# 2014 Interim Results

## Operations Analysis

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The performance and the results of operations of the Group contained within this Presentation are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Presentation are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Presentation; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

# Performance in 1H 2014

| | | |
|---|---|---|
| Reported Revenue[1] | HK$204.5bn | +3% |
| Reported EBITDA[1] | HK$46.8bn | +4% |
| Reported EBIT[1] | HK$30.9bn | +3% |
| Reported Earnings | HK$28.4bn | +129% |
| Recurring Earnings[2] | HK$13.5bn | +13% |
| Reported Earnings per share | HK$6.67 | +129% |
| Recurring Earnings per share[2] | HK$3.17 | +13% |
| Interim Dividend per share | HK$0.66 | +10% |
| Special Dividend per share | HK$7.00 | |

*Note (1): Reported revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.*

*Note (2): Recurring earnings is before profits on disposal of investments and others and property revaluation, after tax. Profits on disposal of investments and others, after tax in 1H 2014 were HK$14,921 million which comprises the Group's share of the gain arising from Power Assets' separate listing of its Hong Kong electricity businesses of HK$16,066 million, partly offset by the provisions of HK$652 million on the impairment of goodwill and the store closures of the Marionnaud businesses to exit Poland and down-size operations in Portugal and Spain and the Group's share of operating losses of Vodafone Hutchison Australia's ("VHA") for 1H 2014 of HK$493 million. There were no property revaluation gains, after tax in 1H 2014. Profits on disposal of investments and others, after tax in 1H 2013 were HK$356 million which comprises the one-time net gain of HK$958 million, arising from the completion of the Orange Austria transaction, partly offset by the Group's share of operating losses of VHA for 1H 2013 of HK$602 million. Property revaluation gains, after tax for 1H 2013 totalled HK$32 million.*

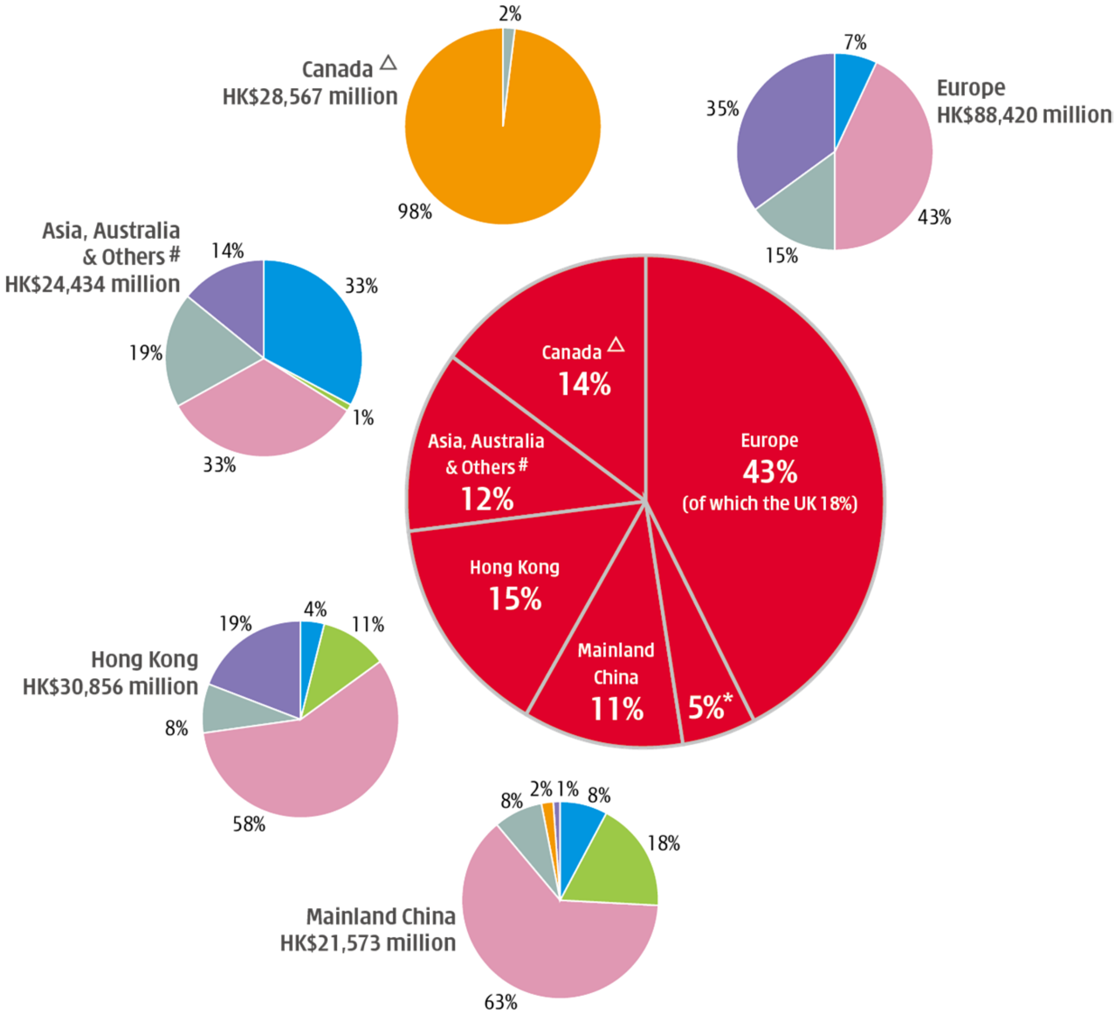
# Business & Geographical Diversification

## 1H 2014 Reported Revenue: HK$204,485 million

## Growth of 3%

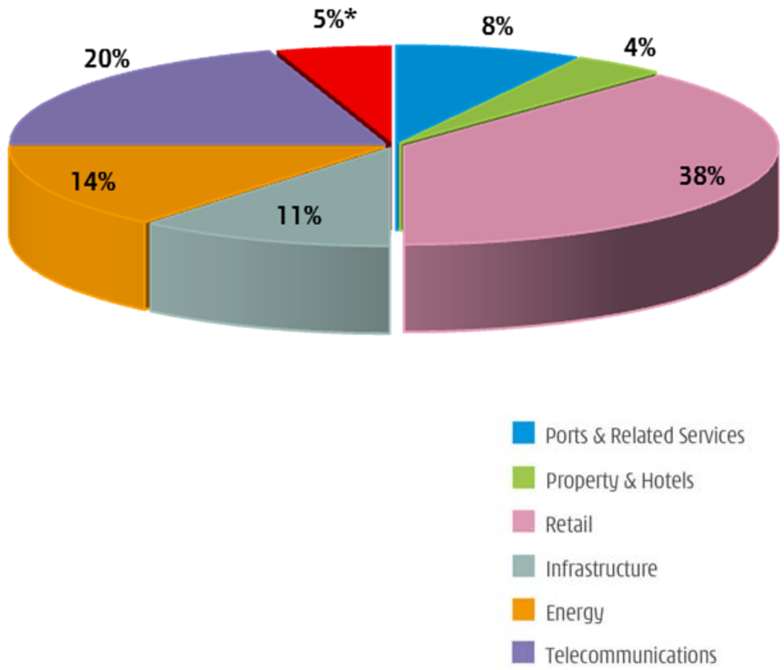
### 1H 2014 Revenue Contribution

by Geographical Location




### 1H 2014 Revenue Contribution

by Division




* Represents contribution from Finance & Investments and others

\# Includes Panama, Mexico and the Middle East

Δ Includes contribution from the USA for Husky Energy

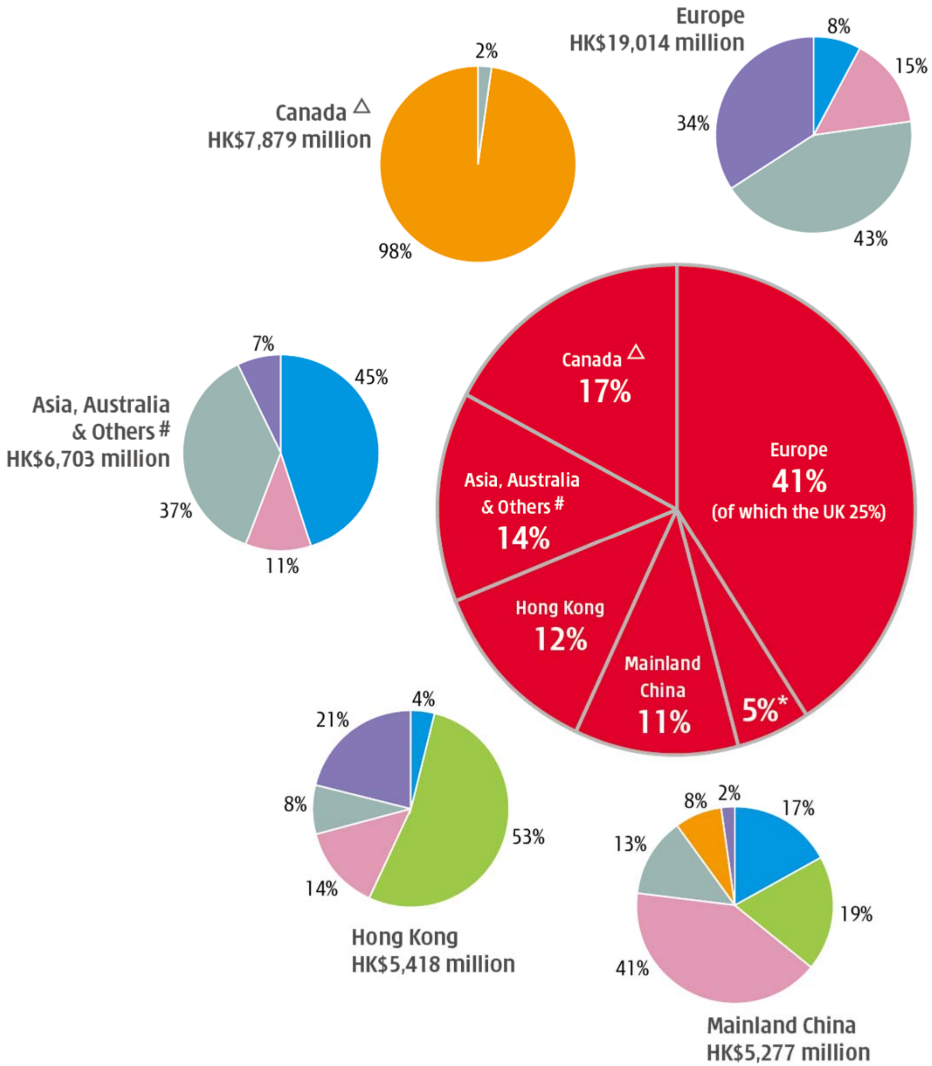
# Business & Geographical Diversification

