**(6,327)**	1,427
At 31 December	**81,602**	86,576
Cost	**109,084**	114,999
Accumulated amortisation and impairment	**(27,482)**	(28,423)
	81,602	86,576

The carrying amount of the Group's telecommunications licences with indefinite useful life in Italy and the UK is €3,195 million (2013 – €3,192 million) and £3,367 million (2013 – £3,366 million), respectively.

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of telecommunications licences were tested for impairment as at 31 December 2014 and 31 December 2013. Note 3(b) contains information about the estimates, assumptions and judgements relating to telecommunications licences impairment tests. The results of the tests undertaken as at 31 December 2014 and 31 December 2013 indicated no impairment charge was necessary.

17 Goodwill

	2014 HK$ millions	2013 HK$ millions
Cost		
At 1 January	**38,028**	26,492
Relating to subsidiaries acquired	**5,783**	11,380
Impairment recognised [(a)]	**(323)**	–
Relating to subsidiaries disposed	**(409)**	(161)
Exchange translation differences	**(3,947)**	317
At 31 December	**39,132**	38,028

The carrying amount of goodwill primarily arises from the acquisition of four retail chains: Marionnaud of €645 million (2013 – €645 million), Kruidvat of €600 million (2013 – €600 million), The Perfume Shop of £140 million (2013 – £140 million), Superdrug of £78 million (2013 – £78 million), **3** Austria of €970 million (2013 – €970 million), **3** Italy of €275 million (2013 – €275 million), **3** Ireland of €547 million (2013 – nil), Hutchison Telecommunications Hong Kong Holdings of HK$3,754 million (2013 – HK$3,754 million) and Hutchison Asia Telecommunications of HK$864 million (2013 – HK$892 million).

In accordance with the Group's accounting policy on asset impairment (see note 2(y)), the carrying values of goodwill were tested for impairment as at 31 December 2014 and 31 December 2013. Note 3(b) contains information about the estimates, assumptions and judgements relating to goodwill impairment tests. Save as disclosed above, the results of the tests undertaken as at 31 December 2014 and 31 December 2013 indicated no other impairment charge was necessary.

(a) Mainly relates to store closures of the Marionnaud businesses to exit Poland and downsize operations in Portugal and Spain (see note 6(b)).

18 Brand names and other rights

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2014	**2,129**	**16,626**	**18,755**
Additions	**–**	**229**	**229**
Relating to subsidiaries acquired	**28**	**1,398**	**1,426**
Impairment recognised and write-off for the year [(a)]	**–**	**(1,970)**	**(1,970)**
Disposal	**–**	**(22)**	**(22)**
Amortisation for the year	**(13)**	**(948)**	**(961)**
Exchange translation differences	**(183)**	**(1,041)**	**(1,224)**
At 31 December 2014	**1,961**	**14,272**	**16,233**
Cost	**2,045**	**23,110**	**25,155**
Accumulated amortisation	**(84)**	**(8,838)**	**(8,922)**
	1,961	**14,272**	**16,233**

	Brand names HK$ millions	Other rights HK$ millions	Total HK$ millions
Net book value			
At 1 January 2013	1,954	13,374	15,328
Additions	–	105	105
Relating to subsidiaries acquired	132	4,376	4,508
Impairment recognised for the year [(b)]	–	(622)	(622)
Disposal	–	(43)	(43)
Transfer from fixed assets	–	22	22
Amortisation for the year	(13)	(763)	(776)
Exchange translation differences	56	177	233
At 31 December 2013	2,129	16,626	18,755
Cost	2,202	25,404	27,606
Accumulated amortisation	(73)	(8,778)	(8,851)
	2,129	16,626	18,755

(a) Mainly relates to restructuring of **3** Ireland (see note 6(c)).

(b) Mainly relates to restructuring of **3** Austria (see note 6(g)).

The brand names as at 31 December 2014 primarily resulted from the acquisitions of Marionnaud and The Perfume Shop in 2005 and are assessed to have indefinite useful lives. The factors considered in the assessment of the useful lives include analysis of market and competitive trends, product life cycles, brand extension opportunities and management's long term strategic development.

The value of brand names acquired in 2005 was determined by an external valuer based on a royalty relief methodology, a commonly applied approach to valuing brand names, which was completed in December 2005. Brand names were tested for impairment as at 31 December 2014 and 31 December 2013 and the results of the tests indicated no impairment charge was necessary.

Other rights, which include rights of use of telecommunications network infrastructure sites of HK$6,942 million (2013 – HK$8,293 million), operating and service content rights of HK$4,517 million (2013 – HK$5,018 million), resource consents and customer lists of HK$2,813 million (2013 – HK$3,315 million) are amortised over their finite useful lives.

19 Associated companies

	2014 HK$ millions	2013 HK$ millions
Unlisted shares	**3,744**	3,744
Listed shares, Hong Kong	**9,512**	9,512
Listed shares, outside Hong Kong	**34,617**	34,617
Share of undistributed post acquisition reserves	**73,292**	56,951
	121,165	104,824
Amounts due from associated companies	**5,251**	7,234
	126,416	112,058

The market value of the above listed investments at 31 December 2014 was HK$144,274 million (2013 – HK$151,663 million), inclusive of HK$61,474 million (2013 – HK$81,864 million) and HK$62,386 million (2013 – HK$51,145 million) for material associated companies, namely Husky Energy and Power Assets.

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

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

	Material associated companies		**Other associated companies**	**2014 Total**
	Husky Energy HK$ millions	**Power Assets HK$ millions**	**HK$ millions**	**HK$ millions**
Group's share of the following items of the associated companies*:				
Profits less losses after tax (before profits on disposal of investments and others)	**4,028**	**3,159**	**1,979**	**9,166**
Profits on disposal of investments and others	**(1,413)**	**20,554**	**–**	**19,141**
Other comprehensive income (losses)	**(3,753)**	**(728)**	**(373)**	**(4,854)**
Total comprehensive income (losses)	**(1,138)**	**22,985**	**1,606**	**23,453**

	Material associated companies		Other associated companies	2013 Total
	Husky Energy HK$ millions	Power Assets HK$ millions	HK$ millions	HK$ millions
Group's share of the following items of the associated companies*:				
Profits less losses after tax (before impairment charge)	4,623	4,340	1,470	10,433
Impairment charge	(504)	–	–	(504)
Other comprehensive income (losses)	(3,197)	206	(246)	(3,237)
Total comprehensive income	922	4,546	1,224	6,692

19 Associated companies (continued)

	2014		2013	
	Husky Energy HK$ millions	**Power Assets HK$ millions**	Husky Energy HK$ millions	Power Assets HK$ millions
Dividends received from associated companies	**2,874**	**2,132**	3,092	2,057
Gross amount of the following items of the associated companies*:				
Total revenue	**168,878**	**2,131**	175,008	11,578
EBITDA	**42,419**	**72,306**	43,481	20,121
EBIT	**18,611**	**67,287**	21,207	15,115
Other comprehensive income (losses)	**(11,046)**	**(1,870)**	(9,481)	530
Total comprehensive income (losses)	**(3,352)**	**59,322**	2,636	11,844
Current assets	**31,135**	**62,100**	35,747	10,494
Non-current assets	**235,059**	**73,222**	240,667	93,605
Current liabilities	**39,197**	**2,700**	30,265	4,952
Non-current liabilities	**84,689**	**10,486**	93,638	30,848
Net assets (net of preferred shares)	**138,736**	**122,136**	150,395	68,299
Reconciliation to the carrying amount of the Group's interests in associated companies:				
Group's interest	**34%**	**39%**	34%	39%
Group's share of net assets	**47,129**	**47,474**	51,104	26,548
Amounts due from associated companies	**671**	**–**	729	–
Adjustment to cost of investment	**–**	**4,546**	–	4,546
Carrying amount	**47,800**	**52,020**	51,833	31,094

* after translation into Hong Kong dollars and consolidation adjustments

Particulars regarding the principal associated companies are set forth on pages 269 to 274.

20 Interests in joint ventures

	2014 HK$ millions	2013 HK$ millions
Joint ventures		
Unlisted shares	**73,499**	66,769
Share of undistributed post acquisition reserves	**16,411**	20,559
	89,910	87,328
Amounts due from joint ventures	**29,523**	23,943
	119,433	111,271

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

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

	2014 HK$ millions	2013 HK$ millions
Profits less losses after tax [(a)]	**10,466**	12,597
Other comprehensive income (losses)	**(5,205)**	474
Total comprehensive income	**5,261**	13,071
Capital commitments	**1,562**	2,123

(a) From the second half of 2012, VHA is undergoing a shareholder-sponsored restructuring under the leadership of the other shareholder under the applicable terms of the shareholders' agreement. Since then, HTAL's share of VHA's results is presented as a separate item under profits on disposal of investments and others (see note 6(e)) to separately identify it from the recurring earnings profile.

Particulars regarding the principal joint ventures are set forth on pages 269 to 274.

21 Deferred tax

	2014 **HK$ millions**	2013 HK$ millions
Deferred tax assets	**19,203**	18,548
Deferred tax liabilities	**11,213**	10,228
Net deferred tax assets	**7,990**	8,320

Movements in net deferred tax assets are summarised as follows:

	2014 **HK$ millions**	2013 HK$ millions
At 1 January	**8,320**	9,091
Relating to subsidiaries acquired	**(170)**	(271)
Relating to subsidiaries disposed	**492**	1
Transfer to current tax	**(13)**	(27)
Net credit to other comprehensive income	**22**	8
Net credit (charge) to the income statement		
Unused tax losses	**916**	(107)
Accelerated depreciation allowances	**(306)**	(104)
Fair value adjustments arising from acquisitions	**176**	140
Withholding tax on undistributed earnings	**(132)**	(65)
Other temporary differences	**(314)**	(433)
Exchange translation differences	**(1,001)**	87
At 31 December	**7,990**	8,320

Analysis of net deferred tax assets (liabilities):

	2014 **HK$ millions**	2013 HK$ millions
Unused tax losses	**20,669**	19,987
Accelerated depreciation allowances	**(5,717)**	(5,558)
Fair value adjustments arising from acquisitions	**(3,698)**	(3,920)
Revaluation of investment properties and other investments	**(11)**	(307)
Withholding tax on undistributed earnings	**(398)**	(302)
Other temporary differences	**(2,855)**	(1,580)
	7,990	8,320

21 Deferred tax (continued)

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

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

During the year, deferred tax assets of HK$2,134 million (2013 – HK$1,586 million) have been recognised for the losses of **3** Group Europe. At 31 December 2014, the Group has recognised accumulated deferred tax assets amounting to HK$19,203 million (2013 – HK$18,548 million) of which HK$17,785 million (2013 – HK$17,265 million) relates to **3** Group Europe.

