

Group Capital Resources and Liquidity

Treasury Management

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

Cash Management and Funding

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

Interest Rate Exposure

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

At 31 December 2024, approximately 34% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% were at fixed rates (31 December 2023 – 34% floating; 66% fixed). The Group has entered into various interest rate agreements with major financial institution counterparties to swap approximately HK\$3,129 million principal amount of floating interest rate borrowings that were used to finance long term investments to fixed interest rate borrowings. After taking into consideration these interest rate swaps, approximately 33% of the Group's total principal amount of bank and other debts were at floating rates and the remaining 67% were at fixed rates at 31 December 2024 (31 December 2023 – 32% floating; 68% fixed). All of the aforementioned interest rate derivatives are designated as hedges and these hedges are considered highly effective. The Group's weighted average cost of debt for the year ended 31 December 2024 is 3.6% (31 December 2023 – 3.2%).

Foreign Currency Exposure

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

The Group has operations in over 50 countries and conducts businesses in around 50 currencies. The Group's functional currency for reporting purposes is Hong Kong Dollars and the Group's reported results in Hong Kong Dollars are exposed to exchange translation on its foreign currency earnings, net debt and net assets, in particular for Euro and British Pounds. Reported EBITDA ⁽¹⁾ for 2024 was HK\$102,600 million, and underlying EBITDA (excluding one-time non-cash impairment and other provisions on the Group's Vietnam telecommunication business) was HK\$106,340 million, of which 53% was derived from European operations, including 23% from the UK. At 31 December 2024, of the Group's total principal amount of bank and other debts after currency swap arrangements, 32% and 3% were denominated in Euro and British Pounds respectively, whilst liquid assets comprised 23% Euro and 5% British Pounds denominated cash and cash equivalents. As a result, 41% and 2% of the Group's consolidated net debt ⁽²⁾ of HK\$129,614 million were denominated in Euro and British Pounds respectively. Net assets ⁽³⁾ was HK\$665,273 million, with 23% attributable to both Continental Europe and UK operations.

At 31 December 2024, the Group's total principal amount of bank and other debts were denominated as follows: 30% in Euro, 51% in US dollars, 6% in HK dollars, 5% in British Pounds and 8% in other currencies. The Group had currency swap arrangements with banks to swap British Pounds principal amount of borrowings equivalent to HK\$4,920 million to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, were denominated as follows: 32% in Euro, 51% in US dollars, 6% in HK dollars, 3% in British Pounds and 8% in other currencies.

For purposes of illustrating the Group's currency sensitivity, based on the results for 2024, a 10% depreciation of British Pounds would result in a HK\$2.5 billion decrease in EBITDA, a HK\$0.5 billion decrease in NPAT, HK\$0.3 billion decrease in net debt and 0.3%-point increase on net debt to net total capital ratio. Similarly, a 10% depreciation of Euro would result in a HK\$2.5 billion decrease in EBITDA, a HK\$0.5 billion decrease in NPAT, HK\$5.3 billion decrease in net debt and 0.2%-point decrease on net debt to net total capital ratio. Actual sensitivity will depend on actual results and cash flows for the period under consideration.