## 1H 2014 Reported EBITDA: HK$46,812 million

## Growth of 4%

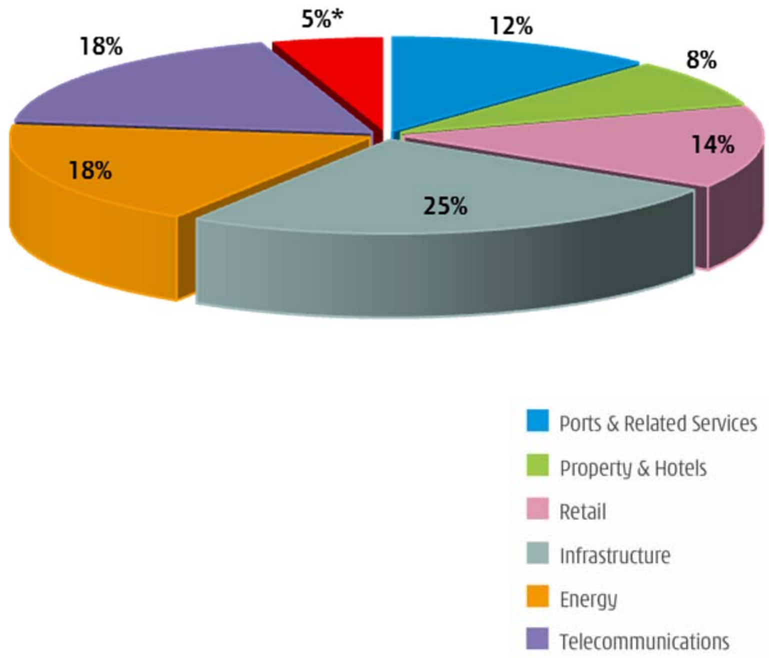
### 1H 2014 EBITDA Contribution

by Geographical Location




### 1H 2014 EBITDA Contribution

by Division




* *Represents contribution from Finance & Investments and others*

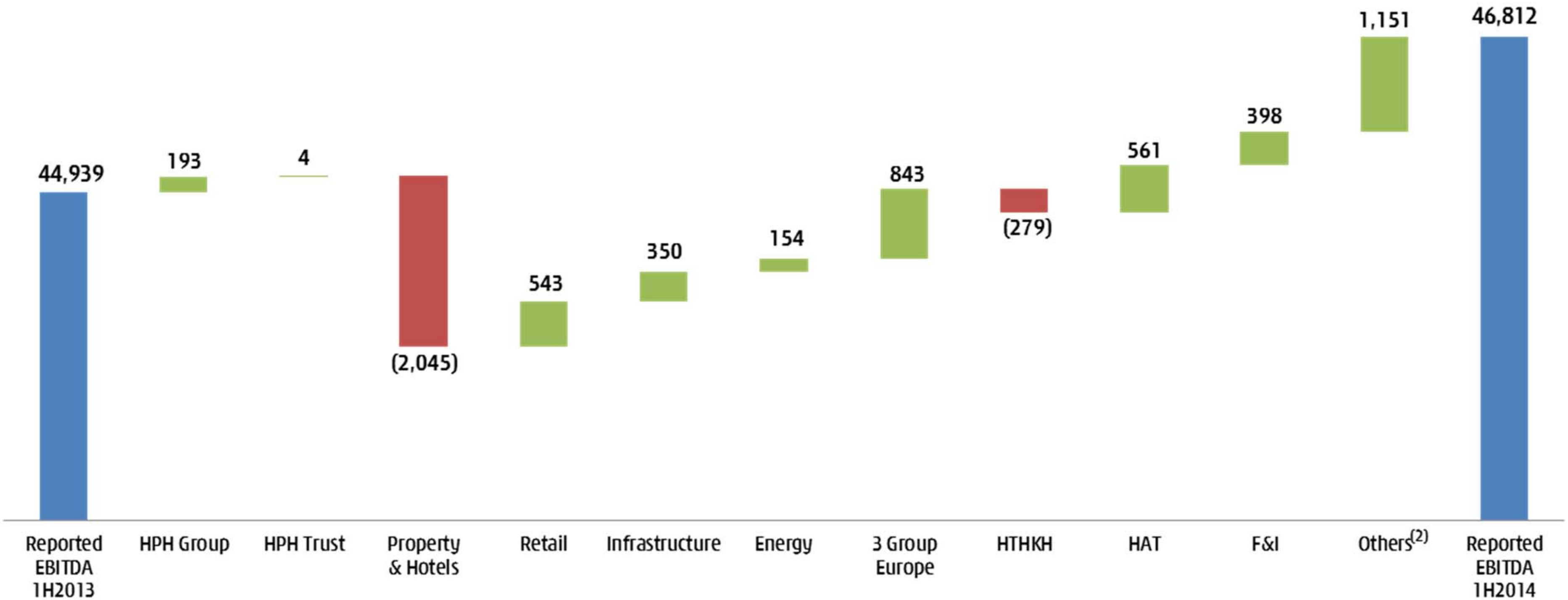
\# *Includes Panama, Mexico and the Middle East*

Δ *Includes contribution from the USA for Husky Energy*

# Business & Geographical Diversification

## EBITDA Growth

**1H 2014 Reported EBITDA[1]** (HK$ millions)
**Growth of 4%**




*Note (1): Reported EBITDA were adjusted to exclude non-controlling interests' share of results of HPH Trust.*

*Note (2): Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison Harbour Ring, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business and corporate overhead and expenses*

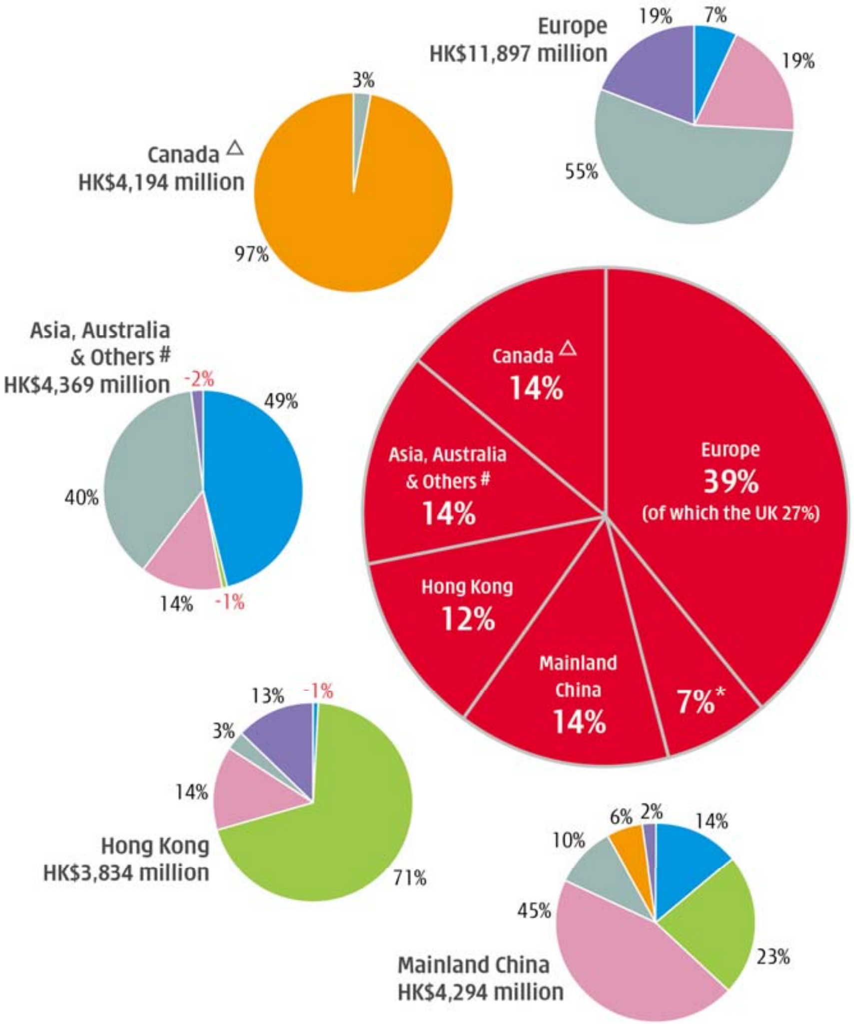
# Business & Geographical Diversification

## 1H 2014 Reported EBIT: HK$30,870 million

### Growth of 3%

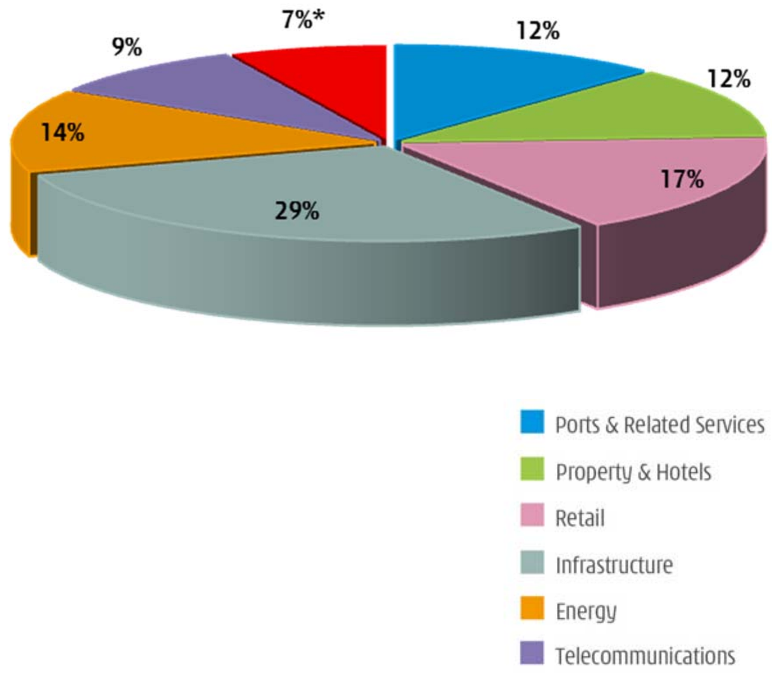
## 1H 2014 EBIT Contribution

by Geographical Location




## 1H 2014 EBIT Contribution

by Division




* *Represents contribution from Finance & Investments and others*

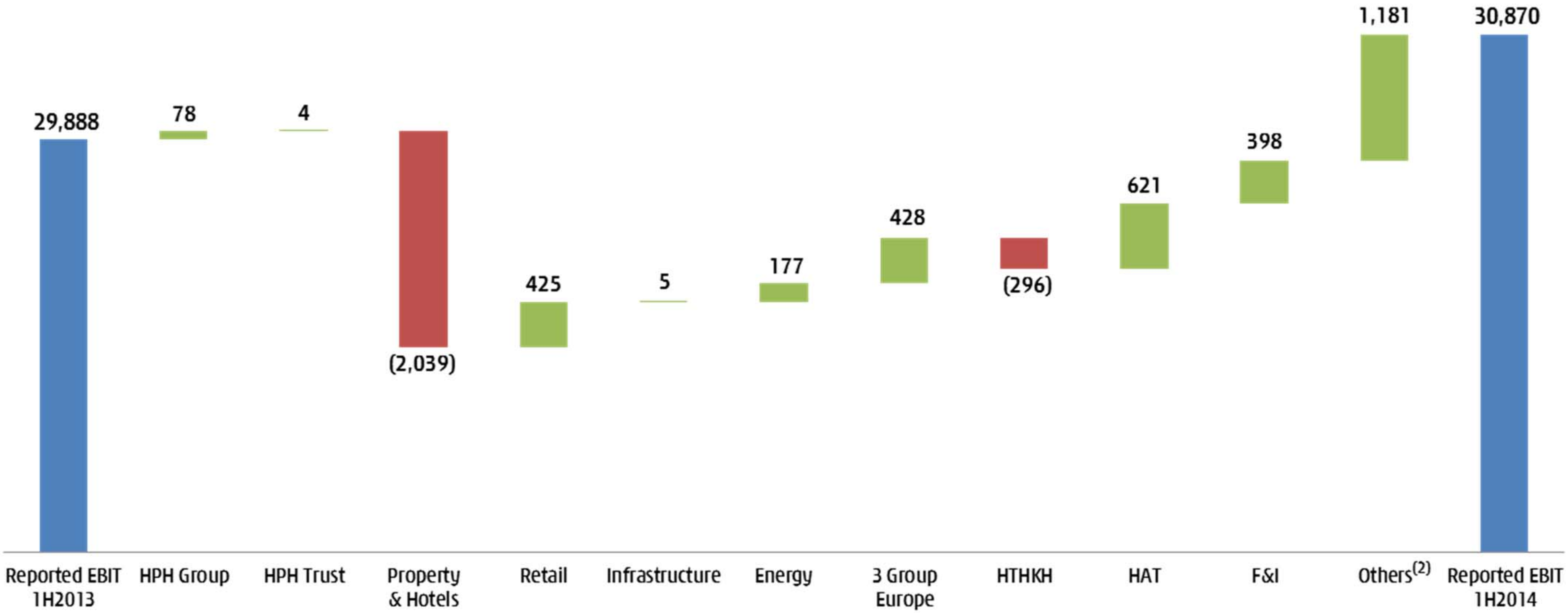
\# *Includes Panama, Mexico and the Middle East*

∆ *Includes contribution from the USA for Husky Energy*

# Business & Geographical Diversification

## EBIT Growth

**1H 2014 Reported EBIT[1]** (HK$ millions)
**Growth of 3%**




*Note (1): Reported EBITDA were adjusted to exclude non-controlling interests' share of results of HPH Trust.*

*Note (2): Others includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison Harbour Ring, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business and corporate overhead and expenses*

# European Contribution

## Revenue, EBITDA & EBIT

### 1H 2014 Total Revenue

| | HK$ billions | Change (%) |
|---|---|---|
| Europe | 88.4 | +10% |
| Non-Europe[1] | 116.1 | -2% |
| Total HWL | 204.5 | +3% |

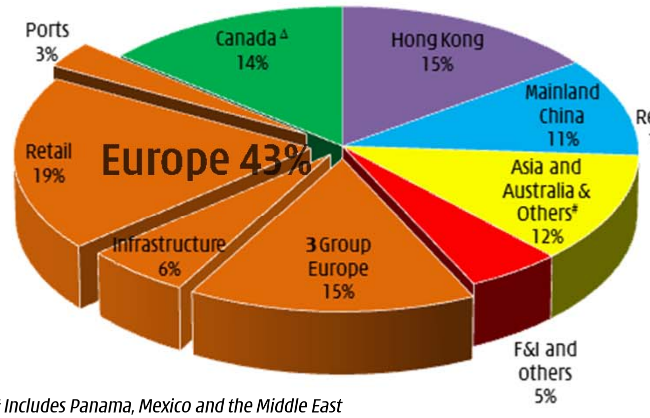
### 1H 2014 EBITDA

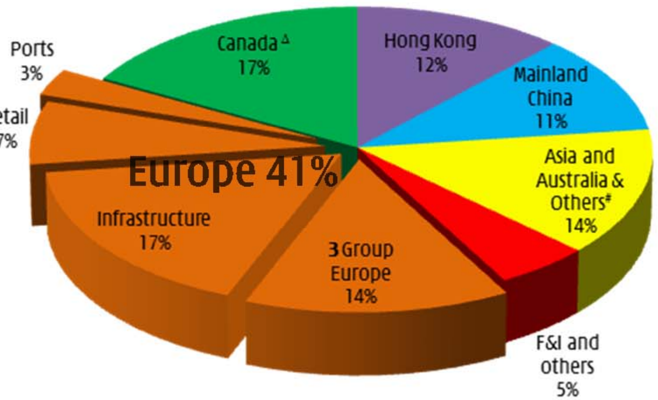
| | HK$ billions | Change (%) |
|---|---|---|
| Europe | 19.0 | +17% |
| Non-Europe[1] | 27.8 | -3% |
| Total HWL | 46.8 | +4% |