Note 3(f) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unused tax losses carried forward.

The Group has not recognised deferred tax assets of HK$22,525 million at 31 December 2014 (2013 – HK$22,977 million) in respect of unutilised tax losses, tax credits and deductible temporary differences totalling HK$94,257 million (2013 – HK$96,430 million). These unutilised tax losses, tax credits and deductible temporary differences can be carried forward against future taxable income. Of this amount, HK$67,210 million (2013 – HK$73,534 million) can be carried forward indefinitely and the balances expire in the following years:

	2014 HK$ millions	2013 HK$ millions
In the first year	**4,406**	2,577
In the second year	**2,763**	3,193
In the third year	**2,473**	2,484
In the fourth year	**9,455**	5,350
In the fifth to tenth years inclusive	**7,950**	9,292
	27,047	22,896

22 Other non-current assets

	2014 HK$ millions	2013 HK$ millions
Other unlisted investments		
Loans and receivables		
Unlisted debt securities	**383**	392
Other receivables	**3,610**	4,020
	3,993	4,412
Available-for-sale investments		
Unlisted equity securities	**1,798**	929
Fair value hedges (see note 28(a))		
Interest rate swaps	**1,262**	1,813
Cross currency interest rate swaps	**–**	738
Cash flow hedges (see note 28(a))		
Interest rate swaps	**14**	42
Forward foreign exchange contracts	**72**	–
	7,139	7,934

The carrying value of the unlisted debt securities approximates the fair value as these investments bear floating interest rates and are repriced within one to six-month periods at the prevailing market interest rates. The weighted average effective interest rate of unlisted debt securities as at 31 December 2014 is 1.7% (2013 – 1.9%).

Unlisted equity securities where there is a history of dividends are carried at fair value based on the discounted present value of expected future dividends. The value of the remaining unlisted equity securities are not significant to the Group.

23 Liquid funds and other listed investments

	2014 HK$ millions	2013 HK$ millions
Available-for-sale investments		
Managed funds, outside Hong Kong	**4,576**	4,522
Listed / traded debt securities, outside Hong Kong	**2,806**	3,725
Listed equity securities, Hong Kong	**4,817**	2,130
Listed equity securities, outside Hong Kong	**2,641**	6,422
	14,840	16,799
Loans and receivables		
Long term deposits	**–**	36
Financial assets at fair value through profit or loss	**301**	301
	15,141	17,136

23 Liquid funds and other listed investments (continued)

Components of managed funds, outside Hong Kong are as follows:

	2014 HK$ millions	2013 HK$ millions
Listed debt securities	**4,566**	4,488
Cash and cash equivalents	**10**	34
	4,576	4,522

Included in listed / traded debt securities outside Hong Kong are notes issued by listed associated company, Husky Energy Inc. Of the principal amount held of US$103 million as at 31 December 2013, US$78 million matured and was redeemed during the current year and the balance of US$25 million held as at 31 December 2014 will mature in 2019.

The fair value of the available-for-sale investments and financial assets designated as "at fair value through profit or loss" are based on quoted market prices. The market value of the liquid funds and other listed investments excluding long term deposits at 31 December 2014 was HK$15,141 million (2013 – HK$17,100 million).

Loans and receivables, represent long term deposits, are carried at amortised cost, which approximates their fair value as the deposits carry floating interest rates and are repriced every three months based on the prevailing market interest rates. The weighted average effective interest rate on long term deposits as at 31 December 2013 was 2.1%.

At 31 December, liquid funds and other listed investments are denominated in the following currencies:

	2014			2013		
	Available-for-sale investments Percentage	**Loans and receivables Percentage**	**Financial assets at fair value through profit or loss Percentage**	Available-for-sale investments Percentage	Loans and receivables Percentage	Financial assets at fair value through profit or loss Percentage
HK dollars	**32%**	**–**	**–**	13%	–	–
US dollars	**36%**	**–**	**83%**	35%	–	83%
Other currencies	**32%**	**–**	**17%**	52%	100%	17%
	100%	**–**	**100%**	100%	100%	100%

23 Liquid funds and other listed investments (continued)

Listed / traded debt securities as at 31 December presented above are analysed as follows:

	2014 Percentage	2013 Percentage
Credit ratings		
Aaa / AAA	**16%**	24%
Aa1 / AA+	**50%**	31%
Aa2 / AA	**–**	4%
Aa3 / AA-	**2%**	1%
A2 / A	**1%**	1%
Other investment grades	**3%**	11%
Unrated	**28%**	28%
	100%	100%
Sectorial		
US Treasury notes	**46%**	26%
Government and government guaranteed notes	**20%**	32%
Husky Energy Inc notes	**3%**	11%
Financial institutions notes	**3%**	3%
Others	**28%**	28%
	100%	100%
Weighted average maturity	**3.0 years**	3.1 years
Weighted average effective yield	**1.63%**	1.90%

24 Cash and cash equivalents

	2014 HK$ millions	2013 HK$ millions
Cash at bank and in hand	**31,011**	24,149
Short term bank deposits	**94,307**	61,502
	125,318	85,651

The carrying amount of cash and cash equivalents approximates their fair value.

25 Trade and other receivables

	2014 HK$ millions	2013 HK$ millions
Trade receivables [a]	**22,550**	24,991
Less: provision for estimated impairment losses for bad debts [b]	**(4,297)**	(4,296)
Trade receivables – net	**18,253**	20,695
Other receivables and prepayments	**47,167**	48,231
Fair value hedges (see note 28(a))		
Cross currency interest rate swaps	**327**	76
Cash flow hedges (see note 28(a))		
Forward foreign exchange contracts	**829**	81
	66,576	69,083

Trade and other receivables are stated at the expected recoverable amount, net of any estimated impairment losses for bad debts where it is deemed that a receivable may not be fully recoverable. The carrying amount of these assets approximates their fair value.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group has established credit policies for customers in each of its core businesses. The average credit period granted for trade receivables ranges from 30 to 45 days. As stated above trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, net of provision for estimated impairment losses for bad debts. Given the profile of our customers and the Group's different types of businesses, the Group generally does not hold collateral over these balances.

The Group's five largest customers contributed less than 4% of the Group's turnover for the years ended 31 December 2014 and 2013.

(a) At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2014 HK$ millions	2013 HK$ millions
Less than 31 days	**11,298**	13,571
Within 31 to 60 days	**1,767**	2,091
Within 61 to 90 days	**930**	870
Over 90 days	**8,555**	8,459
	22,550	24,991

25 Trade and other receivables (continued)

(b) As at 31 December 2014, out of the trade receivables of HK$22,550 million (2013 – HK$24,991 million), HK$15,307 million (2013 – HK$13,956 million) are impaired and it is assessed that a portion of these receivables is expected to be recoverable. The amount of the provision for estimated impairment losses for bad debts is HK$4,297 million (2013 – HK$4,296 million). The ageing analysis of these trade receivables is as follows:

	2014 HK$ millions	2013 HK$ millions
Not past due	**6,759**	5,632
Past due less than 31 days	**1,207**	1,108
Past due within 31 to 60 days	**507**	420
Past due within 61 to 90 days	**457**	471
Past due over 90 days	**6,377**	6,325
	15,307	13,956

Movements on the provision for estimated impairment losses for bad debts are as follows:

	2014 HK$ millions	2013 HK$ millions
At 1 January	**4,296**	4,307
Additions	**1,886**	1,365
Utilisations	**(858)**	(1,123)
Write back	**(127)**	(30)
Exchange translation differences	**(900)**	(223)
At 31 December	**4,297**	4,296

The ageing analysis of trade receivables not impaired is as follows:

	2014 HK$ millions	2013 HK$ millions
Not past due	**3,344**	6,293
Past due less than 31 days	**1,426**	2,077
Past due within 31 to 60 days	**331**	602
Past due within 61 to 90 days	**421**	400
Past due over 90 days	**1,721**	1,663
	7,243	11,035

26 Trade and other payables

	2014 HK$ millions	2013 HK$ millions
Trade payables [a]	**21,760**	22,309
Other payables and accruals	**63,473**	61,901
Provisions (see note 27)	**824**	928
Interest free loans from non-controlling shareholders	**1,057**	1,181
Cash flow hedges (see note 28(a))		
Interest rate swaps	**24**	–
Forward foreign exchange contracts	**1**	493
	87,139	86,812

The Group's five largest suppliers accounted for less than 27% of the Group's cost of purchases for the year ended 31 December 2014 (2013 – less than 29%).

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2014 HK$ millions	2013 HK$ millions
Less than 31 days	**13,146**	15,176
Within 31 to 60 days	**3,401**	3,221
Within 61 to 90 days	**1,877**	1,607
Over 90 days	**3,336**	2,305
	21,760	22,309

27 Provisions

	Restructuring and closure provision HK$ millions	Assets retirement obligation HK$ millions	Others HK$ millions	Total HK$ millions
At 1 January 2013	648	741	450	1,839
Additions	14	46	112	172
Relating to subsidiaries acquired	–	292	–	292
Interest accretion	19	38	–	57
Utilisations	(177)	–	(80)	(257)
Write back	(6)	(96)	(83)	(185)
Exchange translation differences	9	9	13	31
At 1 January 2014	**507**	**1,030**	**412**	**1,949**
Additions	**39**	**47**	**97**	**183**
Interest accretion	**16**	**30**	**–**	**46**
Utilisations	**(36)**	**(16)**	**(46)**	**(98)**
Write back	**(7)**	**–**	**(100)**	**(107)**
Exchange translation differences	**(27)**	**(138)**	**(33)**	**(198)**
At 31 December 2014	**492**	**953**	**330**	**1,775**

27 Provisions (continued)

Provisions are analysed as:

	2014 HK$ millions	2013 HK$ millions
Current portion (see note 26)	**824**	928
Non-current portion (see note 31)	**951**	1,021
	1,775	1,949

The provision for restructuring and closure obligations represents costs to execute restructuring plans and store closures.