Credit Exposure

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

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

Credit Profile

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

Market Price Risk

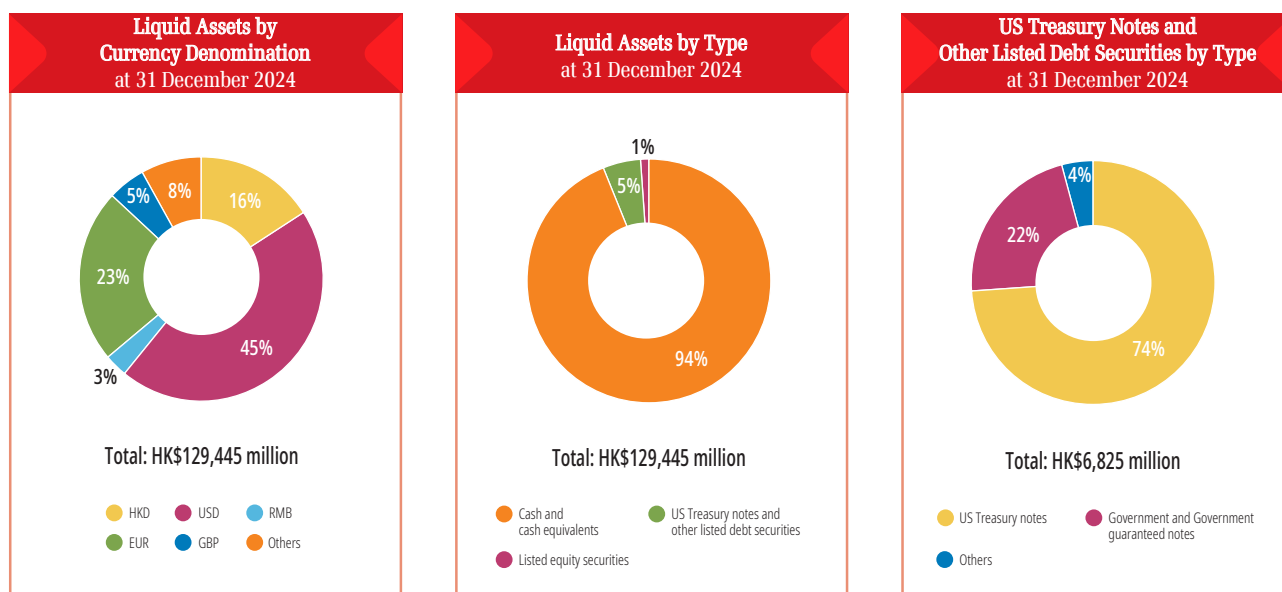
The Group's main market price risk exposures relate to listed debt and equity securities described in "Liquid Assets" below and the interest rate swaps described in "Interest Rate Exposure" above. The Group's holding of listed debt and equity securities represented approximately 6% (31 December 2023 – approximately 11%) of the cash, liquid funds and other listed investments ("liquid assets"). The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

Note 1: Under Post-IFRS 16 basis, Reported EBITDA for 2024 was HK\$125,108 million (31 December 2023 – HK\$127,309 million).

Note 2: Under Post-IFRS 16 basis, consolidated net debt as at 31 December 2024 was HK\$128,558 million (31 December 2023 – HK\$130,585 million).

Note 3: Under Post-IFRS 16 basis, net assets as at 31 December 2024 was HK\$652,592 million (31 December 2023 – HK\$670,549 million).

Group Capital Resources and Liquidity



Liquid Assets

The Group continues to maintain a robust financial position. Liquid assets amounted to HK\$129,445 million at 31 December 2024, a decrease of 10% from the balance of HK\$143,109 million at 31 December 2023, mainly reflecting dividend payments to ordinary and non-controlling shareholders, redemption of perpetual capital securities, repayment and early repayment of certain borrowings, capital expenditure and investment spending, as well as distributions to perpetual capital securities holders, partly offset by cash arising from positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 16% in HK dollars, 45% in US dollars, 3% in Renminbi, 23% in Euro, 5% in British Pounds and 8% in other currencies.

Cash and cash equivalents represented 94% (31 December 2023 – 89%) of the liquid assets, US Treasury notes and other listed debt securities 5% (31 December 2023 – 5%) and listed equity securities 1% (31 December 2023 – 6%). The US Treasury notes and other listed debt securities, including those held under managed funds, consisted of US Treasury notes of 74%, government and government guaranteed notes of 22% and others of 4%. All of these US Treasury notes and other listed debt securities are rated at Aaa/AAA or Aa1/AA+ with an average maturity of 1.1 years on the overall portfolio. The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

Cash Flow

Underlying EBITDA (excluding one-time non-cash impairment and other provisions on the Group's Vietnam telecommunication business) for 2024 was HK\$106,340 million, an increase of 1% compared to HK\$104,880 million last year. Reported consolidated funds from operations⁽⁴⁾ ("FFO") before cash profits from disposals, capital expenditures, investments and changes in working capital was HK\$42,708 million for 2024, and on an underlying basis (excluding the one-off item mentioned) was HK\$45,087 million, flat against last year of HK\$45,067 million, with higher underlying EBITDA mostly offset by higher interests and taxes paid.