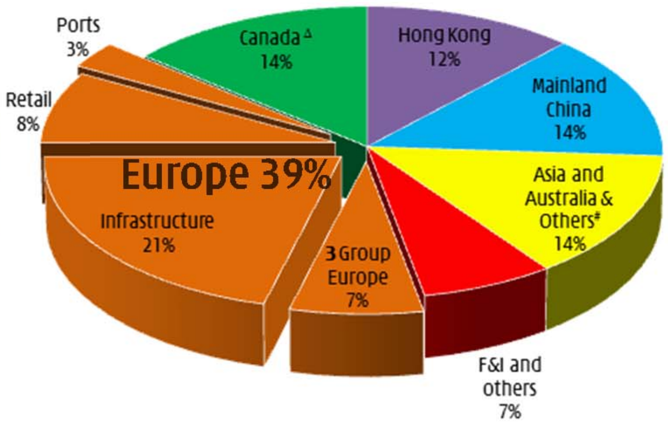
### 1H 2014 EBIT

| | HK$ billions | Change (%) |
|---|---|---|
| Europe | 11.9 | +18% |
| Non-Europe[1] | 19.0 | -4% |
| Total HWL | 30.9 | +3% |

*Note (1): Includes Finance & Investments and Others*



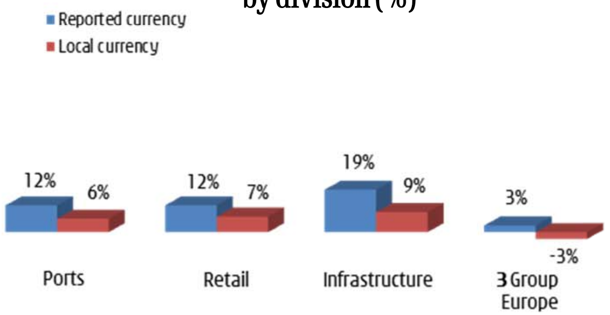



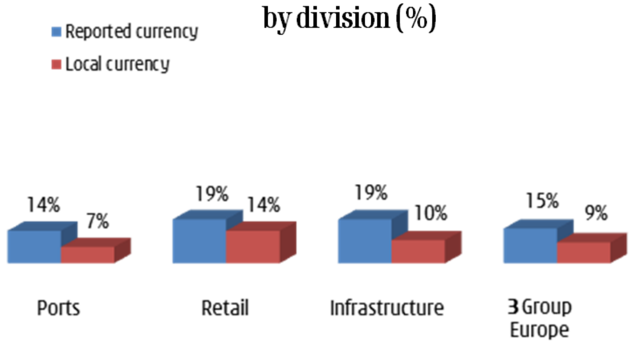

*# Includes Panama, Mexico and the Middle East*

*Δ Includes contribution from the USA for Husky Energy*

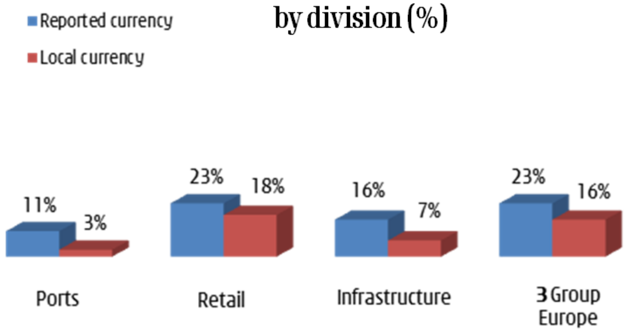
### Revenue - European growth by division (%)




### EBITDA - European growth by division (%)




### EBIT - European growth by division (%)

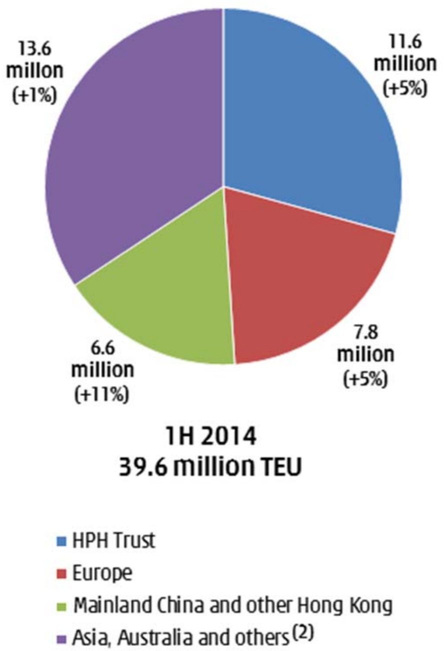


# Ports and Related Services

## 8% of Group Revenue, 12% of Group EBITDA & 12% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change | Change in local currency |
|---|---|---|---|---|
| **Total Revenue**[(1)] | **17,270** | 16,891 | +2% | +2% |
| **EBITDA**[(1)] | **5,607** | 5,410 | +4% | +3% |
| **EBIT**[(1)] | **3,531** | 3,449 | +2% | +2% |
| **Throughput** | **39.6 million TEU** | 37.9 million TEU | +5% | NA |

**Total Container Throughput (+5%)**
by Subdivision



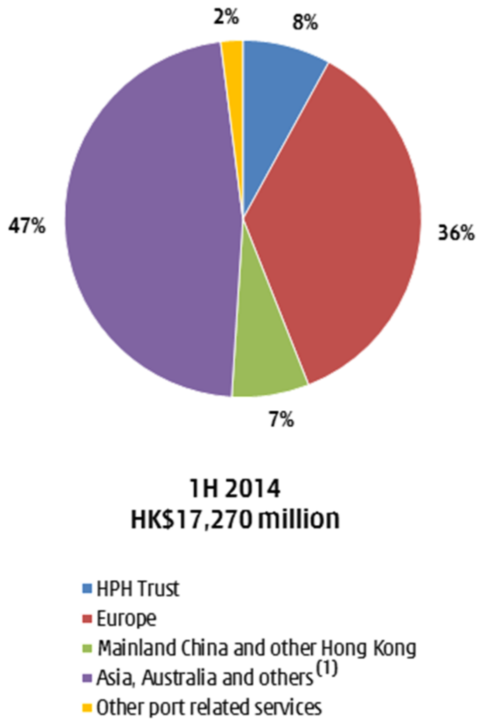

- Throughput increased 5% to 39.6 million TEU in 1H 2014 when compared to the same period last year, reflecting stable market recovery in all segments of this division.
- EBITDA was up 4% against the same period last year mainly due to the strong performances of the Europe segment and the Mainland China and other Hong Kong segment, partly offset by the effect of start-up losses of the Australian ports, lower contributions from Mexico and Indonesia, as well as a lower share of EBITDA in Malaysia as the Group's share of results decreased from 31.45% to 23.55% subsequent to the IPO of Westports Holdings Bhd. in October 2013.
- EBIT increased by 2% in 1H 2014. The growth in EBIT was lower mainly due to higher depreciation charges of HK$114 million on new facilities in Mexico and Panama and the newly opened ports at Barcelona in Spain and Brisbane and Sydney in Australia.
- 282 operating berths at the end of 1H 2014, a net increase of 4 operating berths. In 1H 2014, 6 new berths commenced operations, with the opening of additional berths in Brisbane, Australia (1), Westports, Malaysia (2) and Sohar, Oman (3). 2 berths of the existing terminal in Oman ceased operations and will be returned to the Port Authority as the operations will be fully migrated to the new 3-berth terminal in 2H 2014.
- In March 2014, HPH Trust divested 60% of its equity interest in Asia Container Terminals ("ACT HK") to the newly established joint venture with COSCO Pacific (40%) and China Shipping Group (20%). HPH Trust currently owns an effective interest of 40% in ACT HK.

*Note (1): Total revenue, EBITDA and EBIT were adjusted to exclude non-controlling interests' share of results of HPH Trust.*

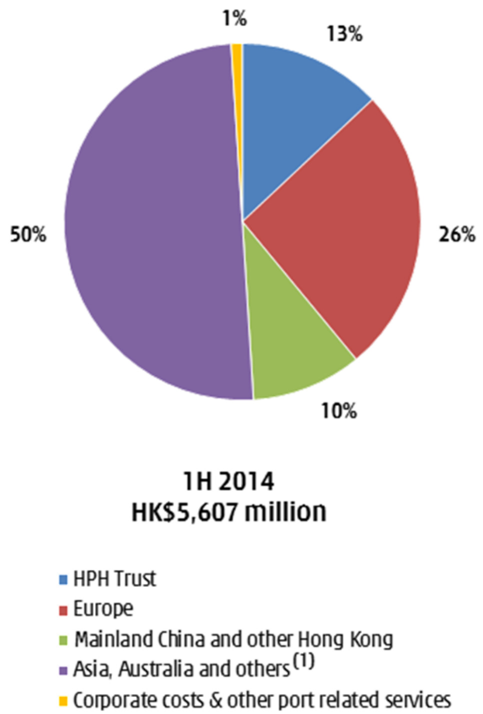
*Note (2): Includes Panama, Mexico and the Middle East*

# Ports and Related Services

**Total Revenue (+2%)**
by Subdivision




**EBITDA (+4%)**
by Subdivision




*Note (1): Includes Panama, Mexico and the Middle East*

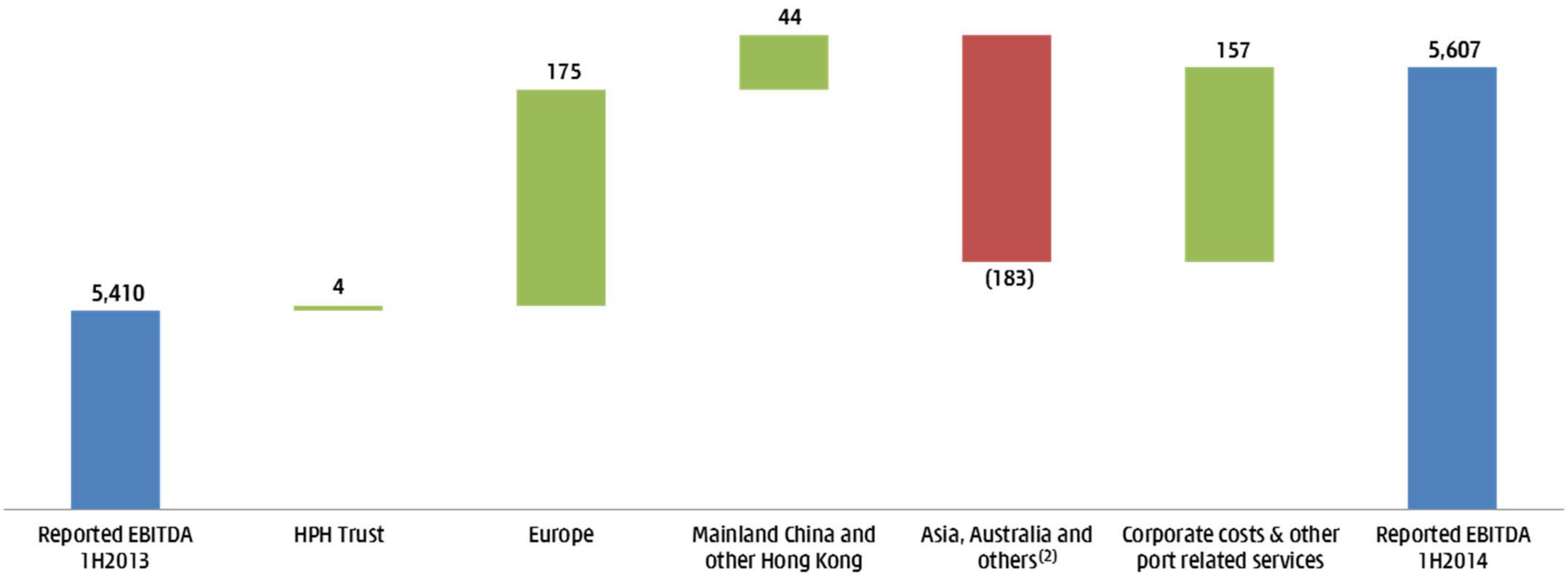
## Outlook

- Number of operating berths is expected to increase to 284 by the end of 2014 with the opening of 2 additional berths in Dammam, Saudi Arabia.
- The division is expected to grow volumes in 2H 2014 and will continue to focus on productivity gains, cost efficiency and selective acquisition and development opportunities to enhance profitability.