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

28 Bank and other debts

The carrying amount of bank and other debts comprises of items measured at amortised cost and an element of fair value which is due to movements in interest rates. The following is an analysis of the carrying amount of the bank and other debts:

	2014			2013		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans	**14,995**	**45,867**	**60,862**	7,646	57,886	65,532
Other loans	**261**	**339**	**600**	295	429	724
Notes and bonds	**26,746**	**158,659**	**185,405**	10,206	147,360	157,566
Total principal amount of bank and other debts	**42,002**	**204,865**	**246,867**	18,147	205,675	223,822
Unamortised loan facilities fees and premiums or discounts related to debts	**(48)**	**(760)**	**(808)**	(64)	(686)	(750)
Unrealised gain on bank and other debts pursuant to interest rate swap contracts [(a)]	**327**	**1,227**	**1,554**	76	2,206	2,282
	42,281	**205,332**	**247,613**	18,159	207,195	225,354

28 Bank and other debts (continued)

Analysis of principal amount of bank and other debts:

	2014			2013		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans						
Repayable within 5 years	**14,995**	**44,395**	**59,390**	7,646	56,871	64,517
Not wholly repayable within 5 years	**–**	**1,472**	**1,472**	–	1,015	1,015
	14,995	**45,867**	**60,862**	7,646	57,886	65,532
Other loans						
Repayable within 5 years	**239**	**24**	**263**	268	78	346
Not wholly repayable within 5 years	**22**	**315**	**337**	27	351	378
	261	**339**	**600**	295	429	724
Notes and bonds						
HK$260 million notes, 4% due 2027	**–**	**260**	**260**	–	260	260
US$1,309 million notes, 6.25% due 2014	**–**	**–**	**–**	10,206	–	10,206
US$2,189 million notes, 4.625% due 2015	**17,077**	**–**	**17,077**	–	17,077	17,077
US$300 million notes, LIBOR + 0.7% due 2017	**–**	**2,340**	**2,340**	–	–	–
US$500 million notes-Series B, 7.45% due 2017	**–**	**3,900**	**3,900**	–	3,900	3,900
US$1,000 million notes, 2% due 2017	**–**	**7,800**	**7,800**	–	7,800	7,800
US$1,000 million notes, 3.5% due 2017	**–**	**7,800**	**7,800**	–	7,800	7,800
US$2,000 million notes, 1.625% due 2017	**–**	**15,600**	**15,600**	–	–	–
US$1,000 million notes, 5.75% due 2019	**–**	**7,800**	**7,800**	–	7,800	7,800
US$1,500 million notes, 7.625% due 2019	**–**	**11,700**	**11,700**	–	11,700	11,700
US$1,500 million (2013: US$1,480 million) notes, 4.625% due 2022	**–**	**11,700**	**11,700**	–	11,544	11,544
US$500 million notes, 3.25% due 2022	**–**	**3,900**	**3,900**	–	3,900	3,900
US$1,500 million notes, 3.625% due 2024	**–**	**11,700**	**11,700**	–	–	–
US$329 million notes-Series C, 7.5% due 2027	**–**	**2,565**	**2,565**	–	2,565	2,565
US$25 million notes-Series D, 6.988% due 2037	**–**	**196**	**196**	–	196	196
US$1,144 million notes, 7.45% due 2033	**–**	**8,926**	**8,926**	–	8,926	8,926
EUR603 million notes, 4.125% due 2015	**5,727**	**–**	**5,727**	–	6,378	6,378
EUR669 million notes, 4.625% due 2016	**–**	**6,357**	**6,357**	–	7,079	7,079
EUR1,750 million notes, 4.75% due 2016	**–**	**16,625**	**16,625**	–	18,515	18,515
EUR1,250 million notes, 2.5% due 2017	**–**	**11,875**	**11,875**	–	13,225	13,225
EUR1,500 million notes, 1.325% due 2021	**–**	**14,250**	**14,250**	–	–	–
EUR750 million notes, 3.625% due 2022	**–**	**7,125**	**7,125**	–	7,935	7,935
GBP325 million bonds, 6.75% due 2015	**3,942**	**–**	**3,942**	–	4,124	4,124
GBP113 million bonds, 5.625% due 2017	**–**	**1,371**	**1,371**	–	1,435	1,435
GBP303 million bonds, 5.625% due 2026	**–**	**3,675**	**3,675**	–	3,845	3,845
JPY3,000 million notes, 1.75% due 2019	**–**	**199**	**199**	–	226	226
JPY15,000 million notes, 2.6% due 2027	**–**	**995**	**995**	–	1,130	1,130
	26,746	**158,659**	**185,405**	10,206	147,360	157,566
	42,002	**204,865**	**246,867**	18,147	205,675	223,822

28 Bank and other debts (continued)

Bank and other debts at principal amount are repayable as follows:

	2014			2013		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Bank loans						
Current portion	**14,995**	**–**	**14,995**	7,646	–	7,646
After 1 year, but within 2 years	**–**	**5,359**	**5,359**	–	39,423	39,423
After 2 years, but within 5 years	**–**	**39,036**	**39,036**	–	17,448	17,448
After 5 years	**–**	**1,472**	**1,472**	–	1,015	1,015
	14,995	**45,867**	**60,862**	7,646	57,886	65,532
Other loans						
Current portion	**261**	**–**	**261**	295	–	295
After 1 year, but within 2 years	**–**	**54**	**54**	–	71	71
After 2 years, but within 5 years	**–**	**89**	**89**	–	131	131
After 5 years	**–**	**196**	**196**	–	227	227
	261	**339**	**600**	295	429	724
Notes and bonds						
Current portion	**26,746**	**–**	**26,746**	10,206	–	10,206
After 1 year, but within 2 years	**–**	**22,982**	**22,982**	–	27,579	27,579
After 2 years, but within 5 years	**–**	**70,385**	**70,385**	–	59,754	59,754
After 5 years	**–**	**65,292**	**65,292**	–	60,027	60,027
	26,746	**158,659**	**185,405**	10,206	147,360	157,566
	42,002	**204,865**	**246,867**	18,147	205,675	223,822

The bank and other debts of the Group as at 31 December 2014 are secured to the extent of HK$1,751 million (2013 – HK$1,940 million).

Borrowings with principal amount of HK$63,417 million (2013 – HK$64,789 million) bear interest at floating interest rates and borrowings with principal amount of HK$183,450 million (2013 – HK$159,033 million) bear interest at fixed interest rates.

28 Bank and other debts (continued)

Borrowings at principal amount are denominated in the following currencies (inclusive of the effect of hedging transactions):

	2014 Percentage	2013 Percentage
US dollars	**41%**	31%
Euro	**34%**	33%
HK dollars	**13%**	22%
British Pounds	**6%**	7%
Other currencies	**6%**	7%
	100%	100%

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. The Group's policy is not to utilise derivative financial instruments for trading or speculative purposes. The Group has entered into interest rate swap agreements with banks and other financial institutions mainly to swap fixed interest rate borrowings to floating interest rate borrowings to manage the fixed and floating interest rate mix of the Group's total debt portfolio. At 31 December 2014, the notional amount of the outstanding interest rate swap agreements with financial institutions amounted to HK$64,793 million (2013 – HK$62,708 million).

In addition, interest rate swap agreements with notional amount of HK$5,995 million (2013 – HK$6,540 million) was entered to swap floating interest rate borrowings to fixed interest rate borrowings to mainly mitigate interest rate exposures to certain infrastructure project related borrowings.

As at 31 December 2014, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$16,968 million (2013 – HK$28,593 million) to Hong Kong dollar principal amount of borrowings to match currency exposures of the underlying businesses.

28 Bank and other debts (continued)

(a) The analysis of derivative financial instruments utilised by the Group in the management of its interest rate and foreign currency exposures are as follows:

	2014			2013		
	Current portion HK$ millions	**Non-current portion HK$ millions**	**Total HK$ millions**	Current portion HK$ millions	Non-current portion HK$ millions	Total HK$ millions
Fair value hedges						
Derivative financial assets						
Interest rate swaps (see note 22)	–	1,262	1,262	–	1,813	1,813
Cross currency interest rate swaps (see notes 22 and 25)	327	–	327	76	738	814
	327	1,262	1,589	76	2,551	2,627
Derivative financial liabilities						
Interest rate swaps (see note 31)	–	(35)	(35)	–	(345)	(345)
	–	(35)	(35)	–	(345)	(345)
	327	1,227	1,554	76	2,206	2,282
Cash flow hedges						
Derivative financial assets						
Interest rate swaps (see note 22)	–	14	14	–	42	42
Forward foreign exchange contracts (see notes 22 and 25)	829	72	901	81	–	81
	829	86	915	81	42	123
Derivative financial liabilities						
Interest rate swaps (see notes 26 and 31)	(24)	(80)	(104)	–	(163)	(163)
Forward foreign exchange contracts (see notes 26 and 31)	(1)	–	(1)	(493)	(253)	(746)
	(25)	(80)	(105)	(493)	(416)	(909)
	804	6	810	(412)	(374)	(786)

29 Interest bearing loans from non-controlling shareholders

	2014 HK$ millions	2013 HK$ millions
Interest bearing loans from non-controlling shareholders	**8,000**	5,445

These loans bear interest at rates ranging from HIBOR+0.8% to 6% per annum for both 2014 and 2013. The carrying amount of the borrowings approximates their fair value.

