Chairman's Statement

Economic conditions in early 2024 were relatively benign with easing inflation and generally within consensus growth. Nevertheless, energy and input costs continued to increase in the UK and Europe while anticipated loosening of monetary policy in the US did not materialise and the US Dollar as a result remained persistently strong by historical standards.

Since the third quarter of the year volatility has increased in equity, currency, bond and debt markets in the US and in several of the major markets in which our businesses operate. Geopolitical and trade tensions have also risen significantly. Commodity markets have fluctuated significantly with oil, gas and refined products prices generally weak as a result of demand concerns associated with weak economic activity.

During the year, the Group recognised one-time non-cash impairment and other provisions on its telecommunication business in Vietnam of HK$3.7 billion as the operating conditions continue to be under significant pressure. However, on the whole, the Group's underlying operating results were relatively stable.

On a pre-IFRS 16 basis and excluding the one-time losses mentioned above, underlying EBITDA increased 2% in local currencies compared to 2023, primarily from good growth in the Ports division, improvements across all of the operations in CKHGT, as well as stable performance from the Retail and Infrastructure divisions, partly offset by certain treasury gains on non-core asset disposal in 2023 which did not recur in 2024 and lower contribution from Cenovus Energy. Underlying EBIT decreased by 1% in local currencies against last year due to higher depreciation and amortisation, primarily due to CKHGT and higher share of depreciation of Cenovus Energy.

Underlying profit attributable to ordinary shareholders on a pre-IFRS 16 basis of HK$20,770 million decreased 10% in local currencies against 2023, reflecting increased tax charges from a higher effective tax rate in 2024. Including the one-time non-cash impairment and other provisions on the telecommunication business in Vietnam, on a Post-IFRS 16 basis, reported profit attributable to ordinary shareholders of HK$17,088 million decreased 27% against last year.

Reported earnings per share were HK$4.46 for the year ended 31 December 2024 (31 December 2023 – HK$6.14).

Dividend

The Board of Directors recommends a final dividend of HK$1.514 per share (2023 final dividend – HK$1.775 per share), payable on Thursday, 12 June 2025, to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 28 May 2025, being the record date for determining shareholders' entitlement to the proposed final dividend. Combined with the interim dividend of HK$0.688 per share, the full year dividend amounts to HK$2.202 per share (2023 full year dividend – HK$2.531 per share).

Ports and Related Services

This division reported revenue of HK$45,282 million, an increase of 11% compared to 2023, primarily driven by 6% higher throughput with growth across all segments, a 13% uplift in storage income and the favourable performance of a shipping line associated company. Consequently, EBITDA[1] of HK$16,172 million and EBIT[1] of HK$11,873 million, increased by 19% and 27% respectively compared to 2023, due to higher revenue as mentioned above and effective cost controls.

Looking ahead to 2025, there may be headwinds with supply chain disruptions anticipated in the early part of the year due to shipping lines transitioning into their new alliances, as well as ongoing geopolitical risk impacting global trade. However, moderate organic growth is expected to continue mainly from Asia and Middle East, which together with expansion at existing terminal facilities and strengthening strategic partnerships, the division will look to deliver improvements in operating results in the coming year.

Retail

The division's total revenue of HK$190,193 million increased by 4% in reported currency against last year, while EBITDA[2] and EBIT[2] of HK$16,395 million and HK$13,018 million both increased by 1%. In local currencies, total revenue increased by 5%, while EBITDA and EBIT both increased by 2%. Most operations in this division delivered favourable performance, except for non-ASEAN Asia regions which suffered from declined store footfall and weak consumer confidence. Excluding the non-ASEAN Asia regions, EBITDA and EBIT both achieved a strong growth of 10% in local currencies against last year.

Looking ahead, the European and ASEAN Asian businesses are projected to maintain strong performance, while the Asian operations in non-ASEAN markets are anticipated to show improvement through store network optimisation and various strategic actions. Leveraging its 170 million loyalty customer base, this division will focus on deepening customer engagement and maximising lifetime value, maintaining a rapid return on investment for store openings, as well as delivering revenue growth through its online plus offline platform strategy.