# Ports and Related Services

## EBITDA Growth

**1H 2014 Reported EBITDA[1]** (HK$ millions)
**Growth of 4%**




*Note (1): Reported EBITDA were adjusted to exclude non-controlling interests' share of results of HPH Trust.*

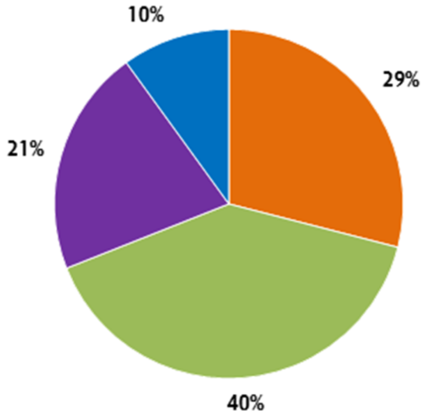
*Note (2): Includes Panama, Mexico and the Middle East*

# Property and Hotels

## 4% of Group Revenue, 8% of Group EBITDA & 12% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change | Change in local currency |
|---|---|---|---|---|
| **Total Revenue** | 7,462 | 11,186 | -33% | -33% |
| **EBITDA** | 3,873 | 5,918 | -35% | -34% |
| **EBIT** | 3,703 | 5,742 | -36% | -35% |

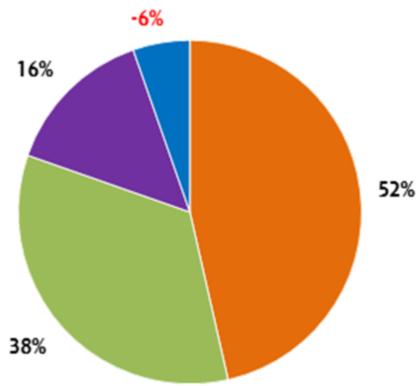
**Total Revenue (-33%)**
by Subdivision




1H 2014
HK$7,462 million

Investment Properties · Development Properties · Hotels · Others

**EBITDA (-35%)**
by Subdivision




1H 2014
HK$3,873 million

Investment Properties · Development Properties & Gains on Disposal · Hotels · Others (1)

### Investment Properties

- Overall gross rental income, including share of rental income from the commercial properties of our hotel division, was 7% higher than 1H 2013 at HK$2,208 million mostly due to the continuing trend of rising rental renewal rates and improvements in occupancy levels.
- Attributable 11.8 million sq.ft. Gross Floor Area ("GFA") portfolio of rental properties in Hong Kong and attributable 1.6 million sq.ft. GFA portfolio in the Mainland and overseas.
- The Group's investment properties generated 9.1% yield on carrying value of approximately HK$48,400 million.
- Investment properties average occupancy rate at 95%, up from 94% for the same period last year.

### Hotels

- The Group has an average effective interest[(2)] of approximately 63% in the 8,503 total rooms of the 11 hotels mainly in Hong Kong (an attributable share of GFA of approximately 1.9 million sq.ft. in Hong Kong).
- Attributable hotel operating profit ("HOP")[(3)] per sq.ft. for Hong Kong hotels ranges from HK$13 per sq. ft. per month to HK$70 per sq.ft. per month and averages HK$36 per sq. ft. per month.
- Total average hotel rooms occupancy rate at 94% in Hong Kong.
- The Group's attributable interest in the hotels in Hong Kong generated 19.1% annualised EBIT yield on its attributable carrying value of these hotels of approximately HK$3,678 million.

*Note (1): Includes net service income, corporate overheads, impact of foreign exchange rate movements and others*

*Note (2): Based on room numbers*

*Note (3): HOP represents EBITDA after depreciation of furniture, fixtures and equipment*

# Property and Hotels

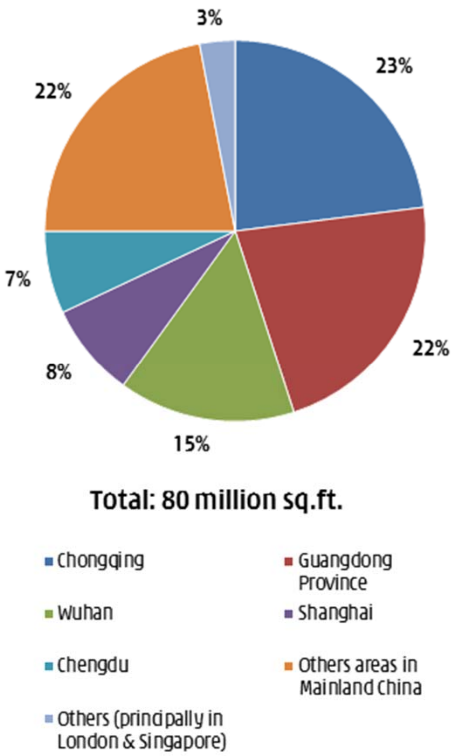
## EBITDA Movement

### 1H 2014 Reported EBITDA (HK$ millions)
### Change of -35%

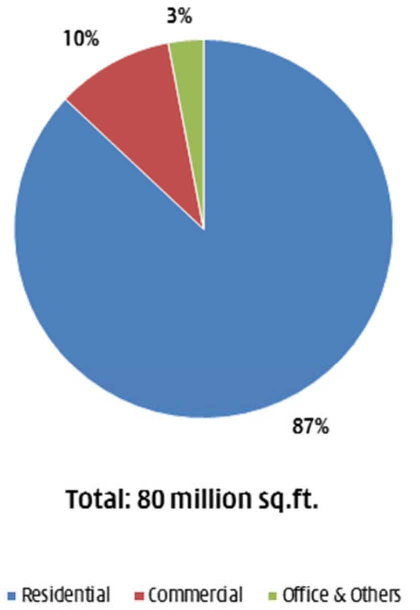

*Note (1): Includes net service income, corporate overheads, impact of foreign exchange rate movements and others*

# Property and Hotels

### Gross Floor Area of Development Projects
by Geographical Location




### Gross Floor Area of Development Projects
by Property Type




## Development Activities

- Attributable landbank of approximately 80 million sq.ft., comprising 41 projects in 22 cities. Average land cost of attributable landbank in the Mainland is approximately RMB235 per sq.ft. or HK$291 per sq.ft.
- Average land cost relating to the recognised sale of residential properties in 1H 2014 in the Mainland is approximately HK$273 per sq.ft. Average construction cost and average professional, marketing, funding and other costs are approximately HK$493 per sq.ft. and HK$367 per sq.ft. respectively for residential properties.
- Completed an attributable share of GFA of approximately 2.9 million sq.ft. in residential and commercial properties in the Mainland during 1H 2014.
- The lower contribution of this segment in 1H 2014 reflects the slower sales experienced in the Mainland, particularly in Tier 1 and Tier 2 cities that have been significantly affected by local purchase and pricing restrictions, and which represented over 90% of the division's recognised sales in terms of GFA. Average selling price ("ASP") from the recognised sales of residential property increased 25% to HK$1,774 per sq.ft. in 1H 2014, reflecting the division's pricing strategy on prime location products.
- The overall gross margin after land appreciation tax ("LAT") for the period was approximately 34%, an increase compared to the 31% for the comparable period last year.

## Outlook

- In July 2014, the Group completed the disposal of its interests in the Shanghai Oriental Financial Center and generated an after tax gain of approximately HK$1,800 million.
- The Group expects to complete an attributable share of approximately 5.1 million sq.ft. in GFA of residential and commercial properties during 2H 2014 primarily in 11 Mainland cities and in Singapore.
- The Group is targeting full year contracted sales of over 7,200 residential units as well as the disposal of a number of commercial properties primarily in the Mainland. A total attributable share of over 5.8 million sq.ft. of GFA (which includes an attributable share of 0.4 million sq.ft. commercial properties) is expected to be sold in 17 cities in the Mainland as well as in Singapore and the UK for full year 2014.

# Property and Hotels

## Development Properties - Mainland China

| | 1H 2014 | 1H 2013 | % Change |
|---|---|---|---|
| **Total Attributable Sales Value** (HK$ millions) | | | |
| **Recognised Sales**[1] | **2,926** | 5,786 | -49% |
| *- of which relates to residential property* | *2,685* | *3,883* | *-31%* |
| **ASP**[2] **of residential property** (HK$/sq.ft.) | **1,774** | 1,420 | +25% |
| **Contracted Sales**[1] | **3,258** | 6,983 | -53% |
| *- of which relates to residential property* | *2,713* | *5,395* | *-50%* |
| **ASP**[2] **of residential property** (HK$/sq.ft.) | **1,959** | 1,701 | +15% |
| | | | |
| **Total Attributable Sales in GFA** ('000 sq.ft.) | | | |
| **Presold Property b/f** | **1,558** | 2,321 | |
| **Recognised Sales in GFA** | **1,665** | 3,369 | -51% |
| *- of which relates to residential property* | *1,606* | *2,909* | *-45%* |
| **Contracted Sales in GFA** | **1,637** | 3,757 | -56% |
| *- of which relates to residential property* | *1,469* | *3,373* | *-56%* |
| **Presold Property c/f**[3] | **1,530** | 2,709 | |

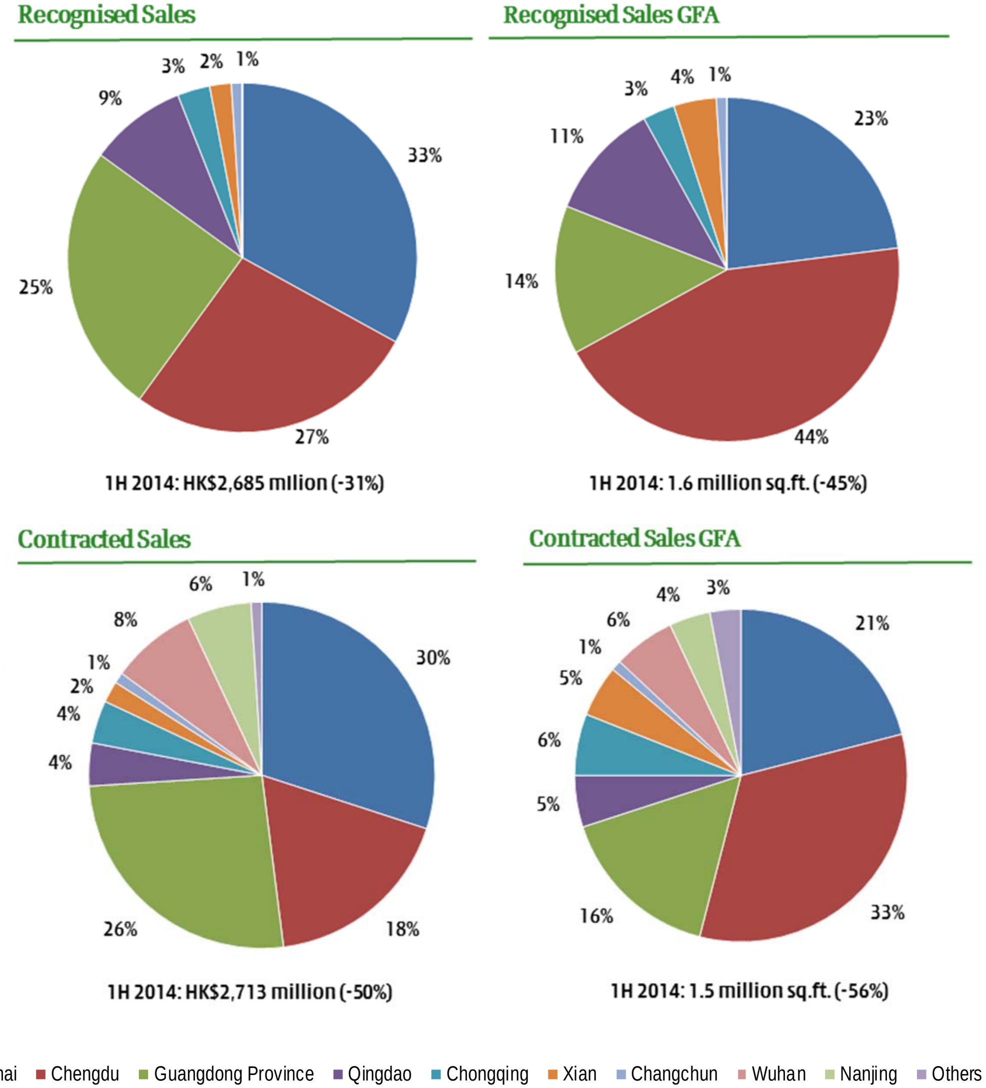
*Note (1): Net of business tax*

*Note (2): ASP is stated inclusive of business tax*

*Note (3): Presold property value (net of business tax) of HK$3,360 million and HK$4,248 million at the end of 1H 2014 and 1H 2013 respectively*