The Group's capital expenditures (including licences, brand name and other rights) for 2024 amounted to HK\$22,580 million (31 December 2023 – HK\$25,510 million). Capital expenditures (including licences, brand name and other rights) for the ports and related services division amounted to HK\$3,820 million (31 December 2023 – HK\$5,521 million); for the retail division HK\$3,240 million (31 December 2023 – HK\$2,814 million); for the infrastructure division HK\$363 million (31 December 2023 – HK\$322 million); for CK Hutchison Group Telecom HK\$14,799 million (31 December 2023 – HK\$16,533 million); and for the finance and investments and others segment HK\$358 million (31 December 2023 – HK\$320 million).

Note 4: Under Post-IFRS 16 basis, FFO for 2024 was HK\$57,211 million (31 December 2023 – HK\$59,402 million).

The Group's dividends received from associated companies and joint ventures for 2024 amounted to HK\$11,509 million (31 December 2023 – HK\$11,388 million). Dividends received from associated companies and joint ventures for the ports and related services division amounted to HK\$1,359 million (31 December 2023 – HK\$2,326 million); for the retail division HK\$2,386 million (31 December 2023 – HK\$2,370 million); for the infrastructure division HK\$5,644 million (31 December 2023 – HK\$4,976 million); and for the finance and investments and others segment HK\$2,120 million (31 December 2023 – HK\$1,716 million).

The Group's purchases of and advances to associated companies and joint ventures for 2024 amounted to HK\$2,470 million (31 December 2023 – HK\$819 million). Purchases of and advances to associated companies and joint ventures for the ports and related services division amounted to HK\$228 million (31 December 2023 – HK\$39 million); for the infrastructure division HK\$2,012 million (31 December 2023 – HK\$700 million); for CK Hutchison Group Telecom HK\$217 million (31 December 2023 – HK\$74 million); and for the finance and investments and others segment HK\$13 million (31 December 2023 – HK\$6 million).

Net cash inflow before financing activities⁽⁵⁾ was HK\$20,387 million, a decrease of 5% compared to HK\$21,534 million last year, reflecting increased investment in subsidiaries, lower proceeds from the disposal of subsidiaries and joint ventures, proceeds on certain treasury non-core asset disposals in 2023 not recurring in 2024 and lower loan repayment from associated companies and joint ventures, partly offset by favourable working capital movements and lower capital expenditures.

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

For further information of the Group's capital expenditures by division and cash flow, please see Note 5(b)(v) and the "Consolidated Statement of Cash Flows" section of this Annual Report.

Debt Maturity and Currency Profile

The Group's total bank and other debts, including unamortised fair value adjustments from acquisitions, at 31 December 2024 amounted to HK\$259,059 million (31 December 2023 – HK\$274,919 million) which comprises principal amount of bank and other debts of HK\$257,104 million (31 December 2023 – HK\$272,626 million) and unamortised fair value adjustments arising from acquisitions of HK\$1,955 million (31 December 2023 – HK\$2,293 million). The Group's total principal amount of bank and other debts at 31 December 2024 consist of 65% notes and bonds (31 December 2023 – 67%) and 35% bank and other loans (31 December 2023 – 33%). Interest bearing loans from non-controlling shareholders, which are viewed as quasi-equity, totalled HK\$3,471 million as at 31 December 2024 (31 December 2023 – HK\$3,245 million).