Infrastructure

The Infrastructure division comprises a 75.67% interest in CK Infrastructure Holdings Limited ("CKI"), a subsidiary listed in Hong Kong as well as interests in six co-owned infrastructure investments with CKI.

CKI

Profit contributions from operating businesses reported strong growth of 10% year-on-year. However, net profit was impacted by treasury items including higher interest cost and lower foreign exchange gain, resulting in the announced net profit under Post-IFRS 16 basis of HK$8,115 million being 1% higher than last year.

Looking into 2025, this division's regulated businesses will continue to provide steady and recurring income and the non-regulated businesses will also generate good growth contributions. Together with its strong financial position, this division is well placed to capitalise on investment opportunities as they arise.

Note 1: Under Post-IFRS 16 basis, EBITDA was HK$18,848 million (2023: HK$16,415 million); EBIT was HK$13,123 million (2023: HK$10,583 million).

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$25,594 million (2023: HK$25,507 million); EBIT was HK$14,099 million (2023: HK$13,849 million).

CK Hutchison Group Telecom

Revenue of CK Hutchison Group Telecom ("CKHGT") was HK$88,371 million (€10,458 million), 2% higher against last year in reported currency. EBITDA[(3)] and EBIT[(3)] of HK$24,129 million (€2,855 million) and HK$3,485 million (€405 million) were 8% and 54% higher than last year in reported currency, primarily due to better performance of **3** Group Europe operations.

3 Group Europe

Revenue of HK$81,710 million was 2% higher against last year in local currencies, primarily driven by moderate growth in net customer services revenue from the higher customer base and favourable revenue initiatives phased throughout the year. Revenue growth also reflects higher MVNO and other wholesale revenue. As a result of improved revenue mix, **3** Group Europe reported an overall 3% higher total margin in local currencies.

EBITDA[(4)] of HK$23,122 million was 8% or HK$1,760 million higher against last year in local currencies, primarily driven by good growth in total margin. Despite continued challenges from cost inflation, operating expenses and customer acquisition spending remained stable year-on-year under tight cost control initiatives. Depreciation and amortisation increased by 3% or HK$599 million due to higher depreciation from enlarged network asset base, as well as a one-time accelerated depreciation from the swap out of certain network equipment in the Denmark operation, partly offset by the favourable variance from accelerated depreciation on the legacy IT system recognised by the UK in 2023 that did not recur in 2024. Correspondingly, EBIT[(4)] of HK$3,603 million was 48% or HK$1,161 million higher against last year in local currencies, reflecting primarily the higher EBITDA as mentioned.

3 UK and Vodafone UK merger approval from the competition authorities ("CMA") was received in December 2024 and the Group is working with CMA to put in place the final undertakings in order to close the transaction with completion expected within the first half of 2025.

Looking ahead to 2025, the operations will focus on delivering stable underlying performance through growing the customer base, continuing revenue initiatives, stringent cost discipline and stabilising depreciation under tight management of capital spending. The Group will also comprehensively review ways and means of enhancing productivity and significantly reducing its operating and capital cost base. This in depth review will be completed and new targets announced during the year.

Note 3: Under Post-IFRS 16 basis, EBITDA was HK$31,257 million (2023: HK$29,081 million); EBIT was HK$4,490 million (2023: HK$3,191 million).

Note 4: Under Post-IFRS 16 basis, EBITDA was HK$29,824 million (2023: HK$27,675 million); EBIT was HK$4,590 million (2023: HK$3,312 million).

Finance & Investments and Others

This segment reported adverse EBITDA[5] and EBIT[5] results compared to last year, primarily due to the one-time non-cash impairment and other provisions on the telecommunication business in Vietnam of HK$3,740 million[6], certain treasury gains on non-core asset disposals in 2023 not recurring in 2024, as well as lower contribution from Cenovus Energy.

The Group's 17.4% share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK$9,311 million, HK$4,491 million and HK$3,041 million, a decrease of HK$783 million, HK$1,073 million and HK$922 million compared to last year respectively, mainly reflecting the decline in commodity prices, partly offset by increase in production volume.