## Residential Property Sales

By Geographical Location

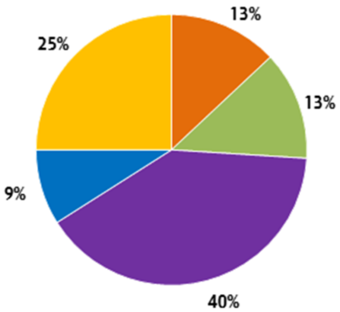


# Retail

## 38% of Group Revenue, 14% of Group EBITDA & 17% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013[1] HK$ millions | Change | Change in local currency |
|---|---|---|---|---|
| Total Revenue | 77,398 | 71,258 | +9% | +7% |
| EBITDA | 6,611 | 6,068 | +9% | +8% |
| EBIT | 5,336 | 4,911 | +9% | +8% |
| Total Store Numbers | 10,812 | 10,004 | +8% | NA |

**Total Revenue (+9%)**
by Subdivision



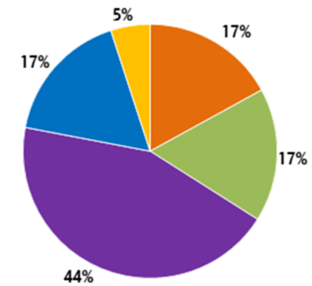

1H 2014
HK$77,398 million

- Health & Beauty China
- Health & Beauty Asia
- Health & Beauty Western Europe
- Health & Beauty Eastern Europe
- Other Retail

| | Total Revenue | | | |
|---|---|---|---|---|
| | 1H 2014 HK$ millions | 1H 2013[1] HK$ millions | Change | Change in local currency |
| Health & Beauty China | 9,840 | 8,653 | +14% | +14% |
| Health & Beauty Asia | 10,344 | 9,785 | +6% | +9% |
| Health & Beauty Western Europe | 31,063 | 27,722 | +12% | +6% |
| Health & Beauty Eastern Europe | 7,121 | 6,320 | +13% | +14% |
| Health & Beauty Subtotal | 58,368 | 52,480 | +11% | +9% |
| Other Retail[2] | 19,030 | 18,778 | +1% | +1% |
| Total Retail | 77,398 | 71,258 | +9% | +7% |
| - Asia | 39,214 | 37,179 | +5% | +6% |
| - Europe | 38,184 | 34,079 | +12% | +7% |

| | Store Numbers | | | Comparable Store Sales Growth[3] (%) | |
|---|---|---|---|---|---|
| | 1H 2014 Stores | 1H 2013 Stores | Change | 1H 2014 | 1H 2013 |
| Health & Beauty China | 1,799 | 1,524 | +18% | +4.3% | +1.4% |
| Health & Beauty Asia | 1,838 | 1,741 | +6% | +3.9% | +6.0% |
| Health & Beauty Western Europe | 4,758 | 4,601 | +3% | +3.0% | +3.5% |
| Health & Beauty Eastern Europe | 1,874 | 1,621 | +16% | +2.8% | +4.1% |
| Health & Beauty Subtotal | 10,269 | 9,487 | +8% | +3.3% | +3.8% |
| Other Retail[2] | 543 | 517 | +5% | -0.9% | +1.2% |
| Total Retail | 10,812 | 10,004 | +8% | +2.3% | +3.2% |
| - Asia | 4,180 | 3,782 | +11% | +1.6% | +2.7% |
| - Europe | 6,632 | 6,222 | +7% | +2.9% | +3.6% |

**Total Retail Store Numbers (+8%)**
by Subdivision




1H 2014
Total Stores: 10,812

- Health & Beauty China
- Health & Beauty Asia
- Health & Beauty Western Europe
- Health & Beauty Eastern Europe
- Other Retail

Note (1): *1H 2013 results exclude Marionnaud results in the comparatives as the business is no longer reported under this division following the Group's strategic review of its retail division in 2013.*

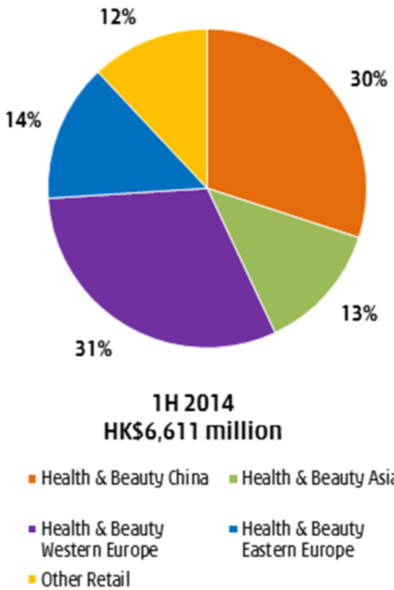
Note (2): *Other Retail includes PARKnSHOP, Fortress, Watsons Wine, Nuance-Watson and manufacturing operations for water and beverage businesses.*

Note (3): *Comparable store sales growth represents the percentage change in revenue contributed by stores which, as at the first day of the relevant financial year (a) have been operating for over 12 months and (b) have not undergone major resizing within the previous 12 months.*

# Retail

## EBITDA by segment

**EBITDA (+9%)**
by Subdivision




| EBITDA | 1H 2014 HK$ millions | EBITDA Margin % | 1H 2013[2] HK$ millions | EBITDA Margin % | Change | Change in local currency |
|---|---|---|---|---|---|---|
| Health & Beauty China | **1,974** | **20%** | 1,651 | 19% | +20% | +20% |
| Health & Beauty Asia | **870** | **8%** | 824 | 8% | +6% | +10% |
| Health & Beauty Western Europe | **2,045** | **7%** | 1,701 | 6% | +20% | +14% |
| Health & Beauty Eastern Europe | **908** | **13%** | 780 | 12% | +16% | +14% |
| **Health & Beauty Subtotal** | **5,797** | **10%** | 4,956 | 9% | +17% | +15% |
| Other Retail[1] | **814** | **4%** | 1,112 | 6% | -27% | -27% |
| **Total Retail** | **6,611** | **9%** | 6,068 | 9% | +9% | +8% |
| - Asia | 3,659 | 9% | 3,588 | 10% | +2% | +3% |
| - Europe | 2,952 | 8% | 2,480 | 7% | +19% | +14% |

*Note (1): Other Retail includes PARKnSHOP, Fortress, Watsons Wine, Nuance-Watson and manufacturing operations for water and beverage businesses.*

*Note (2): 1H 2013 EBITDA exclude Marionnaud results in the comparatives as the business is no longer reported under this division following the Group's strategic review of its retail division in 2013.*

- H&B overall delivered 11% and 17% growth on total revenue and EBITDA respectively, mainly driven by comparable store sales growth and high quality new store openings.
- Total sales growth for H&B China remained strong at 14% with comparable store sales growth of 4.3% and 18% higher number of stores compared to 1H 2013. The EBITDA margin of H&B China was 20% in 1H 2014.
- Other Retail's EBITDA decreased 27% from HK$1,112 million in 1H 2013 to HK$814 million in 1H 2014, mainly due to lower contributions from PARKnSHOP operations as well as Fortress during the period.
- Comparable store sales growth of the H&B retail operations in Europe was 2.9%.
- Comparable store sales growth of the H&B retail operations in Asia was 4.1%. Including Other Retail, comparable store sales growth in Asia was 1.6%.
- In April 2014, the Group entered into a strategic alliance with Temasek Holdings (Private) Limited ("Temasek") with Temasek acquiring a 24.95% equity interest in A.S. Watson Holdings Limited for approximately HK$44 billion, resulting in an increase of approximately HK$39 billion in the Group's shareholders' funds. The net proceeds from this transaction were partly used for a special dividend distribution of HK$7.00 per share amounting to approximately HK$30 billion in May 2014. The net impact of this transaction, after the distribution of special dividend, resulted in an increase of shareholders' funds of HK$9 billion.

### Outlook

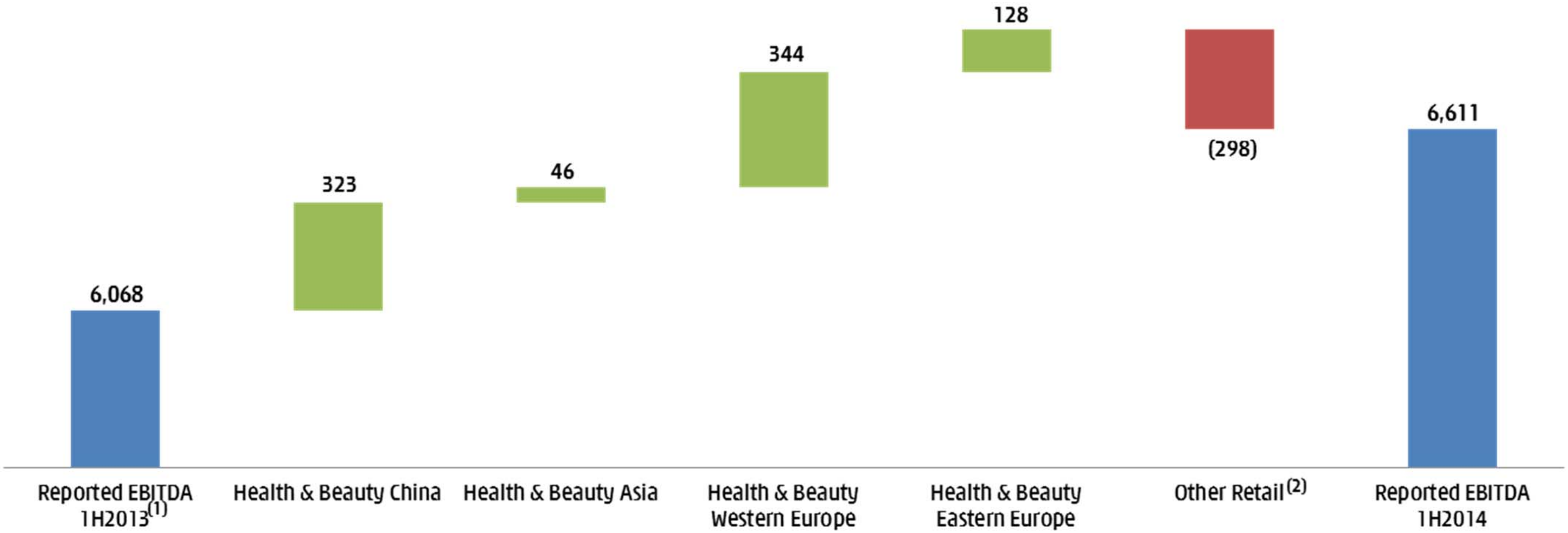
- Looking into 2H 2014 and beyond, the Group will continue to expand its portfolio of retail stores and expects net openings of approximately 650 stores in the second half of the year, totalling approximately 881 stores for full year 2014.

# Retail

## EBITDA Growth

**1H 2014 Reported EBITDA** (HK$ millions)

**Growth of 9%**




*Note (1): 1H 2013 EBITDA exclude Marionnaud results in the comparatives as the business is no longer reported under this division following the Group's strategic review of its retail division in 2013.*

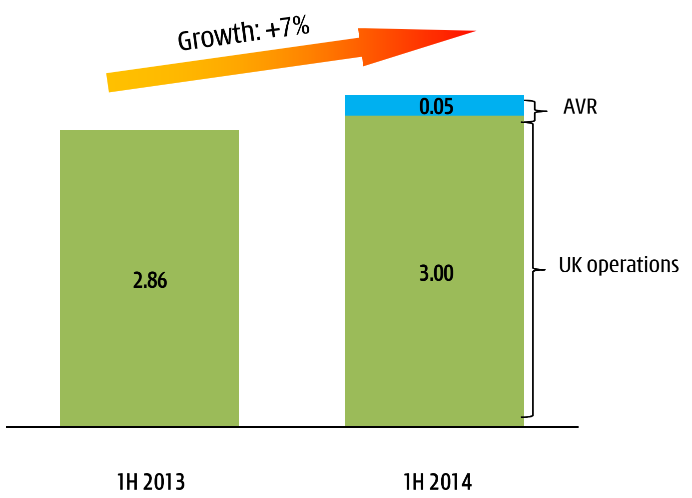
*Note (2): Other Retail includes PARKnSHOP, Fortress, Watsons Wine, Nuance-Watson and manufacturing operations for water and beverage businesses.*

# Infrastructure

## 11% of Group Revenue, 25% of Group EBITDA & 29% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change |
|---|---|---|---|
| Total Revenue | 22,264 | 20,133 | +11% |
| EBITDA | 11,819 | 11,469 | +3% |
| EBIT | 8,945 | 8,940 | - |

### Profits from European Operations Attributable to Shareholders[(1)] (HK$ billion)




*Note (1): Profit from European operations represents contributions from CKI's direct shareholding in its UK and the Netherlands operations. 1H 2014 includes, amongst others, its 40% direct share in each of UK Power Networks and Northumbrian Water, as well as its 35% direct share in AVR. 1H 2013 includes, amongst others, its 40% direct share in each of UK Power Networks and Northumbrian Water only.*

- Cheung Kong Infrastructure ("CKI")'s announced earnings for 1H 2014 of HK$24,119 million, which includes its share of gain from Power Assets' separate listing of its Hong Kong electricity business in January 2014.
- Reported EBIT, after the Group's asset valuation consolidation adjustments, was HK$8,945 million for 1H 2014, flat when compared to 1H 2013 mainly due to earnings growth from its UK operations and full 6-month contributions of the newly acquired operations (Enviro Waste and AVR), which largely offset by the lower contribution from the Hong Kong electricity business following its separate listing.