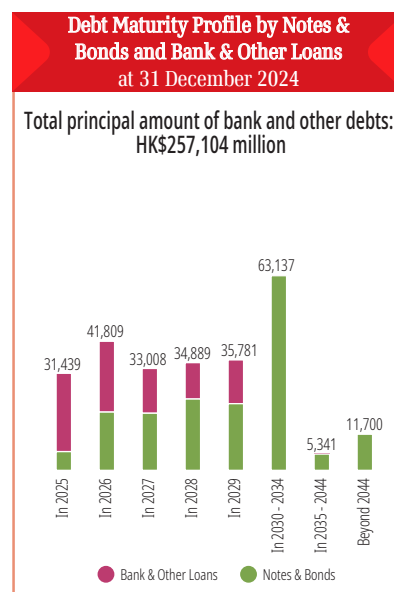
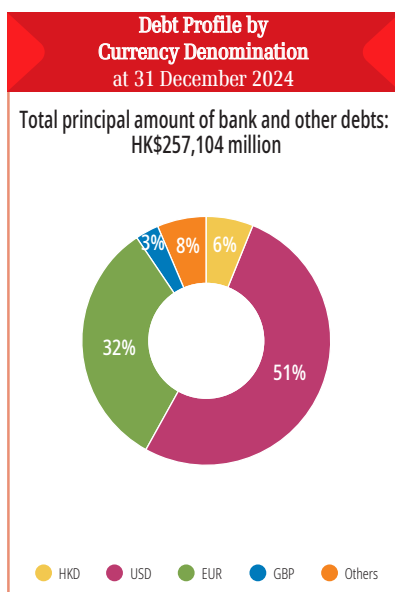
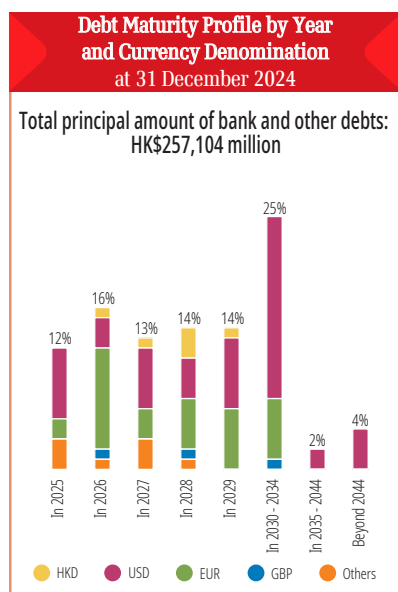
The maturity profile of the Group's total principal amount of bank and other debts at 31 December 2024 is set out below:

	HK\$	US\$	Euro	GBP	Others	Total
In 2025	–	7%	2%	–	3%	12%
In 2026	1%	3%	10%	1%	1%	16%
In 2027	1%	6%	3%	–	3%	13%
In 2028	3%	4%	5%	1%	1%	14%
In 2029	1%	7%	6%	–	–	14%
In 2030 – 2034	–	18%	6%	1%	–	25%
In 2035 – 2044	–	2%	–	–	–	2%
Beyond 2044	–	4%	–	–	–	4%
Total	6%	51%	32%	3%	8%	100%

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

Note 5: Under Post-IFRS 16 basis, net cash inflow before financing activities for 2024 was HK\$34,326 million (31 December 2023 – HK\$36,022 million).

Group Capital Resources and Liquidity



Changes in Debt Financing and Perpetual Capital Securities

The significant financing activities for the Group in 2024 were as follows:

- In March, repaid a floating rate term loan facility of US\$130 million (approximately HK\$1,014 million) on maturity;
- In April, repaid US\$750 million (approximately HK\$5,850 million) principal amount of fixed rate notes on maturity;
- In April, issued US\$1,000 million (approximately HK\$7,800 million) guaranteed fixed rate notes due 2029 and US\$1,000 million (approximately HK\$7,800 million) guaranteed fixed rate notes due 2034;
- In May, obtained two five year floating rate term loan facilities of EUR200 million (approximately HK\$1,696 million) each;
- In May, repaid two floating rate term loan facilities of EUR200 million (approximately HK\$1,696 million) each on maturity;
- In May, prepaid EUR500 million (approximately HK\$4,240 million) of a floating rate term loan facility of EUR1,500 million (approximately HK\$12,540 million) maturing in September 2024;
- In June, obtained a three year floating rate term loan facility of HK\$1,600 million;
- In June, obtained a five year floating rate term loan facility of HK\$2,000 million;
- In June, repaid a floating rate term loan facility of US\$250 million (approximately HK\$1,950 million) on maturity;
- In June, repaid a floating rate term loan facility of US\$200 million (approximately HK\$1,560 million) on maturity;
- In June, obtained a five year floating rate term loan facility of EUR600 million (approximately HK\$5,016 million);
- In June, EUR500 million (approximately HK\$4,180 million) subordinated guaranteed perpetual capital securities issued were redeemed in full;
- In September, issued US\$500 million (approximately HK\$3,900 million) guaranteed fixed rate notes due 2030 and US\$500 million (approximately HK\$3,900 million) guaranteed fixed rate notes due 2034;
- In September, repaid a floating rate term loan facility of EUR1,500 million (approximately HK\$12,540 million) on maturity;
- In September, obtained a five year floating rate term loan facility of EUR500 million (approximately HK\$4,350 million);
- In September, obtained a three year floating rate term loan facility of EUR350 million (approximately HK\$3,045 million);
- In October, repaid HK\$2,413 million principal amount of fixed rate notes on maturity;
- In October, repaid EUR1,000 million (approximately HK\$8,420 million) principal amount of fixed rate notes on maturity;
- In October, repaid US\$1,500 million (approximately HK\$11,700 million) principal amount of fixed rate notes on maturity; and
- In December, repaid EUR600 million (approximately HK\$4,902 million) principal amount of fixed rate notes on maturity.