30 Pension plans

	2014 HK$ millions	2013 HK$ millions
Defined benefit assets	–	–
Defined benefit liabilities	3,083	3,095
Net defined benefit liabilities	3,083	3,095

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong, the United Kingdom and the Netherlands. The plans are either contributory final salary pension plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The Group's major plans were valued by Towers Watson, qualified actuaries as at 31 December 2014 and 31 December 2013 using the projected unit credit method to account for the Group's pension accounting costs.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2014	2013
Discount rates	0.7%-3.8%	1.5%-4.7%
Future salary increases	0.5%-4.0%	0.5%-4.0%
Interest credited on two principal plans in Hong Kong	5.0%-6.0%	5.0%-6.0%

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

	2014 HK$ millions	2013 HK$ millions
Present value of defined benefit obligations	18,883	17,391
Fair value of plan assets	15,801	14,300
	3,082	3,091
Restrictions on assets recognised	1	4
Net defined benefit liabilities	3,083	3,095

30 Pension plans (continued)

(a) Defined benefit plans (continued)

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations HK$ millions	Fair value of plan assets HK$ millions	Asset ceiling HK$ millions	Net defined benefit liabilities HK$ millions
At 1 January 2014	17,391	(14,300)	4	3,095
Net charge (credit) to the income statement				
Current service cost	563	31	–	594
Past service cost and gains and losses on settlements	(95)	–	–	(95)
Interest cost (income)	635	(501)	–	134
	1,103	(470)	–	633
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial gain arising from change in demographic assumptions	(40)	–	–	(40)
Actuarial loss arising from change in financial assumptions	2,083	–	–	2,083
Actuarial loss arising from experience adjustment	14	–	–	14
Return on plan assets excluding interest income	–	(1,730)	–	(1,730)
Change in asset ceiling	–	–	(3)	(3)
Exchange translation differences	(925)	752	–	(173)
	1,132	(978)	(3)	151
Contributions paid by the employer	–	(677)	–	(677)
Contributions paid by the employee	104	(104)	–	–
Benefits paid	(728)	728	–	–
Transfer to other liabilities	(119)	–	–	(119)
At 31 December 2014	18,883	(15,801)	1	3,083

30 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations HK$ millions	Fair value of plan assets HK$ millions	Asset ceiling HK$ millions	Net defined benefit liabilities HK$ millions
At 1 January 2013	16,325	(13,038)	329	3,616
Net charge (credit) to the income statement				
Current service cost	554	19	–	573
Past service cost and gains and losses on settlements	(4)	–	–	(4)
Interest cost (income)	430	(351)	–	79
	980	(332)	–	648
Net charge (credit) to other comprehensive income				
Remeasurements loss (gain):				
Actuarial loss arising from change in demographic assumptions	19	–	–	19
Actuarial gain arising from change in financial assumptions	(106)	–	–	(106)
Actuarial loss arising from experience adjustment	81	–	–	81
Return on plan assets excluding interest income	–	(335)	–	(335)
Change in asset ceiling	–	–	(325)	(325)
Exchange translation differences	534	(517)	–	17
	528	(852)	(325)	(649)
Contributions paid by the employer	–	(549)	–	(549)
Contributions paid by the employee	110	(110)	–	–
Benefits paid	(581)	581	–	–
Relating to subsidiaries acquired	57	–	–	57
Transfer to other liabilities	(28)	–	–	(28)
At 31 December 2013	17,391	(14,300)	4	3,095

30 Pension plans (continued)

(a) Defined benefit plans (continued)

There is no immediate requirement for the Group to fund the deficit between the fair value of defined benefit plan assets and the present value of the defined benefit plan obligations disclosed as at 31 December 2014. 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 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 2013 reported a funding level of 119% 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% per annum. 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 2014, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the year, forfeited contributions totalling HK$24 million (2013 – HK$19 million) were used to reduce the current year's level of contributions and HK$1 million was available at 31 December 2014 (2013 – HK$2 million) to reduce future years' contributions.

The Group operates three contributory defined benefit plans in the United Kingdom for its ports division, of which the Port of Felixstowe Pension Plan is the principal plan. The plans are all final salary in nature and were closed to new entrants in June 2003. On the assumptions adopted at the last formal actuarial valuation using the projected unit method at 31 December 2012, the ratio of assets to liabilities for the Felixstowe Scheme was 78%. Contributions to fund the deficit were increased and the shortfall was expected to be eliminated by June 2023. The main assumptions in the valuation are an investment return of (i) 5.90% per annum (pre-retirement) , (ii) 5.30% per annum and 3.25% per annum (post-retirement for non-pensioners and pensioners respectively), pensionable salary increases of 2.75% per annum and pension increases for pensioners of 2.65% per annum (for service before 6 April 1997), 2.3% per annum (for service between 6 April 1997 and 5 April 2005) and 1.70% per annum (for service after 5 April 2005). The valuation was performed by Lloyd Cleaver, a Fellow of the Institute of Actuaries, of Towers Watson Limited.

The Group's defined benefit pension plans for its ports and retail operations in the Netherlands are guaranteed contracts undertaken by insurance companies to provide defined benefit pensions in return for actuarially agreed contributions. The risk of providing past pension benefits is underwritten by the insurance companies. The Group does not carry funding risk relating to past service. The funding rate to provide current year benefits varies in accordance with annual actuarial calculations.

The Group operates a defined benefit pension plan for part of its retail operation in the United Kingdom. It was assumed on acquisition of a subsidiary company in 2002. It is not open to new entrants. The latest formal valuation for funding purposes was carried out at 31 March 2012. This allowed for the cessation of accrual of future defined benefits for all active members on 28 February 2010, from which date final salary linkage was also severed. On the assumptions adopted at the valuation using the projected unit method, the ratio of actual asset value to the target asset value being funded for past service benefits was 75%. The sponsoring employer has made additional cash contributions totalling £3.75 million in 2014 (2013 – £4 million), and will make further additional contributions of £3.7 million per annum from 1 January 2015 to 30 September 2016 towards the shortfall being corrected by 30 September 2016, assuming the market conditions as at 31 March 2012 remain unchanged. The main assumptions in the valuation are an investment return of 4.1% to 5.7% per annum and pensionable salary increases of 2.0% to 3.2% per annum. The valuation was performed by David Lindsay, a Fellow of the Institute and Faculty of Actuaries, of Aon Hewitt Limited.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2014 Percentage	2013 Percentage
Equity instruments		
Consumer markets and manufacturing	**9%**	10%
Energy and utilities	**3%**	4%
Financial institutions and insurance	**8%**	8%
Telecommunications and information technology	**4%**	4%
Units trust and equity instrument funds	**4%**	10%
Others	**10%**	11%
	38%	47%
Debt instruments		
US Treasury notes	**1%**	1%
Government and government guaranteed notes	**8%**	8%
Financial institutions notes	**3%**	3%
Others	**6%**	6%
	18%	18%
Qualifying insurance policies	**32%**	28%
Properties	**3%**	3%
Other assets	**9%**	4%
	100%	100%

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

	2014 Percentage	2013 Percentage
Aaa / AAA	**50%**	44%
Aa1 / AA+	**4%**	5%
Aa2 / AA	**6%**	6%
Aa3 / AA-	**2%**	1%
A1 / A+	**3%**	1%
A2 / A	**12%**	12%
Other investment grades	**18%**	18%
No investment grades	**5%**	13%
	100%	100%

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

Fair value of plan assets of HK$15,801 million (2013 - HK$14,300 million) includes investments in the Company's shares with a fair value of HK$75 million (2013 - HK$97 million).

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, the liquidity requirements of the plans.

30 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2014 is 17 years (2013 – 17 years).

The Group expects to make contributions of HK$682 million (2013 – HK$639 million) to the defined benefit plans during the next year.

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

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with HKAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present an projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 3.9% or increase by 4.1% respectively (2013 – decrease by 3.1% or increase by 3.2% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.35% or decrease by 0.34% respectively. (2013 – increase by 0.3% or decrease by 0.4% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to HK$1,221 million (2013 – HK$1,134 million) which has been charged to the profit or loss for the year. Forfeited contributions of HK$1 million (2013 – nil) were used to reduce the current year's level of contributions and forfeited contribution of HK$2 million was available at 31 December 2014 (2013 – HK$2 million) to reduce future years' contributions.

31 Other non-current liabilities

	2014 HK$ millions	2013 HK$ millions
Fair value hedges (see note 28(a))		
Interest rate swaps	**35**	345
Cash flow hedges (see note 28(a))		
Interest rate swaps	**80**	163
Forward foreign exchange contracts	**–**	253
Obligations for telecommunications licences and other rights	**3,254**	3,255
Provisions (see note 27)	**951**	1,021
	4,320	5,037

32 Share capital and capital management

(a) Share capital

	2014 Number of shares	2013 Number of shares	2014 HK$ millions	2013 HK$ millions
Authorised (i):				
Ordinary shares (2013 – HK$0.25 each)	**N/A (i)**	5,500,000,000	**N/A (ii)**	1,375
7½% cumulative redeemable participating preference shares (2013 – HK$1 each)	**N/A (i)**	402,717,856	**N/A (ii)**	403
				1,778
Issued and fully paid:				
Ordinary shares				
At 1 January	**4,263,370,780**	4,263,370,780	**1,066**	1,066
Transition to no-par value regime on 3 March 2014 (iii)	**–**	–	**28,359**	–
At 31 December	**4,263,370,780**	4,263,370,780	**29,425**	1,066
Share premium account (iii)			**–**	27,955
Capital redemption reserve (iii)			**–**	404
Share capital (iii) as at 31 December 2014 / share capital, share premium and capital redemption reserve as at 31 December 2013			**29,425**	29,425

(i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists. As the Company has no cumulative redeemable participating preference shares in issue at the time of transition to Hong Kong Companies Ordinance (Cap. 622), the cumulative redeemable participating preference shares are not preserved as part of the transition to the new regime.

(ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

(iii) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, the amounts standing to the credit of the share premium account and capital redemption reserve created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) have become part of the Company's share capital.

32 Share capital and capital management (continued)

(b) Perpetual capital securities

In October 2010, May 2012 and May 2013, wholly owned subsidiary companies of the Group issued perpetual capital securities with nominal amount of US$2,000 million (approximately HK$15,600 million), US$1,000 million (approximately HK$7,800 million) and €1,750 million (approximately HK$17,879 million) respectively for cash. These securities are perpetual, subordinated and the coupon payment is optional in nature. Therefore, perpetual capital securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position.

During the year ended 31 December 2014, the Group had repurchased US$75 million (approximately HK$587 million) (2013 – US$217 million, approximately HK$1,692 million) nominal amount of perpetual capital securities that were originally issued in October 2010.

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2014, total equity amounted to HK$519,062 million (2013 – HK$476,232 million), and consolidated net debt of the Group, excluding loans from non-controlling shareholders which are viewed as quasi equity, was HK$106,408 million (2013 - HK$121,035 million). The Group's net debt to net total capital ratio decreased to 16.8% from 20.0% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loans from non-controlling shareholders and also with the Group's investments in its listed subsidiaries and associated companies marked to market value at the end of the reporting period.

Net debt / Net total capital ratios (i) at 31 December

	2014	2013
A1 – excluding interest-bearing loans from non-controlling shareholders from debt	**16.8%**	20.0%
A2 – as in A1 above and investments in listed subsidiaries and associated companies marked to market value	**15.7%**	18.2%
B1 – including interest-bearing loans from non-controlling shareholders as debt	**18.0%**	20.9%
B2 – as in B1 above and investments in listed subsidiaries and associated companies marked to market value	**16.9%**	19.0%

(i) Net debt is defined on the Consolidated Statement of Cash Flows. Net total capital is defined as total principal amount of bank and other debts plus total equity and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments.