## Outlook

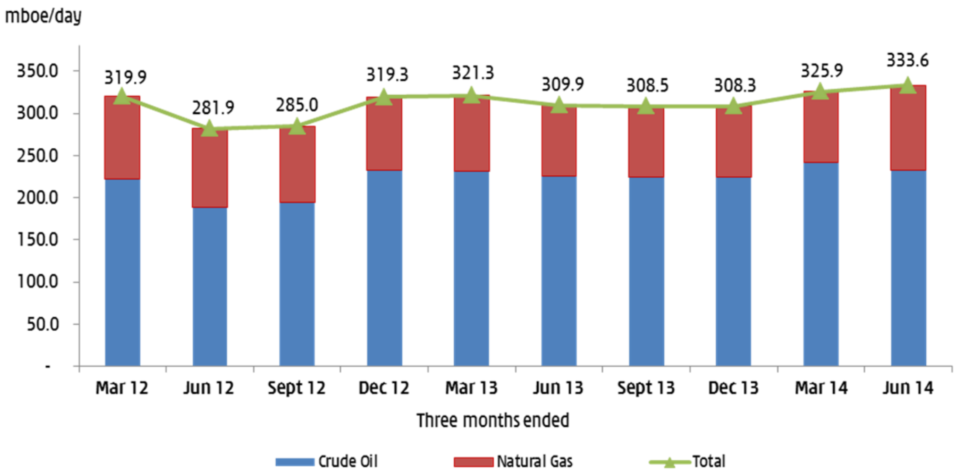
- CKI will continue to grow existing operations organically and look for opportunities to expand its portfolio by acquiring businesses with strong recurrent returns and to maintain its strong balance sheet with steady cashflow and low gearing.
- In May 2014, a CKI-led consortium with Cheung Kong (Holdings) Limited ("CKH") and Power Assets, in which CKI has a 33.3% stake, entered into a Bid Implementation Agreement in respect of a takeover bid for all the shares of Envestra Limited ("Envestra", in which CKI currently has a 17.46% interest), a distributor of natural gas in Australia, which is listed on the Australian Securities Exchange, for a cash consideration of A$1.32 per share.
- During 1H 2014, a CKI-led joint-venture with CKH, announced the acquisition of Park'N Fly, an off-airport parking business operating in Toronto, Montreal, Edmonton, Ottawa and Vancouver of Canada for approximately C$381 million (approximately HK$2.7 billion).
- The acquisition of Park'N Fly was completed on 25 July 2014 and the completion of Envestra's takeover, which is conditional on satisfaction or waiver of the relevant conditions precedent, including the consortium acquiring a relevant interest of more than 50% of Envestra's shares (which includes CKI's existing 17.46% interest), is expected in 2H 2014.

# Energy

## 14% of Group Revenue, 18% of Group EBITDA & 14% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change | Change in local currency |
|---|---|---|---|---|
| Total Revenue | 28,660 | 29,911 | -4% | +3% |
| EBITDA | 8,145 | 7,991 | +2% | +9% |
| EBIT | 4,329 | 4,152 | +4% | +12% |
| Production | 329.8 mboe/day | 315.6 mboe/day | +4% | NA |

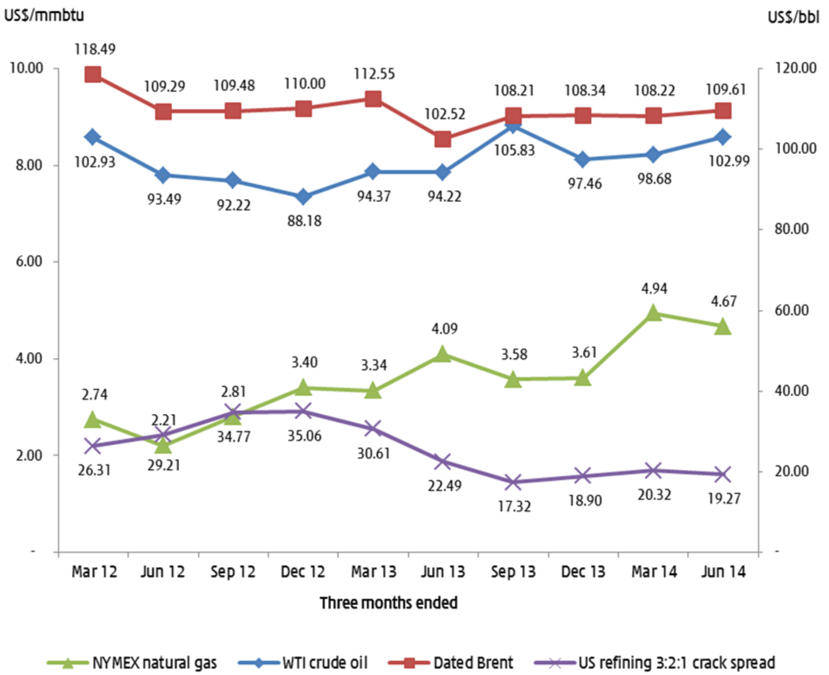
### Average Production




- Profit from operations attributable to shareholders for 1H 2014 increased by 13% to C$1,290 million, reflecting higher average realised commodity prices in Western Canada resulting from higher Brent and WTI market prices and narrowing light/heavy crude oil differentials, improved natural gas prices and increased crude oil and natural gas production, partially offset by a decrease in upgrading margins due to lower average upgrading differentials and lower throughput and a decrease in US Refining and Marketing margins as a result of lower market crack spreads and reduced throughput from planned maintenance.
- Average production for 1H 2014 increased by 4% to 329.8 mboe/day, mainly due to commencement of natural gas production from the Liwan Gas Project, commissioning and production ramp up at the Sandall heavy oil thermal development, improved operating performance at Terra Nova and production from the multilateral well at North Amethyst brought on stream in Q4 2013, increased oil and liquids-rich natural gas resource play developments, partially offset by a planned turnaround at a Western Canada oil and gas facility, decreased Western Canada natural gas production due to natural reservoir declines and limited re-investment and lower production at Wenchang due to the planned FPSO vessel offstation.

# Energy

## Average Benchmark




## Key Projects / Milestones

i. Liwan Gas Project (Husky Energy's working interest: 49%)
- First gas from the deep water wells achieved on the Liwan 3-1 gas field was achieved on 30 March 2014.
- Gas sales to the Guangdong market natural gas grid commenced on 24 April 2014.
- Production from the Liwan Gas Project is now being sold on a continuous basis into the Guangdong natural gas market. Natural gas liquids that are separated from the gas sales at the Gaolan gas plant are also being sold into the Guangdong market.

ii. Heavy Oil
- The 3,500 bbls/day Sandall thermal development was brought online in Q1 2014 with production averaging 5,300 bbls/day in Q2 2014.

## Outlook

- Husky Energy will continue to maintain and enhance production in its Heavy Oil and Western Canada foundation as it repositions these areas towards thermal developments and resource plays, while advancing its three major growth pillars in the Asia Pacific Region, Oil Sands and in the Atlantic Region.
- Other key projects underway:

  i. Sunrise Energy Project (Husky Energy's working interest: 50%)
  - Phase I of the Sunrise Energy Project remains on track for start up by the end of 2014 and is expected to ramp up production over an 18-24 month period to 60,000 bbls/day (30,000 bbls/day net to Husky Energy); and
  - The Sunrise Energy Project received Maximum Operating Pressure Approval for the initial development area of Phase I.

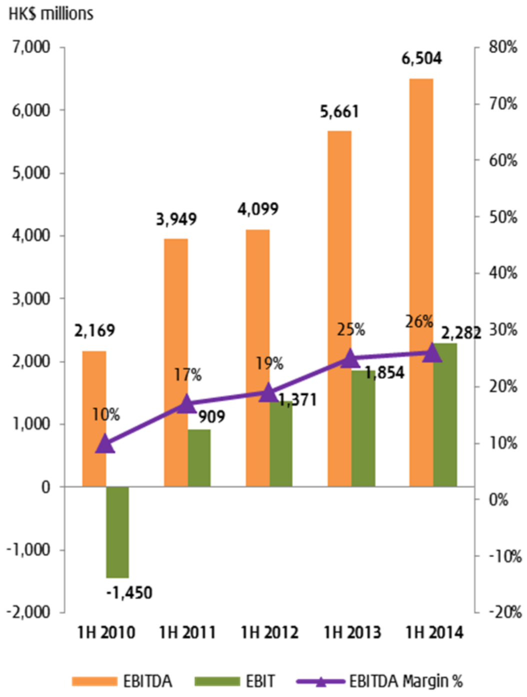
  ii. Heavy Oil
  - Construction work continued at the 10,000 bbls/day Rush Lake heavy oil thermal development with first production expected in 2H 2015;
  - The two 10,000 bbls/day Edam East and Vawn heavy oil thermal development project are underway with first production expected in 2016; and
  - Work commenced on the 3,500 bbls/day Edam West project with first production expected in 2016.

  iii. Asia Pacific
  - Regulatory approval was received for the contract award for an FPSO vessel to develop the BD field in the Madura Strait offshore Indonesia.

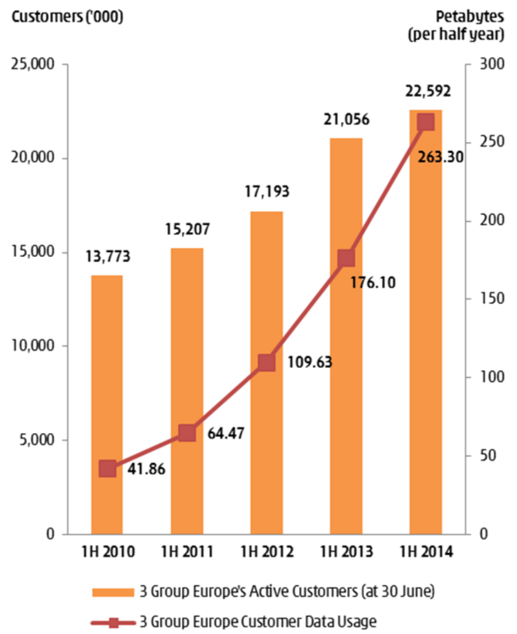
# Telecommunications – 3 Group Europe

## 15% of Group Revenue, 14% of Group EBITDA & 7% of Group EBIT

### 3 Group Europe EBITDA & EBIT




### 3 Group Europe's Active Customers and 6 months Data Usage




- Postpaid gross additions reduced slightly from 2.29 million in 1H 2013 to 1.84 million in 1H 2014. Net additions, excluding those acquired from Orange Austria reduced from 0.70 million in 1H 2013 to 0.20 million in 1H 2014.
- In local currencies, 3 Group Europe's total revenue decreased by 3%, but EBITDA and EBIT increased 9% and 16% respectively compared to 1H 2013, primarily from better performances in the UK, Austria and Sweden, partially offset by a lower reported performance in Italy due to intense competition.
- Overall, net customer service margin continued to improve reflecting strong contribution from both smartphone and mobile data segments.
- Operating cost represented 49% of net customer service margin, a reduction from 50% in 1H 2013.
- Healthy EBITDA margin of 26%.