Capital, Net Debt and Interest Coverage Ratios

The Group's total ordinary shareholders' funds and perpetual capital securities ⁽⁶⁾ decreased to HK\$543,649 million as at 31 December 2024, compared to HK\$557,997 million as at 31 December 2023, mainly reflecting redemption of perpetual capital securities in the first half of 2024, the Group's 2023 final and 2024 interim dividends and distributions paid, as well as exchange losses on translation of foreign operations and other items recognised directly in reserves, partly offset by the profit for 2024.

As at 31 December 2024, the consolidated net debt of the Group, excluding interest bearing loans from non-controlling shareholders which are viewed as quasi-equity, was HK\$129,614 million (31 December 2023 – HK\$131,810 million), a 2% decrease compared to the net debt at the beginning of the year mainly due to net cash generated from operating activities, partly offset by dividend payments, redemption of perpetual capital securities, capital expenditure and investment spending. The Group's consolidated net debt to net total capital ratio ⁽⁷⁾ was 16.2% as at 31 December 2024 (31 December 2023 – 16.1%). The Group's consolidated cash and liquid investments as at 31 December 2024 were sufficient to repay all of the Group's outstanding debt maturing before 31 December 2027 and cover 66% of outstanding debt due in 2028.

The Group's consolidated cash interest expenses and other finance costs of subsidiaries, before capitalisation and net of interest income of HK\$7,969 million (31 December 2023 – HK\$8,448 million) in 2024 was HK\$2,584 million (31 December 2023 – HK\$1,128 million). Reported EBITDA of HK\$102,600 million (31 December 2023 – HK\$104,880 million) and FFO excluding net interest ⁽⁸⁾ of HK\$45,292 million (31 December 2023 – HK\$46,195 million) for the year covered consolidated net interest expenses and other finance costs 36.6 times (31 December 2023 – 85.5 times) and 17.5 times (31 December 2023 – 41.0 times) respectively.

Secured Financing

At 31 December 2024, assets of the Group totalling HK\$1,449 million (31 December 2023 – HK\$1,533 million) were pledged as security for bank loans.

Borrowing Facilities Available

Committed borrowing facilities available to Group companies but not drawn as at 31 December 2024 amounted to the equivalent of HK\$2,762 million (31 December 2023 – HK\$12,730 million).

Contingent Liabilities

At 31 December 2024, the Group provided guarantees in respect of bank and other borrowing facilities to its associated companies and joint ventures totalling HK\$10,753 million (31 December 2023 – HK\$4,560 million), of which HK\$8,444 million (31 December 2023 – HK\$3,661 million) has been drawn down as at 31 December 2024 and also provided performance and other guarantees of HK\$4,860 million (31 December 2023 – HK\$4,115 million).

Note 6: Under Post-IFRS 16 basis, total ordinary shareholders' funds and perpetual capital securities as at 31 December 2024 was HK\$534,715 million (31 December 2023 – HK\$548,601 million).

Note 7: Under Post-IFRS 16 basis, net debt to net total capital ratio for 2024 was 16.4% (31 December 2023 – 16.2%).

Note 8: Under Post-IFRS 16 basis, FFO excluding net interest for 2024 was HK\$62,509 million (31 December 2023 – HK\$63,037 million).