33 Other reserves

	Attributable to ordinary shareholders		
	Exchange reserve	Others [a]	Total
	HK$ millions	HK$ millions	HK$ millions
At 1 January 2014	6,789	6,971	13,760
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation gains recognised directly in reserves	–	1,017	1,017
Valuation gains previously in reserves recognised in income statement	–	(381)	(381)
Losses on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	–	(17)	(17)
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(15,626)	–	(15,626)
Gains previously in exchange and other reserves related to subsidiaries, associated companies and joint ventures disposed during the year recognised in income statement	(417)	(1,431)	(1,848)
Gains previously in other reserves related to subsidiaries disposed during the year transferred directly to retained profit	–	(8)	(8)
Share of other comprehensive income (losses) of associated companies	(4,488)	(96)	(4,584)
Share of other comprehensive income (losses) of joint ventures	(3,884)	(473)	(4,357)
Tax relating to components of other comprehensive income (losses)	–	(42)	(42)
Other comprehensive income (losses)	(24,415)	(1,431)	(25,846)
Share option schemes of subsidiaries	–	1	1
Share option lapsed	–	(1)	(1)
Relating to purchase of non-controlling interests	–	(68)	(68)
Relating to deemed dilution of subsidiary companies	1,210	37,867	39,077
At 31 December 2014	(16,416)	43,339	26,923

33 Other reserves (continued)

	Attributable to ordinary shareholders		
	Exchange reserve	Others [a]	Total
	HK$ millions	HK$ millions	HK$ millions
At 1 January 2013	12,064	6,027	18,091
Other comprehensive income (losses)			
Available-for-sale investments			
Valuation gains recognised directly in reserves	–	309	309
Valuation losses previously in reserves recognised in income statement	–	6	6
Gains on cash flow hedges arising from forward foreign currency contracts and interest rate swap contracts recognised directly in reserves	–	318	318
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	(1,696)	–	(1,696)
Gains previously in exchange reserve related to subsidiaries and associated companies disposed during the year recognised in income statement	(146)	–	(146)
Share of other comprehensive income (losses) of associated companies	(4,044)	352	(3,692)
Share of other comprehensive income (losses) of joint ventures	610	(43)	567
Tax relating to components of other comprehensive income (losses)	–	(59)	(59)
Other comprehensive income (losses)	(5,276)	883	(4,393)
Share option schemes of subsidiaries	–	(11)	(11)
Share option lapsed	–	(1)	(1)
Relating to purchase of non-controlling interests	–	21	21
Relating to partial disposal of subsidiary companies	1	52	53
At 31 December 2013	6,789	6,971	13,760

(a) Others comprise revaluation reserve, hedging reserve and other capital reserves. As at 31 December 2014, revaluation reserve surplus amounted to HK$2,848 million (1 January 2014 – HK$3,883 million and 1 January 2013 – HK$3,690 million), hedging reserve deficit amounted to HK$842 million (1 January 2014 – HK$440 million and 1 January 2013 – HK$1,125 million) and other capital reserves surplus amounted to HK$41,333 million (1 January 2014 – HK$3,528 million and 1 January 2013 – HK$3,462 million). Revaluation surplus (deficit) arising from revaluation to market value of listed debt securities and listed equity securities which are available for sale are included in the revaluation reserve. Fair value changes arising from the effective portion of hedging instruments designated as cash flow hedges are included in the hedging reserve.

34 Notes to consolidated statement of cash flows

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

	2014 HK$ millions	2013 HK$ millions
Profit after tax	**81,751**	38,893
Less: share of profits less losses after tax of		
Associated companies before profits on disposal of investments and others	**(9,166)**	(10,433)
Joint ventures	**(10,466)**	(12,597)
Associated companies' profits on disposal of investments and others	**(19,141)**	504
	42,978	16,367
Adjustments for:		
Current tax charge	**4,307**	4,231
Deferred tax charge (credit)	**(340)**	569
Interest expenses and other finance costs	**8,050**	8,391
Change in fair value of investment properties	**(24,678)**	(26)
Depreciation and amortisation	**17,003**	15,850
Others (see note 6)	**6,769**	1,659
EBITDA of Company and subsidiaries (i)	**54,089**	47,041
Loss on disposal of other unlisted investments	**–**	82
Profit on disposal of fixed assets, leasehold land and investment properties and other assets	**(295)**	(4,109)
Dividends received from associated companies and joint ventures	**14,011**	14,906
Distribution from property joint ventures	**55**	4,928
Profit on disposal of subsidiary companies (ii)	**(2,844)**	(1,672)
Profit on disposal of associated companies and joint ventures (iii)	**(2,814)**	(111)
Profit on partial disposal of an associated company	**–**	(1,320)
Other non-cash items	**438**	1,153
	62,640	60,898

34 Notes to consolidated statement of cash flows (continued)

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

(i) Reconciliation of EBITDA:

	2014 **HK$ millions**	2013 HK$ millions
EBITDA of Company and subsidiaries	**54,089**	47,041
Share of EBITDA of associated companies and joint ventures		
Share of profits less losses after tax:		
Associated companies before profits on disposal of investments and others	**9,166**	10,433
Joint ventures	**10,466**	12,597
Associated companies' profits on disposal of investments and others	**19,141**	(504)
Adjustments for:		
Depreciation and amortisation	**16,378**	15,421
Change in fair value of investment properties	**(514)**	(2)
Interest expenses and other finance costs	**6,274**	5,768
Current tax charge	**6,625**	6,741
Deferred tax credit	**(1,056)**	(192)
Non-controlling interests	**326**	363
Others (see note 6)	**1,413**	504
	68,219	51,129
EBITDA (see notes 5(b) and 5(m))	**122,308**	98,170

(ii) The profits on disposal of subsidiary companies for the years ended 31 December 2014 and 2013 are recognised in the consolidated income statement and are included in the line items titled profits on disposal of investments and others of HK$2,237 million (2013 - nil) and other operating expenses of HK$607 million (2013 - HK$1,672 million).

(iii) The profits on disposal of associated companies and joint ventures for the years ended 31 December 2014 and 2013 are recognised in the consolidated income statement and are included in the line item titled other operating expenses.

34 Notes to consolidated statement of cash flows (continued)

(b) Changes in working capital

	2014 HK$ millions	2013 HK$ millions
Decrease (increase) in inventories	191	(1,100)
Decrease (increase) in debtors and prepayments	448	(6,484)
Increase (decrease) in creditors	(390)	4,726
Other non-cash items	(3,165)	(1,480)
	(2,916)	(4,338)

(c) Purchase of subsidiary companies

On 14 July 2014, the Group has completed its acquisition of the O_2 Ireland business in Ireland. As a result of the acquisition, the Group has increased its market share of the Irish mobile telecommunications services. The Group expects synergies and other benefits from combining the infrastructure and operations of O_2 Ireland with **3** Ireland, and costs savings through economies of scale.

The following table summarises the consideration paid for O_2 Ireland and other acquisitions completed in the current year, and the amounts of the assets acquired and liabilities assumed recognised at the respective acquisition date.

	2014			2013
	O_2 Ireland HK$ millions	Others HK$ millions	Total HK$ millions	Total HK$ millions
Fair value				
Fixed assets	660	66	726	1,690
Telecommunications licences	2,206	–	2,206	440
Brand names and other rights	1,392	34	1,426	4,508
Interests in joint ventures	–	–	–	139
Deferred tax assets	–	–	–	285
Liquid funds and other listed investments	–	–	–	6
Trade and other receivables	1,802	165	1,967	989
Inventories	33	25	58	980
Creditors and current tax liabilities	(2,339)	(126)	(2,465)	(1,844)
Bank and other debts	–	(38)	(38)	(307)
Deferred tax liabilities	(164)	(6)	(170)	(556)
Pension obligations	–	–	–	(57)
Other non-current liabilities	(967)	–	(967)	–
Non-controlling interests	–	(59)	(59)	(2)
	2,623	61	2,684	6,271
Goodwill arising on acquisition	5,702	81	5,783	11,380
Discharged by cash payment	8,325	142	8,467	17,651
Net cash outflow (inflow) arising from acquisition:				
Cash payment	8,667	222	8,889	19,169
Cash and cash equivalents acquired	(342)	(80)	(422)	(1,518)
Total net cash paid	8,325	142	8,467	17,651

34 Notes to consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies (continued)

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level. No fair value adjustments arising from acquisitions are recognised at the underlying companies' separate financial statements. Goodwill arising on these acquisitions is recorded at the consolidation level and is not expected to be deductible for tax purposes. As additional information, the amount deductible for tax purposes (i.e. tax base) of the identifiable assets acquired and liabilities assumed relating to the acquisition of O_2 Ireland are different from and, in general, greater than the amounts shown above.

The contribution to the Group's revenue and profit after tax from these subsidiaries acquired since the respective date of acquisition is not material.

Acquisition related costs of approximately HK$195 million (2013 - HK$200 million) had been charged to income statement during the year and included in the line item titled profits on disposal of investments and others.

The 2013 comparative information mainly related to **3** Austria's acquisition of 100% interest of Orange Austria which was completed on 4 January 2013.

(d) Disposal of subsidiary companies

	2014 HK$ millions	2013 HK$ millions
Aggregate net assets disposed at date of disposal (excluding cash and cash equivalents):		
Fixed assets	**4**	1
Investment properties	**1,032**	573
Leasehold land	**2**	–
Goodwill	**409**	161
Interests in joint ventures	**–**	854
Liquid funds and other listed investments	**3,671**	–
Trade and other receivables	**20**	18
Inventories	**–**	26
Creditors and current tax liabilities	**(106)**	(31)
Deferred tax liabilities	**(492)**	(1)
Non-controlling interests	**(1,787)**	–
Reserves	**(1,697)**	(124)
	1,056	1,477
Profits on disposal*	**2,844**	1,672
	3,900	3,149
Less: Investments retained subsequent to disposal	**(2,995)**	–
	905	3,149
Satisfied by:		
Cash and cash equivalents received as consideration	**3,823**	3,161
Less: Cash and cash equivalents sold	**(2,918)**	(12)
Total net cash consideration	**905**	3,149

* See note 34 (a) (ii).

The effect on the Group's results from the subsidiaries disposed are not material for the years ended 31 December 2014 and 2013.

35 Share-based payments

The Company has no share option scheme but certain of the Company's subsidiary companies and associated companies have issued equity-settled and cash-settled share-based payments to certain employees. The aggregate amount of the share-based payments recognised by these companies are not material to the Group.

36 Pledge of assets

At 31 December 2014, assets of the Group totalling HK$1,922 million (2013 – HK$2,299 million) were pledged as security for bank and other debts.