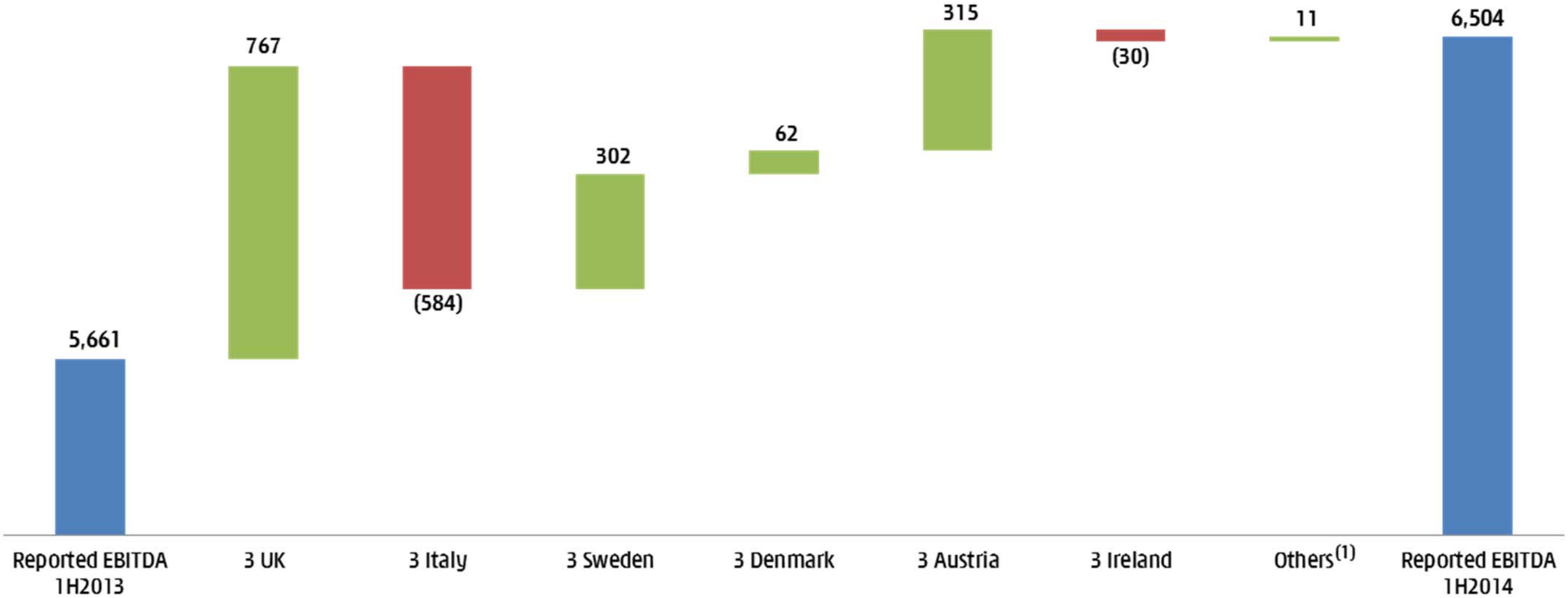
## Outlook

- 3 Group Europe is expected to continue to perform well in 2H 2014, particularly with continued improvements in the UK and realisation of additional cost synergies in Austria.
- On 15 July 2014, the Group completed the acquisition of $O_2$ Ireland from Telefonica. The restructuring exercise to combine 3 Ireland and $O_2$ Ireland operations will begin and the combined operation is expected to provide a meaningful contribution to 3 Group Europe in 2015.

# Telecommunications – 3 Group Europe

## EBITDA Growth

### 1H 2014 Reported EBITDA (HK$ millions)
### Growth of 15%




*Note (1): Represents Skype intercompany charge elimination which is not applicable in 2014.*

# Telecommunications – 3 Group Europe

## 1H 2014 Results by operations

| In millions | UK | | Italy | | Sweden | | Denmark | | Austria | | Ireland | | 3 Group Europe | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GBP | | EURO | | SEK | | DKK | | EURO | | EURO | | HK$ | |
| | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 | **1H 2014** | 1H 2013 |
| **Total Revenue** | **974** | 1,002 | **815** | 891 | **3,054** | 2,699 | **1,008** | 930 | **342** | 369 | **97** | 87 | **31,063** | 30,101 |
| *% Improvement (Reduction)* | *-3%* | | *-9%* | | *13%* | | *8%* | | *-7%* | | *11%* | | *3%* | |
| | | | | | | | | | | | *Local currency change* | | *-3%* | |
| - Net Customer Service Revenue | 723 | 667 | 662 | 684 | 2,123 | 1,833 | 887 | 827 | 271 | 306 | 80 | 72 | 23,950 | 22,037 |
| *% Improvement (Reduction)* | *8%* | | *-3%* | | *16%* | | *7%* | | *-11%* | | *11%* | | *9%* | |
| | | | | | | | | | | | *Local currency change* | | *3%* | |
| - Handset Revenue | 241 | 321 | 139 | 185 | 827 | 760 | 92 | 62 | 58 | 57 | 13 | 14 | 6,490 | 7,417 |
| - Other Revenue | 10 | 14 | 14 | 22 | 104 | 106 | 29 | 41 | 13 | 6 | 4 | 1 | 623 | 647 |
| **Net Customer Service Margin**[1] | **556** | 519 | **502** | 496 | **1,811** | 1,455 | **772** | 708 | **222** | 230 | **63** | 56 | **18,844** | 16,831 |
| *% Improvement (Reduction)* | *7%* | | *1%* | | *24%* | | *9%* | | *-3%* | | *13%* | | *12%* | |
| | | | | | | | | | | | *Local currency change* | | *6%* | |
| Net Customer Service Margin % | 77% | 78% | 76% | 73% | 85% | 79% | 87% | 86% | 82% | 76% | 79% | 78% | 79% | 76% |
| **Other margin** | **4** | 11 | **13** | 22 | **26** | 55 | **13** | 27 | **10** | 6 | **2** | - | **368** | 507 |
| TOTAL CACs | (358) | (457) | (259) | (270) | (1,127) | (1,012) | (216) | (172) | (70) | (75) | (22) | (23) | (10,036) | (10,624) |
| Less: Handset Revenue | 241 | 321 | 139 | 185 | 827 | 760 | 92 | 62 | 58 | 57 | 13 | 14 | 6,490 | 7,417 |
| **Total CACs (net of handset revenue)** | **(117)** | (136) | **(120)** | (85) | **(300)** | (252) | **(124)** | (110) | **(12)** | (18) | **(9)** | (9) | **(3,546)** | (3,207) |
| **Operating Expenses** | **(211)** | (206) | **(323)** | (299) | **(666)** | (641) | **(315)** | (309) | **(104)** | (128) | **(59)** | (47) | **(9,162)** | (8,470) |
| Opex as a % of net customer service margin | 38% | 40% | 64% | 60% | 37% | 44% | 41% | 44% | 47% | 56% | 94% | 84% | 49% | 50% |
| **EBITDA (LBITDA)** | **232** | 188 | **72** | 134 | **871** | 617 | **346** | 316 | **116** | 90 | **(3)** | - | **6,504** | 5,661 |
| *% Improvement (Reduction)* | *23%* | | *-46%* | | *41%* | | *9%* | | *29%* | | *N/A* | | *15%* | |
| | | | | | | | | | | | *Local currency change* | | *9%* | |
| EBITDA margin %[2] | 32% | 28% | 11% | 19% | 39% | 32% | 38% | 36% | 41% | 29% | -4% | - | 26% | 25% |
| **Depreciation & Amortisation** | **(109)** | (102) | **(143)** | (139) | **(380)** | (346) | **(146)** | (138) | **(37)** | (38) | **(22)** | (18) | **(4,222)** | (3,807) |
| **EBIT (LBIT)** | **123** | 86 | **(71)** | (5) | **491** | 271 | **200** | 178 | **79** | 52 | **(25)** | (18) | **2,282** | 1,854 |
| *% Improvement (Reduction)* | *43%* | | *-1320%* | | *81%* | | *12%* | | *52%* | | *-39%* | | *23%* | |
| | | | | | | | | | | | *Local currency change* | | *16%* | |
| **Capex (excluding licence)** | **(116)** | (87) | **(151)** | (187) | **(392)** | (461) | **(69)** | (91) | **(53)** | (35) | **(60)** | (21) | **(4,876)** | (4,167) |
| **EBITDA (LBITDA) less Capex** | **116** | 101 | **(79)** | (53) | **479** | 156 | **277** | 225 | **63** | 55 | **(63)** | (21) | **1,628** | 1,494 |
| **Licence**[3] | **(0.3)** | (225) | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **(4)** | (2,674) |

*Note (1): Net customer service margin represents net customer service revenue deducting direct variable costs (including interconnection charges and roaming costs).*

*Note (2): EBITDA margin % represents EBITDA as a % of total revenue excluding handset revenue.*

*Note (3): Licence costs in 1H 2014 represent incidental costs in relation to licences acquired in the prior year.*

# Telecommunications – 3 Group Europe

## Key Business Indicators

Key business indicators for the 3 Group Europe's businesses are as follows:

| | UK | Italy | Sweden | Denmark | Austria | Ireland | 3 Group Europe |
|---|---|---|---|---|---|---|---|
| **Customer Base - Registered Customers at 30 June 2014 ('000)** | | | | | | | |
| **Postpaid** | 5,916 | 4,757 | 1,586 | 733 | 2,525 | 343 | 15,860 |
| *% Variance (June 2014 vs December 2013)* | *1%* | *2%* | *4%* | *1%* | *1%* | *-2%* | *1%* |
| **Prepaid** | 3,799 | 5,081 | 201 | 336 | 975 | 684 | 11,076 |
| *% Variance (June 2014 vs December 2013)* | *-4%* | *1%* | *26%* | *12%* | *5%* | *12%* | *1%* |
| **Total** | 9,715 | 9,838 | 1,787 | 1,069 | 3,500 | 1,027 | 26,936 |
| *% Variance (June 2014 vs December 2013)* | *-1%* | *2%* | *6%* | *4%* | *2%* | *7%* | *1%* |

| | UK | Italy | Sweden | Denmark | Austria | Ireland | 3 Group Europe |
|---|---|---|---|---|---|---|---|
| **Customer Base - Active Customers[(1)] at 30 June 2014 ('000)** | | | | | | | |
| **Postpaid** | 5,777 | 4,602 | 1,586 | 733 | 2,502 | 313 | 15,513 |
| *% Variance (June 2014 vs December 2013)* | *1%* | *2%* | *4%* | *1%* | *1%* | *1%* | *1%* |
| **Prepaid** | 2,209 | 3,819 | 121 | 307 | 370 | 253 | 7,079 |
| *% Variance (June 2014 vs December 2013)* | *-* | *4%* | *32%* | *10%* | *3%* | *7%* | *3%* |
| **Total** | 7,986 | 8,421 | 1,707 | 1,040 | 2,872 | 566 | 22,592 |
| *% Variance (June 2014 vs December 2013)* | *1%* | *3%* | *5%* | *3%* | *1%* | *3%* | *2%* |

*Note (1): An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding 3 months.*

# Telecommunications – 3 Group Europe

## Key Business Indicators

Key business indicators for the 3 Group Europe's businesses are as follows:

| | UK | Italy | Sweden | Denmark | Austria | Ireland | 3 Group Europe Average |
|---|---|---|---|---|---|---|---|
| **12-month Trailing Average Revenue per Active User ("ARPU")(1) to 30 June 2014** | | | | | | | |
| Postpaid ARPU(1) | £27.00 | €18.93 | SEK310.26 | DKK174.26 | €21.57 | €38.03 | €26.64 |
| Prepaid ARPU(1) | £5.55 | €7.13 | SEK114.06 | DKK134.90 | €7.50 | €15.30 | €7.81 |
| Blended Total ARPU(1) | £21.02 | €13.65 | SEK298.28 | DKK163.22 | €19.68 | €28.26 | €20.80 |
| *% Variance compared to 31 December 2013* | *1%* | *-7%* | *1%* | *-5%* | *-4%* | *-2%* | *-2%* |
| **12-month Trailing Net Average Revenue per Active User ("Net ARPU")(2) to 30 June 2014** | | | | | | | |
| Postpaid Net ARPU(2) | £18.96 | €18.93 | SEK224.51 | DKK161.90 | €17.84 | €30.48 | €21.21 |
| Prepaid Net ARPU(2) | £5.55 | €7.13 | SEK114.06 | DKK134.90 | €7.50 | €15.30 | €7.81 |
| Blended Total Net ARPU(2) | £15.22 | €13.65 | SEK217.76 | DKK154.33 | €16.45 | €23.96 | €17.06 |
| *% Variance compared to 31 December 2013* | *1%* | *-7%* | *3%* | *-4%* | *-6%* | *-1%* | *-2%* |
| **12-month Trailing Net Average Margin per Active User ("Net AMPU")(3) to 30 June 2014** | | | | | | | |
| Postpaid Net AMPU(3) | £14.85 | €14.32 | SEK191.98 | DKK140.81 | €14.26 | €24.80 | €16.79 |
| Prepaid Net AMPU(3) | £4.79 | €5.48 | SEK81.78 | DKK116.44 | €6.45 | €11.02 | €6.28 |
| Blended Total Net AMPU(3) | £12.04 | €10.37 | SEK185.25 | DKK133.97 | €13.21 | €18.88 | €13.53 |
| *% Variance compared to 31 December 2013* | *-* | *-5%* | *6%* | *-3%* | *-2%* | *-* | *-1%* |

*Note (1): ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the period.*

*Note (2): Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, divided by the average number of active customers during the period.*

*Note (3): Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in postpaid contract bundled plans, less direct variable costs (including interconnection charges and roaming costs )(i.e. net customer service margin), divided by the average number of active customers during the period.*