The Group's telecommunications joint venture in Indonesia, Indosat Ooredoo Hutchison ("IOH") continued to report robust revenue growth of 9%, primarily driven by an increase in data traffic and an enhanced customer experience from the expanded network, resulting in the Group's share of IOH EBITDA increasing by 4% in reported currency. Excluding the net gains from the disposal of non-core assets in 2023 not recurring in 2024, the Group's share of IOH's underlying EBITDA increased 12% year-on-year, reflecting revenue growth and disciplined cost control.

The Group's liquidity and financial profile remain strong. Consolidated cash and liquid investments totalled HK$129,445 million and consolidated total bank and other debts[7] amounted to HK$259,059 million, resulting in consolidated net debt[7] of HK$129,614 million (31 December 2023 – HK$131,810 million) and net debt to net total capital ratio[7][8] of 16.2% (31 December 2023 – 16.1%).

Sustainability

Throughout 2024, the Group continued to operate positively towards decarbonisation goals and achieved significant impacts from initiatives. During the past year, the Group has reduced approximately 20% carbon emission as compared to the baseline, on track with the decarbonisation pathway set out in the reduction targets.

With increasing and more stringent disclosure requirements on the horizon, particularly in regions of the European Union and Hong Kong regarding the Corporate Sustainability Disclosure Directive and International Financial Reporting Standards, the Group took the initiative in 2024 by early engaging with service consultants to understand the requirements and to prepare for future compliance needs. The Group has also accepted the invitation from the Carbon Disclosure Project and taken the initiative on disclosure participation, which further enhanced the transparency of the Group's sustainability performance.

With regards to creating a positive working environment, the Group ensures employees are working in an environment of being supported, acknowledged and included, which continues to be one of the Group's core objectives. The Group's commitments are recognised with **3** Austria, **3** Hong Kong, **3** Sweden and Wind Tre named among the best employers of respective jurisdiction. **3** Ireland was also awarded with "Investors in Diversity Gold" standard in 2024, while UK Power Networks received the "Diversity and Inclusion Strategy of the Year" from the Women in Green Business Awards in London. The AS Watson Group was also announced as the first health and beauty retailer signatory of the Women's Empowerment Principle from the United Nations Entity for Gender Equality and Empowerment, demonstrating the Group's overall dedication to a diversified workplace.

Note 5: The Hutchison Asia Telecommunications results are reported under Finance & Investments and Others segment from 1 January 2024 and the comparative results for the year ended 31 December 2023 have been reclassified to the Finance & Investments and Others segment to conform with the year ended 31 December 2024 presentation to enable a better comparison of performance.

Note 6: Under Post-IFRS 16 basis, the non-cash impairment and other provisions on the telecommunication business in Vietnam was HK$3,740 million.

Note 7: Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts and unamortised fair value adjustments arising from acquisitions. Net debt is defined as total bank and other debts less total cash, liquid funds and other listed investments. Net total capital is defined as total bank and other debts plus total equity (adjusted to exclude IFRS 16 effects) and loans from non-controlling shareholders net of total cash, liquid funds and other listed investments. The consolidated net debt to net total capital ratio under IFRS 16 basis, after including IFRS 16 impact in total equity, was 16.4% (31 December 2023: 16.2%).

Note 8: The increase in net debt to net total capital ratio is mainly due to the redemption of €500 million perpetual capital securities during the year, without which the net debt to net total capital ratio would have been 15.7%.

Outlook

The operating environment for the Group's businesses is expected to be both volatile and unpredictable. In such an environment, the Group will constrain capital spending and new investment and focus on stringent cash flow management. We will also task all our businesses to increase productivity and reduce operating spending, in particular through the rapid adoption of suitable emerging technology tools. Lastly our strong balance sheet and liquidity position ensure that the Group will be able to maintain a strong financial profile even in the severest of market conditions.

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

Victor T K Li
Chairman

Hong Kong, 20 March 2025