37 Contingent liabilities

At 31 December 2014, Hutchison Whampoa Limited, and its subsidiaries provide guarantees in respect of bank and other borrowing facilities to associated companies and joint ventures of HK$25,285 million (2013 – HK$24,610 million).

The amount utilised by its associated companies and joint ventures are as follows:

	2014 **HK$ millions**	2013 HK$ millions
To associated companies		
Other businesses	**1,784**	1,973
To joint ventures		
Property businesses	**1,239**	868
Other businesses	**20,869**	19,998
	22,108	20,866

At 31 December 2014, the Group had provided performance and other guarantees of HK$3,694 million (2013 - HK$4,131 million).

38 Commitments

The outstanding Group commitments not provided for in the accounts at 31 December 2014 are as follows:

Capital commitments

(a) Contracted for:

- (i) Ports and related services – HK$648 million (2013 – HK$1,111 million)
- (ii) **3** Group Europe – HK$1,815 million (2013 – HK$630 million)
- (iii) Telecommunications, Hong Kong and Asia – HK$16,990 million (2013 – HK$17,102 million)
- (iv) Investment properties, Hong Kong – HK$131 million (2013- HK$3 million)
- (v) Other fixed assets – HK$174 million (2013 – HK$387 million)

(b) Authorised but not contracted for:

The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

- (i) Ports and related services – HK$3,838 million (2013 – HK$3,713 million)
- (ii) **3** Group Europe – HK$8,986 million (2013 – HK$10,265 million)
- (iii) Telecommunications, Hong Kong and Asia – HK$2,156 million (2013 – HK$2,646 million)
- (iv) Investment properties, Hong Kong – HK$550 million (2013 – HK$1,522 million)
- (v) Investment in joint ventures, Hong Kong – HK$109 million (2013 – HK$175 million)
- (vi) Investment in joint ventures outside Hong Kong – HK$3,530 million (2013 – HK$401 million)
- (vii) Other fixed assets – HK$5,446 million (2013 – HK$4,870 million)

Operating lease commitments – future aggregate minimum lease payments for land and buildings leases

(a) In the first year – HK$11,749 million (2013 – HK$11,953 million)

(b) In the second to fifth years inclusive – HK$21,839 million (2013 – HK$22,228 million)

(c) After the fifth year – HK$37,537 million (2013 – HK$38,894 million)

Operating lease commitments – future aggregate minimum lease payments for other assets

(a) In the first year – HK$1,604 million (2013 – HK$1,612 million)

(b) In the second to fifth years inclusive – HK$4,397 million (2013 – HK$4,782 million)

(c) After the fifth year – HK$984 million (2013 – HK$2,069 million)

39 Related parties transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group. The outstanding balances with associated companies and joint ventures as disclosed in notes 19 and 20 are unsecured. Balances totalling HK$21,550 million (2013 – HK$20,451 million) are interest bearing. In addition, during 2009, the Group acquired traded debt securities outside Hong Kong with a principal amount of US$200 million notes issued by listed associated company, Husky Energy Inc and in the same year, sold certain of these notes with a principal amount of US$97 million. As disclosed in note 23, of the principal amount held of US$103 million as at 31 December 2013, US$78 million matured and was redeemed during the current year and the balance of US$25 million held as at 31 December 2014 will mature in 2019.

The Group has entered into joint ventures with Cheung Kong (Holdings) Limited, a substantial shareholder of the Company, to undertake various, mainly property and infrastructure, projects. At 31 December 2014, included in associated companies and interests in joint ventures on the statement of financial position is a total amount of HK$50,705 million (2013 – HK$38,221 million) representing equity contributions to and the net amount due from these related entities. The Group had guaranteed bank and other borrowing facilities of HK$4,417 million (2013 – HK$4,105 million) for the benefit of these same entities.

No transactions have been entered with the directors of the Company (being the key management personnel) during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in note 7.

40 Legal proceedings

As at 31 December 2014, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

41 Subsequent events

On 9 January 2015, Cheung Kong (Holdings) Limited ("Cheung Kong") and the Company made a joint announcement to create two new leading Hong Kong listed companies through a business combination, reorganisation and spin-off, whereby CK Hutchison Holdings Limited ("CKH Holdings") will hold all the non-property businesses of the Group and Cheung Kong group, and Cheung Kong Property Holdings Limited ("CK Property") will hold the property businesses of both groups. Qualifying Cheung Kong and Company shareholders will receive shares in both CKH Holdings and CK Property through a series of transactions and will cease to be shareholders of Cheung Kong and the Company. The transactions are subject to regulatory, shareholders and other customary approvals. It is expected that the transactions will be completed before the end of the first half of 2015. There will be no change in business strategies or underlying operations whilst the reorganisation is being completed or following completion of the reorganisation.

On 21 January 2015, Cheung Kong Infrastructure ("CKI"), a subsidiary company of the Group raised approximately HK$4,600 million by issuing new shares. Following this transaction, the Group's interest in CKI's ordinary shares has reduced from approximately 78.155% to 75.674%.

On 23 January 2015, the Group has agreed to enter into exclusive negotiations with Telefónica, S.A. for the potential acquisition by the Group of Telefónica, S.A.'s UK subsidiary, O_2 UK, for an indicative price in cash of £9.25 billion which would be paid at closing and deferred upside interest sharing payments of up to a further £1 billion in the aggregate payable after the cumulative cashflow of the combined business of Hutchison 3G UK Limited and O_2 UK achieves agreed financial targets. The timing and amounts of these payments will depend on the actual cash flows of the combined business. The transaction remains subject to, inter alia, satisfactory due diligence over O_2 UK, agreement on terms and signing of definitive agreements and the obtaining of all required corporate and regulatory approvals.

42 US dollar equivalents

Amounts in these accounts are stated in Hong Kong dollars (HK$), the currency of the place in which the Company is incorporated and is the functional currency of the Company. The translation into US dollars of these accounts as of, and for the year ended, 31 December 2014, is for convenience only and has been made at the rate of HK$7.80 to US$1. This translation should not be construed as a representation that the Hong Kong dollar amounts actually represented have been, or could be, converted into US dollars at this or any other rate.

43 Approval of accounts

The accounts set out on pages 168 to 274 were approved and authorised for issue by the Board of Directors on 26 February 2015.

44 Profit before tax

Profit before tax is shown after crediting and charging the following items:

	2014 HK$ millions	2013 HK$ millions
Credits:		
Share of profits less losses of associated companies (including share of gain on disposal of HK$20,554 million less share of impairment charge of HK$1,413 million of associated companies in 2014 and share of impairment charge of an associated company of HK$504 million in 2013)		
Listed	**27,069**	9,055
Unlisted	**1,238**	874
	28,307	9,929
Share of gross rental income of associated companies and joint ventures	**512**	528
Gross rental income from investment properties held by:		
Listed subsidiary – HHR	**75**	84
Other subsidiaries (excluding HHR)	**4,020**	3,731
Less: intra group rental income	**(445)**	(408)
	3,650	3,407
Less: related outgoings	**(75)**	(106)
Net rental income of subsidiary companies	**3,575**	3,301
Dividend and interest income from managed funds and other investments		
Listed	**484**	564
Unlisted	**54**	35
Charges:		
Depreciation and amortisation		
Fixed assets	**14,704**	13,846
Leasehold land	**444**	454
Telecommunications licences	**894**	774
Brand names and other rights	**961**	776
	17,003	15,850
Inventories write-off	**1,012**	933
Operating leases		
Properties	**19,311**	18,262
Hire of plant and machinery	**2,254**	2,323
Auditors' remuneration		
Audit and audit related work – PricewaterhouseCoopers [(a)]	**210**	193
– other auditors	**13**	12
Non-audit work – PricewaterhouseCoopers	**33**	44
– other auditors	**34**	30

(a) in addition to the auditors' remuneration charged to the consolidated income statement as disclosed above, auditors' remuneration charged directly to equity (for audit and audit related work – PricewaterhouseCoopers) amounted to HK$69 million (2013 – nil).

45 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, liquid funds and other listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures that are approved by the Executive Directors, and which are also subject to periodic review by the Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and for managing the Group's assets and liabilities. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, with significant underlying leverage or derivative exposure.

(a) Cash management and funding

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

The Group continues to maintain a strong financial position. Cash, liquid funds and other listed investments ("liquid assets") amounted to HK$140,459 million at 31 December 2014, an increase of 37% from the balance of HK$102,787 million at 31 December 2013, mainly reflecting net cash proceeds of HK$13,853 million, after special dividend of HK$7.00 per share amounting to HK$29,843 million, from Temasek's acquisition of a 24.95% equity interest in A.S. Watson Holdings Limited during the year, the cash raised from debt capital market of HK$42,030 million, the cash arising from positive funds from operations from the Group's businesses and cash from new borrowings, net of utilisation of cash for dividend payments to ordinary and non-controlling shareholders as well as distributions to perpetual capital securities holders, the repayment and early repayment of certain borrowings, the acquisition of O_2 Ireland in Ireland of HK$8,325 million, purchase of additional interest of 27.51% in the AGN by listed subsidiary, CKI of HK$4,705 million, the redemption of perpetual capital securities issued in 2012 of US$300 million (approximately HK$2,340 million) by listed subsidiary, CKI, advances to property joint ventures, and the acquisition of fixed assets. Liquid assets were denominated as to 16% in HK dollars, 46% in US dollars, 9% in Renminbi, 15% in Euro, 6% in British Pounds and 8% in other currencies (2013 - 21% were denominated in HK dollars, 33% in US dollars, 15% in Renminbi, 10% in Euro, 6% in British Pounds and 15% in other currencies).

Cash and cash equivalents represented 89% (2013 - 84%) of the liquid assets, US Treasury notes and listed / traded debt securities 6% (2013 - 8%) and listed equity securities 5% (2013 - 8%).

The US Treasury notes and listed / traded debt securities, including those held under managed funds, consisted of US Treasury notes of 46% (2013 - 26%), government and government guaranteed notes of 20% (2013 - 32%), notes issued by the Group's associated company, Husky Energy Inc of 3% (2013 - 11%), notes issued by financial institutions of 3% (2013 - 3%), and others of 28% (2013 - 28%). Of these US Treasury notes and listed / traded debt securities, 66% (2013 - 55%) are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 3.0 years (2013 - 3.1 years) on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

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

45 Financial risk management (continued)

(b) Interest rate exposure (continued)

At 31 December 2014, approximately 26% (2013 - approximately 29%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 74% (2013 - approximately 71%) were at fixed rates. The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK$64,793 million (2013 - approximately HK$62,708 million) principal amount of fixed interest rate borrowings to effectively become floating interest rate borrowings. In addition, HK$5,995 million (2013 - HK$6,540 million) principal amount of floating interest rate borrowings were swapped to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 50% (2013 - approximately 54%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 50% (2013 - approximately 46%) were at fixed rates at 31 December 2014. All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective.