# Telecommunications – 3 Group Europe

## Key Business Indicators

Key business indicators for the 3 Group Europe's businesses are as follows:

| 1H 2014 | UK | Italy | Sweden | Denmark | Austria | Ireland | 3 Group Europe Average |
|---|---|---|---|---|---|---|---|
| **Contract customers as a % of the total registered customer base** | **61%** | **48%** | **89%** | **69%** | **72%** | **33%** | **59%** |
| **Contract customers' contribution to the net customer service revenue base (%)** | **90%** | **75%** | **96%** | **77%** | **93%** | **72%** | **89%** |
| **Average monthly churn rate of the total contract registered customer base (%)** | **1.6%** | **2.2%** | **1.4%** | **2.7%** | **0.6%** | **1.3%** | **1.6%** |
| **Active contract customers as a % of the total contract registered customer base** | **98%** | **97%** | **100%** | **100%** | **99%** | **91%** | **98%** |
| **Active customers as a % of the total registered customer base** | **82%** | **86%** | **95%** | **97%** | **82%** | **55%** | **84%** |
| **6 months data usage per active customer (Gigabyte)** | | | | | | | **12.2** |

| 1H 2013 | UK | Italy | Sweden | Denmark | Austria | Ireland | 3 Group Europe Average |
|---|---|---|---|---|---|---|---|
| Contract customers as a % of the total registered customer base | 60% | 48% | 90% | 72% | 74% | 42% | 59% |
| Contract customers' contribution to the net customer service revenue base (%) | 88% | 82% | 97% | 81% | 94% | 76% | 87% |
| Average monthly churn rate of the total contract registered customer base (%) | 1.6% | 2.4% | 1.2% | 2.5% | 0.8% | 1.2% | 1.7% |
| Active contract customers as a % of the total contract registered customer base | 97% | 94% | 100% | 100% | 99% | 81% | 97% |
| Active customers as a % of the total registered customer base | 82% | 80% | 95% | 98% | 85% | 56% | 82% |
| 6 months data usage per active customer (Gigabyte) | | | | | | | 8.8 |

# Telecommunications – HTHKH & HAT

## HTHKH

### 3% of Group Revenue, 3% of Group EBITDA & 2% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change |
|---|---|---|---|
| Total Revenue | 6,227 | 6,149 | +1% |
| EBITDA | 1,230 | 1,509 | -18% |
| EBIT | 538 | 834 | -35% |

- HTHKH had a combined active mobile customer base maintained at approximately 3.6 million in Hong Kong and Macau.
- The shortfall in HTHKH's EBITDA and EBIT against the same period last year was primarily due to the weaker performance of the mobile business, resulting from lower demand for new handset models and consumers being increasingly price sensitive.
- The fixed line business in 1H 2014 continued to perform well and reported 7% and 19% growth in EBITDA and EBIT to HK$597 million and HK$247 million respectively.

## HAT

### 2% of Group Revenue, 1% of Group EBITDA & -0.2% of Group EBIT

| | 1H 2014 HK$ millions | 1H 2013 HK$ millions | Change |
|---|---|---|---|
| Total Revenue | 3,506 | 2,981 | +18% |
| EBITDA / (LBITDA) | 502 | (59) | +951% |
| LBIT | (76) | (697) | +89% |

- HAT had an active customer base of approximately 46.5 million with operations in Indonesia, Vietnam and Sri Lanka.
- EBITDA turnaround from an LBITDA of HK$59 million in 1H 2013 to an EBITDA of HK$502 million in 1H 2014, driven by revenue growth in Indonesia and Vietnam.
- Indonesia active customer base increased by 34% from the same period last year to over 34.8 million customers with strong revenue growth of 16% compared to 1H 2013. Monthly revenue has increased to approximately US$57.9 million in June 2014 representing a 26% increase in monthly revenue in local currency compared to June 2013. The operation achieved positive EBITDA operationally in both 2H 2013 and 1H 2014.
- HAT will continue to grow its customer base, particularly in Indonesia, where a major network rollout was completed in the third quarter of 2013 and the 3G footprint is now extended to 150 cities covering 86% of the population (1H 2013: 124 cities with 75% population coverage).

# Telecommunications – HTAL , Share of VHA

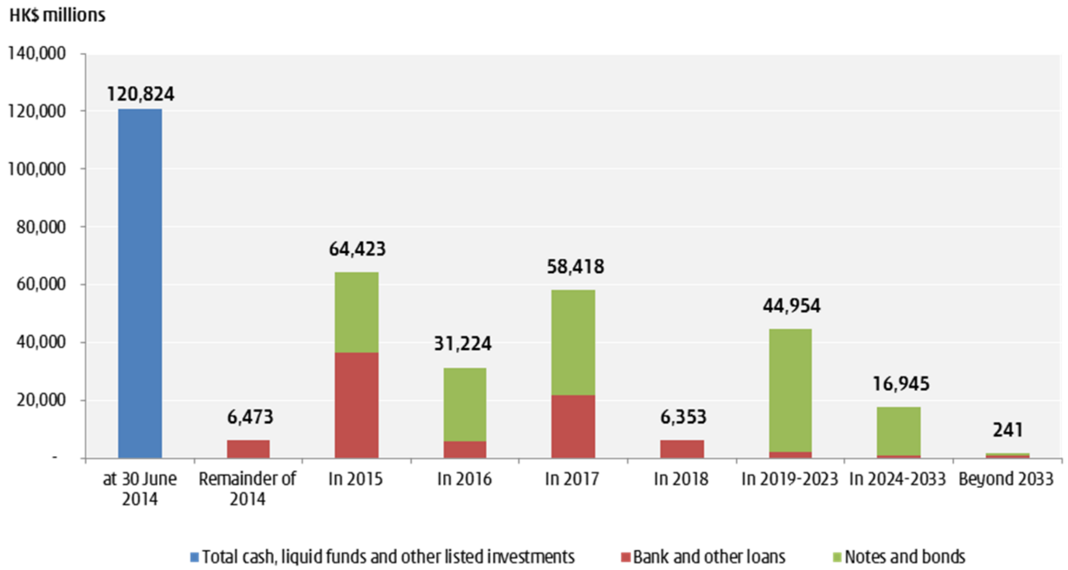
| | 1H 2014 A$ millions | 1H 2013 A$ millions | Change |
|---|---|---|---|
| Announced Total Revenue | 863 | 872 | -1% |
| Announced EBIT / (LBIT) | 6 | (34) | +118% |
| Announced Loss Attributable to Shareholders | (79) | (96) | +17% |

- HTAL owns 50% of VHA and announced a A$79 million loss attributable to shareholders in 1H 2014, a 17% improvement as compared to the same period last year.
- VHA's customer base declined by 3% in 1H 2014 to over 5.2 million (including MVNOs), mainly in the prepaid and MVNO sectors due to stiff competition from alternative providers. However, the postpaid customer base stabilised with steady growth in high value customers.
- In 1H 2014, VHA added on average more than 100 new 4G sites each month and this is expected to increase to 300 new sites a month later in 2014. The VHA network covered 96% of the Australian population at the end of June and continues to expand.
- VHA's operating losses continue to be included as a P&L charge under "Others" of the Group's profits on disposal of investments and others line as VHA continues with its shareholder sponsored restructuring under the leadership of Vodafone under the applicable terms of our shareholders' agreement since 2H 2012.

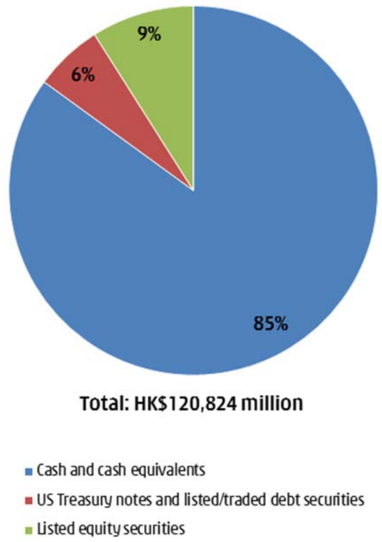
# Financial profile

## Net Debt Ratio remaining below 25% with healthy liquidity

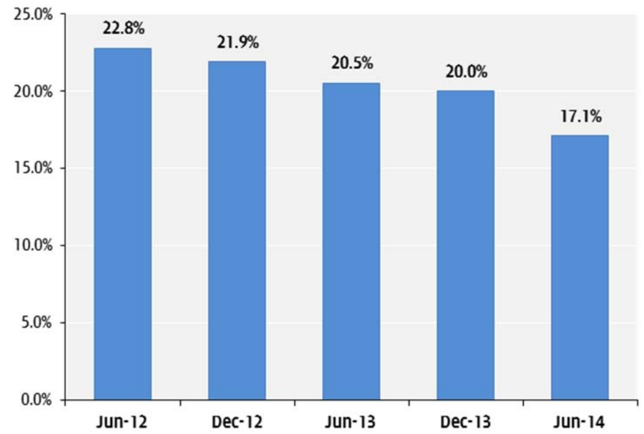
### Debt Maturity Profile at 30 June 2014




### Liquid Assets by Type at 30 June 2014



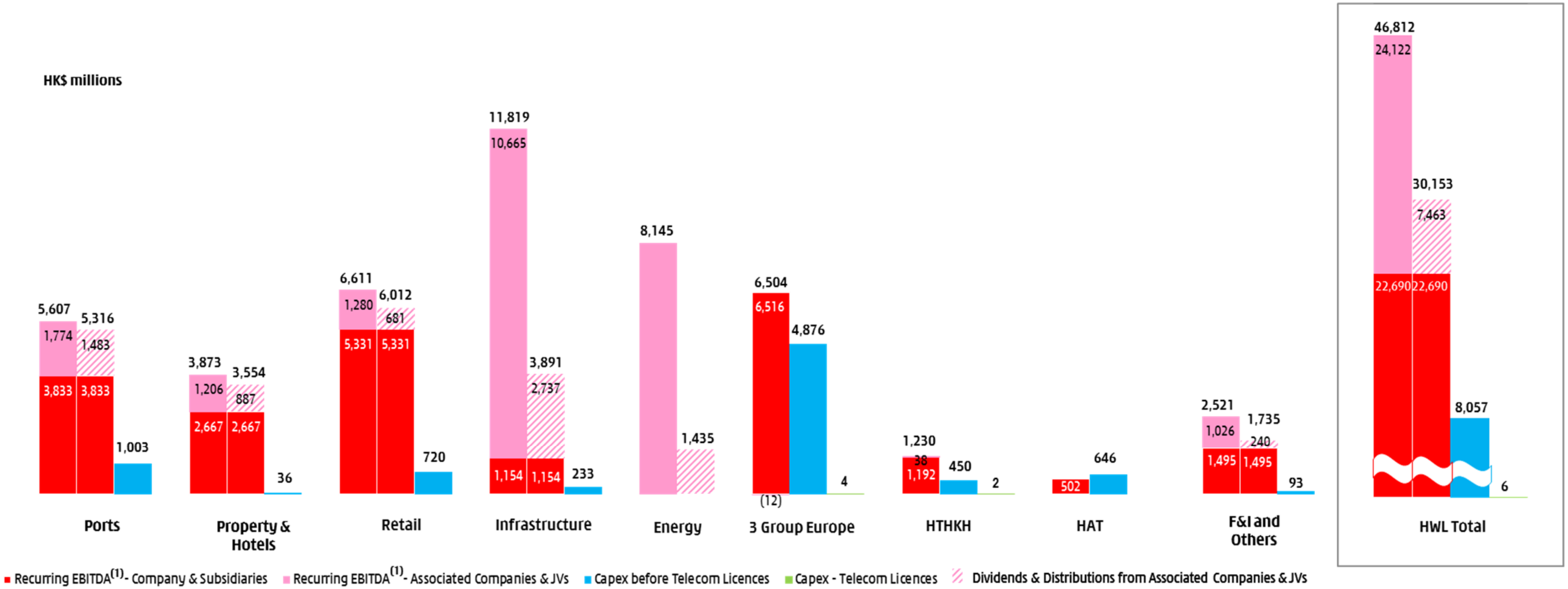

### Net Debt to Net Total Capital Ratio



# Financial profile

## 1H 2014 EBITDA, Dividends and Distributions from Associated Companies and JVs less Capex of Company & Subsidiaries

by division




*Note (1): EBITDA excludes non-controlling interests' share of results of HPH Trust and the profits on disposal of investment and others.*

# 2014 Interim Results

- Reported revenue grew 3% and recurring earnings up 13% from the same period last year.
- Declared an interim dividend of HK$0.66 per share, a 10% increase.
- Paid a special dividend of HK$7.00 per share, amounting to approximately HK$30 billion, in May 2014 after the Temasek's acquisition of 24.95% equity interest in A.S. Watson Holdings for approximately HK$44 billion.
- Healthy cash generation with 4% reported EBITDA growth to HK$46.8 billion and a 7% increase in funds from operations to HK$24.8 billion for 1H 2014.
- Net Debt ratio reduced to 17.1% at 30 June 2014.