(c) Foreign currency exposure

For overseas subsidiaries, associated companies and other investments, which consist of non-HK dollar or non-US dollar assets, the Group generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For overseas businesses that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cashflow and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. Exposure to movements in exchange rates for individual transactions (such as major procurement contracts) directly related to the underlying businesses is minimised by using forward foreign exchange contracts and currency swaps where active markets for the relevant currencies exist. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in overseas subsidiaries and associated companies. During the year, the currencies of certain countries where the Group has overseas operations, including Euro, British Pound, the Canadian and Australian dollars as well as Renminbi in the Mainland, fluctuated against the Hong Kong dollar. This gave rise to an unrealised loss of approximately HK$23,998 million (2013 – HK$5,130 million) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associated companies and joint ventures. This unrealised loss is reflected as a movement in the Consolidated Statement of Changes in Equity under the heading of other reserves.

At 31 December 2014, the Group had currency swap arrangements with banks to swap US dollar principal amount of borrowings equivalent to HK$16,968 million (2013 - HK$28,593 million) to Hong Kong dollar principal amount of borrowings to match the currency exposures of the underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 41% in US dollars, 34% in Euro,13% in HK dollars, 6% in British Pounds and 6% in other currencies (2013 - 31% in US dollars, 33% in Euro, 22% in HK dollars, 7% in British Pounds and 7% in other currencies).

(d) Credit exposure

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

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by the local operational management.

45 Financial risk management (continued)

(e) Market price risk

The Group's main market price risk exposures relate to listed / traded debt and equity securities described in "liquid assets" above and the interest rate swaps as described in "interest rate exposure" above. The Group's holding of listed / traded debt and equity securities represented approximately 11% (2013 – approximately 16%) of the liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analyses

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, HKFRS 7 "Financial Instruments: Disclosures" requires disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with HKFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and/or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analyses are for illustration purposes only and it should be noted that in practice market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analyses due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

(i) Interest rate sensitivity analysis

Interest rate risk as defined by HKFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in HKFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair value. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in HKFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair value (arising from gain or loss from re-measurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

45 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

(i) Interest rate sensitivity analysis (continued)

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 24)
- some of the listed debt securities and managed funds (see note 23) carried at fair value that bear interest at fixed rate
- some of the listed debt securities and managed funds (see note 23) that bear interest at floating rate
- some of the bank and other debts (see note 28) that bear interest at floating rate
- interest bearing loans from non-controlling shareholders (see note 29)

Under these assumptions, the impact of a hypothetical 100 basis points increase in market interest rate at the end of the reporting period, with all other variables held constant:

– profit for the year would decrease by HK$201 million (2013 – HK$399 million) due to increase in interest expense;
– total equity would decrease by HK$201 million (2013 – HK$399 million) due to increase in interest expense; and
– total equity would have no material impact due to change in fair value of interest rate swaps (2013 – HK$76 million).

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by HKFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are therefore not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps and forward currency contracts. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair value. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in HKFRS 7. Changes in the fair value of cash flow currency hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:

- some of the cash and cash equivalents (see note 24)
- some of the liquid funds and other listed investments (see note 23)
- some of the bank and other debts (see note 28)

45 Financial risk management (continued)

(f) Market risks sensitivity analyses (continued)

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

Under these assumptions, the impact of a hypothetical 10% weakening of HK dollar against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2014		2013	
	Hypothetical increase (decrease) in profit for the year HK$ millions	**Hypothetical increase (decrease) in total equity HK$ millions**	Hypothetical increase (decrease) in profit for the year HK$ millions	Hypothetical increase (decrease) in total equity HK$ millions
Euro	**1,071**	**1,072**	115	112
British Pounds	**250**	**(2,039)**	242	(2,203)
Australian dollars	**79**	**(487)**	133	(255)
Renminbi	**19**	**47**	13	35
US dollars	**992**	**991**	986	986
Japanese Yen	**(199)**	**(111)**	(227)	(205)

(iii) Other price sensitivity analysis

Other price risk as defined by HKFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair value. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in HKFRS 7.

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

- available-for-sale investments (see note 23)
- financial assets at fair value through profit or loss (see note 23)

Under these assumptions, the impact of a hypothetical 10% increase in the market price of the Group's available-for-sale investments and financial assets at fair value through profit or loss at the end of the reporting period, with all other variables held constant:

- profit for the year would increase by HK$30 million (2013 – HK$30 million) due to increase in gains on financial assets at fair value through profit or loss;
- total equity would increase by HK$30 million (2013 – HK$30 million) due to increase in gains on financial assets at fair value through profit or loss; and
- total equity would increase by HK$1,484 million (2013 – HK$1,680 million) due to increase in gains on available-for-sale investments which are recognised in other comprehensive income.

45 Financial risk management (continued)

(g) Contractual maturities of financial liabilities

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

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions	Difference from carrying amount HK$ millions	Carrying amounts HK$ millions
At 31 December 2014						
Trade payables	21,760	–	–	21,760	–	21,760
Other payables and accruals	63,473	–	–	63,473	–	63,473
Interest free loans from non-controlling shareholders	1,057	–	–	1,057	–	1,057
Bank loans	14,995	44,395	1,472	60,862	(196)	60,666
Other loans	261	143	196	600	(1)	599
Notes and bonds	26,746	93,367	65,292	185,405	943	186,348
Interest bearing loans from non-controlling shareholders	–	7,767	233	8,000	–	8,000
Obligations for telecommunications licences and other rights	1,013	1,739	984	3,736	(482)	3,254
Fair value hedges – Interest rate swaps (net settled)	(122)	140	–	18	17	35
	129,183	147,551	68,177	344,911	281	345,192

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$13,461 million in "within 1 year" maturity band, HK$22,643 million in "after 1 year, but within 5 years" maturity band, and HK$17,210 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions
At 31 December 2014				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
Net inflow	15	41	–	56
Cash flow hedges – forward foreign exchange contracts				
Inflow	1,349	–	–	1,349
Outflow	(1,356)	–	–	(1,356)

45 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions	Difference from carrying amount HK$ millions	Carrying amounts HK$ millions
At 31 December 2013						
Trade payables	22,309	–	–	22,309	–	22,309
Other payables and accruals	61,901	–	–	61,901	–	61,901
Interest free loans from non-controlling shareholders	1,181	–	–	1,181	–	1,181
Bank loans	7,646	56,871	1,015	65,532	(176)	65,356
Other loans	295	202	227	724	(2)	722
Notes and bonds	10,206	87,333	60,027	157,566	1,710	159,276
Interest bearing loans from non-controlling shareholders	–	5,212	233	5,445	–	5,445
Obligations for telecommunications licences and other rights	915	2,208	814	3,937	(682)	3,255
Fair value hedges – Interest rate swaps (net settled)	(144)	(35)	510	331	14	345
	104,309	151,791	62,826	318,926	864	319,790

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be HK$8,243 million in "within 1 year" maturity band, HK$21,129 million in "after 1 year, but within 5 years" maturity band, and HK$17,743 million in "after 5 years" maturity band. These estimates are calculated assuming effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year HK$ millions	After 1 year, but within 5 years HK$ millions	After 5 years HK$ millions	Total undiscounted cash flows HK$ millions
At 31 December 2013				
Derivative settled gross:				
Cash flow hedges – interest rate swaps				
Net outflow	(229)	(501)	(402)	(1,132)
Cash flow hedges – forward foreign exchange contracts				
Inflow	20,824	5,992	–	26,816
Outflow	(21,092)	(6,218)	–	(27,310)

(h) In accordance with the disclosure requirement of HKFRS 7, other gains and losses recognised in income statement include the following items:

	2014 HK$ millions	2013 HK$ millions
Change in fair value of financial assets at fair value through profit or loss	**–**	(128)
Losses arising on derivatives in a designated fair value hedge	**(605)**	(2,247)
Gains arising on adjustment for hedged item in a designated fair value hedge	**605**	2,247
Interest income on available-for-sale financial assets	**207**	298

45 Financial risk management (continued)

(i) Carrying amounts and fair values of financial assets and financial liabilities

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

	2014		2013	
	Carrying amount HK$ millions	**Fair value HK$ millions**	Carrying amount HK$ millions	Fair value HK$ millions
Financial assets				
Loans and receivables *				
Trade receivables (see note 25)	**18,253**	**18,253**	20,695	20,695
Other receivables and prepayments (see note 25)	**47,167**	**47,167**	48,231	48,231
Unlisted debt securities (see note 22)	**383**	**383**	392	392
Other receivables (see note 22)	**3,610**	**3,610**	4,020	4,020
Long term deposits (see note 23)	**–**	**–**	36	36
	69,413	**69,413**	73,374	73,374
Available-for-sale investments #				
Unlisted equity securities (see note 22)	**1,798**	**1,798**	929	929
Managed funds, outside Hong Kong (see note 23)	**4,576**	**4,576**	4,522	4,522
Listed / traded debt securities, outside Hong Kong (see note 23)	**2,806**	**2,806**	3,725	3,725
Listed equity securities, Hong Kong (see note 23)	**4,817**	**4,817**	2,130	2,130
Listed equity securities, outside Hong Kong (see note 23)	**2,641**	**2,641**	6,422	6,422
Financial assets at fair value through profit or loss # (see note 23)	**301**	**301**	301	301
	16,939	**16,939**	18,029	18,029
Fair value hedges #				
Interest rate swaps (see note 22)	**1,262**	**1,262**	1,813	1,813
Cross currency interest rate swaps (see notes 22 and 25)	**327**	**327**	814	814
Cash flow hedges #				
Interest rate swaps (see note 22)	**14**	**14**	42	42
Forward foreign exchange contracts (see notes 22 and 25)	**901**	**901**	81	81
	2,504	**2,504**	2,750	2,750
	88,856	**88,856**	94,153	94,153

45 Financial risk management (continued)

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

	2014		2013	
	Carrying amount HK$ millions	**Fair value HK$ millions**	Carrying amount HK$ millions	Fair value HK$ millions
Financial liabilities				
Financial liabilities *				
Trade payables (see note 26)	**21,760**	**21,760**	22,309	22,309
Other payables and accruals (see note 26)	**63,473**	**63,473**	61,901	61,901
Interest free loans from non-controlling shareholders (see note 26)	**1,057**	**1,057**	1,181	1,181
Bank and other debts (see note 28)	**247,613**	**262,912**	225,354	236,743
Interest bearing loans from non-controlling shareholders (see note 29)	**8,000**	**8,000**	5,445	5,445
Obligations for telecommunications licences and other rights (see note 31)	**3,254**	**3,254**	3,255	3,255
	345,157	**360,456**	319,445	330,834
Fair value hedges #				
Interest rate swaps (see note 31)	**35**	**35**	345	345
Cash flow hedges #				
Interest rate swaps (see notes 26 and 31)	**104**	**104**	163	163
Forward foreign exchange contracts (see notes 26 and 31)	**1**	**1**	746	746
	140	**140**	1,254	1,254
	345,297	**360,596**	320,699	332,088

* carried at amortised costs (see note 45(j) (ii) below)

\# carried at fair value (see note 45(j) (i) below)

45 Financial risk management (continued)

(j) Fair value measurements

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

Fair value hierarchy

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

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

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2014				
Available-for-sale investments				
Unlisted equity securities (see note 22)	–	–	1,798	1,798
Managed funds, outside Hong Kong (see note 23)	4,576	–	–	4,576
Listed / traded debt securities, outside Hong Kong (see note 23)	737	2,069	–	2,806
Listed equity securities, Hong Kong (see note 23)	4,817	–	–	4,817
Listed equity securities, outside Hong Kong (see note 23)	2,641	–	–	2,641
Financial assets at fair value through profit or loss (see note 23)	–	301	–	301
	12,771	2,370	1,798	16,939
Fair value hedges				
Interest rate swaps (see note 22)	–	1,262	–	1,262
Cross currency interest rate swaps (see note 25)	–	327	–	327
Cash flow hedges				
Interest rate swaps (see note 22)	–	14	–	14
Forward foreign exchange contracts (see notes 22 and 25)	–	901	–	901
	–	2,504	–	2,504
Fair value hedges				
Interest rate swaps (see note 31)	–	(35)	–	(35)
Cash flow hedges				
Interest rate swaps (see notes 26 and 31)	–	(104)	–	(104)
Forward foreign exchange contracts (see note 26)	–	(1)	–	(1)
	–	(140)	–	(140)

45 Financial risk management (continued)

(j) Fair value measurements (continued)

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

Fair value hierarchy (continued)

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2013				
Available-for-sale investments				
Unlisted equity securities (see note 22)	–	–	929	929
Managed funds, outside Hong Kong (see note 23)	4,522	–	–	4,522
Listed / traded debt securities, outside Hong Kong (see note 23)	1,416	2,309	–	3,725
Listed equity securities, Hong Kong (see note 23)	2,130	–	–	2,130
Listed equity securities, outside Hong Kong (see note 23)	5,100	–	1,322	6,422
Financial assets at fair value through profit or loss (see note 23)	–	301	–	301
	13,168	2,610	2,251	18,029
Fair value hedges				
Interest rate swaps (see note 22)	–	1,813	–	1,813
Cross currency interest rate swaps (see notes 22 and 25)	–	814	–	814
Cash flow hedges				
Interest rate swaps (see note 22)	–	42	–	42
Forward foreign exchange contracts (see note 25)	–	81	–	81
	–	2,750	–	2,750
Fair value hedges				
Interest rate swaps (see note 31)	–	(345)	–	(345)
Cash flow hedges				
Interest rate swaps (see note 31)	–	(163)	–	(163)
Forward foreign exchange contracts (see notes 26 and 31)	–	(746)	–	(746)
	–	(1,254)	–	(1,254)

45 Financial risk management (continued)

(j) Fair value measurements (continued)

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

Fair value hierarchy (continued)

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

The Group's policy is to recognise transfers into / out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2014 HK$ millions	2013 HK$ millions
At 1 January	**2,251**	2,159
Total gains (losses) recognised in		
Income statement	**(500)**	79
Other comprehensive income	**23**	79
Additions	**105**	31
Disposals	**(56)**	(100)
Exchange translation differences	**(25)**	3
At 31 December	**1,798**	2,251
Total gains (losses) recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**(500)**	79

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

45 Financial risk management (continued)

(j) Fair value measurements (continued)

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

Except for bank and other debts as detailed in the table (i) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1 HK$ millions	**Level 2 HK$ millions**	**Level 3 HK$ millions**	**Total HK$ millions**
At 31 December 2014				
Bank and other debts	**199,308**	**63,604**	**–**	**262,912**

	Level 1 HK$ millions	Level 2 HK$ millions	Level 3 HK$ millions	Total HK$ millions
At 31 December 2013				
Bank and other debts	170,667	66,076	–	236,743

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

45 Financial risk management (continued)

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

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

(1) are offset in the Group's consolidated statement of financial position; or

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

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position: Financial assets (liabilities)	Related amounts not offset in the consolidated statement of financial position: Cash collateral pledged (received)	Net amounts
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2014						
Financial assets						
Trade receivables	242	(98)	144	(105)	–	39
Other receivables and prepayments	302	(172)	130	–	–	130
Fair value hedges						
Interest rate swaps	1,262	–	1,262	(17)	–	1,245
Cross currency interest rate swaps	327	–	327	–	–	327
Cash flow hedges						
Interest rate swaps	14	–	14	–	–	14
Forward foreign exchange contracts	901	–	901	(1)	–	900
	3,048	(270)	2,778	(123)	–	2,655
Financial liabilities						
Trade payables	(290)	270	(20)	–	–	(20)
Other payables and accruals	(798)	–	(798)	105	–	(693)
Fair value hedges						
Interest rate swaps	(35)	–	(35)	17	–	(18)
Cash flow hedges						
Interest rate swaps	(104)	–	(104)	–	–	(104)
Forward foreign exchange contracts	(1)	–	(1)	1	–	–
	(1,228)	270	(958)	123	–	(835)

45 Financial risk management (continued)

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

	Gross amounts of recognised financial assets (liabilities)	Gross amounts offset in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amounts
				Financial assets (liabilities)	Cash collateral pledged (received)	
	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions	HK$ millions
At 31 December 2013						
Financial assets						
Trade receivables	918	(314)	604	(148)	–	456
Fair value hedges						
Interest rate swaps	1,813	–	1,813	(345)	–	1,468
Cross currency interest rate swaps	814	–	814	–	–	814
Cash flow hedges						
Interest rate swaps	42	–	42	–	–	42
Forward foreign exchange contracts	81	–	81	(74)	–	7
	3,668	(314)	3,354	(567)	–	2,787
Financial liabilities						
Trade payables	(1,247)	314	(933)	129	–	(804)
Other payables and accruals	(632)	–	(632)	19	–	(613)
Fair value hedges						
Interest rate swaps	(345)	–	(345)	345	–	–
Cash flow hedges						
Interest rate swaps	(163)	–	(163)	–	–	(163)
Forward foreign exchange contracts	(746)	–	(746)	74	–	(672)
	(3,133)	314	(2,819)	567	–	(2,252)

46 Statement of financial position of the Company, unconsolidated

In accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the statement of financial position of the Company as at 31 December 2014 is set out as follows:

	2014 **HK$ millions**	2013 HK$ millions
Assets		
Non-current assets		
Subsidiary companies – Unlisted shares [(a)]	**39,931**	39,931
Current assets		
Amounts due from subsidiary companies [(b)]	**39,704**	69,533
Other receivables	**909**	–
Current liabilities		
Other payables and accruals	**72**	72
Net current assets	**40,541**	69,461
Net assets	**80,472**	109,392
Capital and reserves		
Share capital* (see note 32(a))	**29,425**	29,425
Reserves [(c)]	**51,047**	79,967
Shareholders' funds	**80,472**	109,392

* Share capital as at 31 December 2013 includes the balance on the share premium account and capital redemption reserve created under the sections 48B and 49H of the predecessor Hong Kong Companies Ordinance (Cap. 32) totalling HK$28,359 million, which under the Hong Kong Companies Ordinance (Cap. 622) effective on 3 March 2014 have been included in share capital. Also see note 32(a)(iii).

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

46 Statement of financial position of the Company, unconsolidated (continued)

(a) Particulars regarding the principal subsidiary companies are set forth on pages 269 to 274.

(b) Amounts due from subsidiary companies are interest-free, unsecured and repayable on demand.

(c) Reserves

	Retained profit HK$ millions	Total HK$ millions
At 1 January 2013	79,036	79,036
Profit for the year	10,007	10,007
Unclaimed dividend write back	5	5
Dividends paid relating to 2012	(6,523)	(6,523)
Dividends paid relating to 2013	(2,558)	(2,558)
At 31 December 2013	**79,967**	**79,967**
Profit for the year	**10,980**	**10,980**
Unclaimed dividend write back	**5**	**5**
Dividends paid relating to 2013	**(7,248)**	**(7,248)**
Dividends paid relating to 2014	**(2,814)**	**(2,814)**
Special dividends paid	**(29,843)**	**(29,843)**
At 31 December 2014	**51,047**	**51,047**

(d) The Company does not have an option scheme for the purchase of ordinary shares in the Company.

(e) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the Company is required to disclose that it has guaranteed the borrowings of its finance and other subsidiary companies which have been consolidated and included in the consolidated statement of financial position of the Group. Of the consolidated borrowings included in note 28 totalling HK$247,613 million (2013 - HK$225,354 million), the Company has guaranteed a total of HK$193,371 million (2013 - HK$179,993 million) which has been borrowed in the name of subsidiary companies. The Company has also guaranteed perpetual capital securities which the nominal amount are US$3,000 million and €1,750 million, approximately HK$41,279 million as at 31 December 2014 (2013 - US$3,000 million and €1,750 million, approximately HK$41,279 million) issued by wholly owned subsidiary companies.

(f) The Company has provided some guarantees in respect of the bank and other borrowing facilities utilised by the associated companies and joint ventures totalling HK$1,784 million (2013 - HK$1,973 million) and HK$19,531 million (2013 - HK$19,998 million) respectively and other guarantees of HK$8,099 million (2013 - HK$9,983 million). These amounts have been included in the Group's contingent liabilities disclosed in note 37.

(g) Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the net profit of the Company is HK$10,980 million (2013 – HK$10,007 million) and is included in determining the profit attributable to ordinary shareholders of the Company in the consolidated income statement.

(h) Reserves of the Company available for distribution to shareholders of the Company as at 31 December 2014 amounting to HK$51,047 million (2013 – HK$79,967 million).