



Hutchison Whampoa Limited
和記黃埔有限公司

stock code: 13

2014 Annual 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 2014

Reported Revenue ⁽¹⁾	HK\$421.5bn	+2%
Reported EBITDA ⁽¹⁾	HK\$98.9bn	+3%
Reported EBIT ⁽¹⁾	HK\$65.7bn	+2%
Reported Earnings	HK\$67.2bn	+116%
Recurring Earnings ⁽²⁾	HK\$32.0bn	+3%
Reported Earnings per share	HK\$15.75	+116%
Recurring Earnings per share ⁽²⁾	HK\$7.51	+3%
Full Year Dividend per share ⁽³⁾	HK\$2.415	+5.0%
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 and recurring EPS are calculated based on profits attributable to ordinary shareholders before property revaluation after tax and profits on disposal of investments and others after tax. Profits on disposal of investments and others, after tax in 2014 were HK\$10,048 million. Property revaluation gains, after tax for 2014 totalled HK\$25,100 million. Profits on disposal of investments and others after tax in 2013 were HK\$52 million. Property revaluation gains, after tax for 2013 totalled HK\$32 million. See note 6 to the accounts on the details of the profits on disposal of investments and others, after tax for 2014 and 2013.

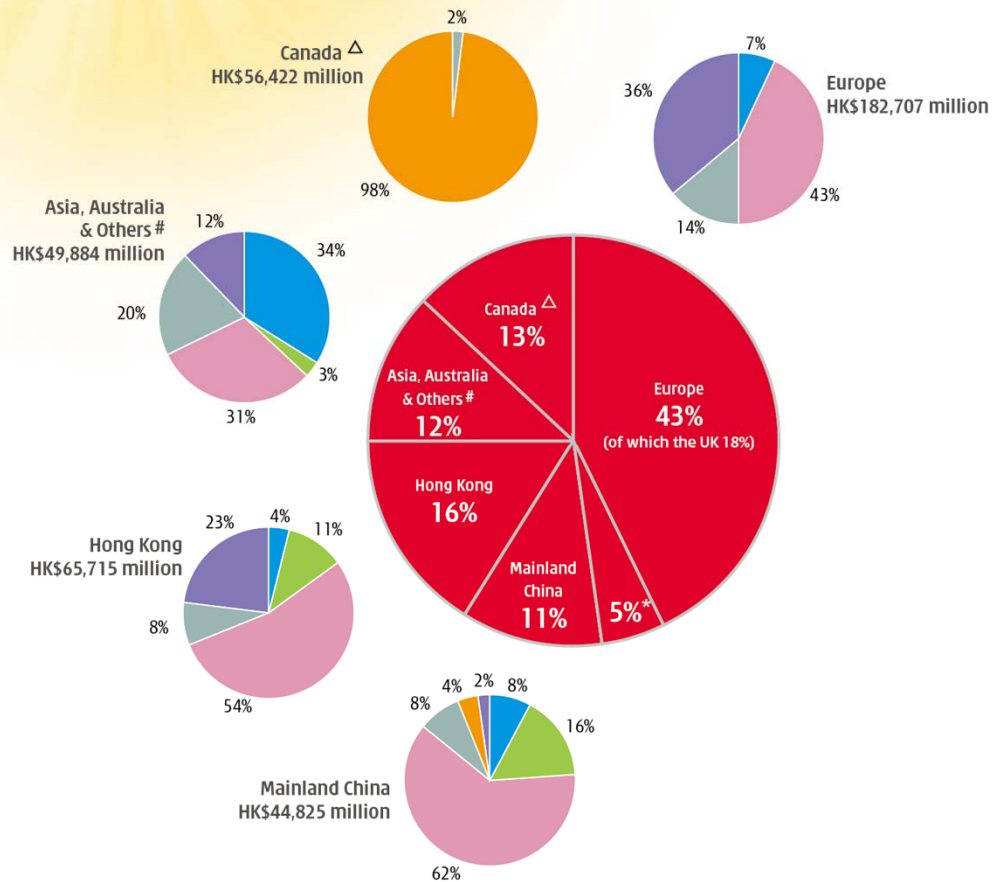
Note (3): Full year dividend per share excludes special dividend of HK\$7.00 per share.

Business & Geographical Diversification

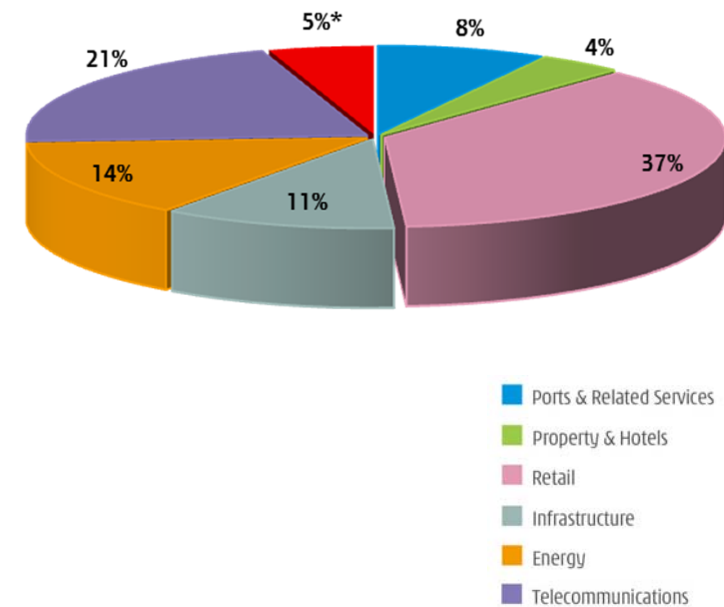
2014 Reported Revenue: HK\$421,472 million

Growth of 2%

2014 Revenue Contribution
by Geographical Location



2014 Revenue Contribution
by Division



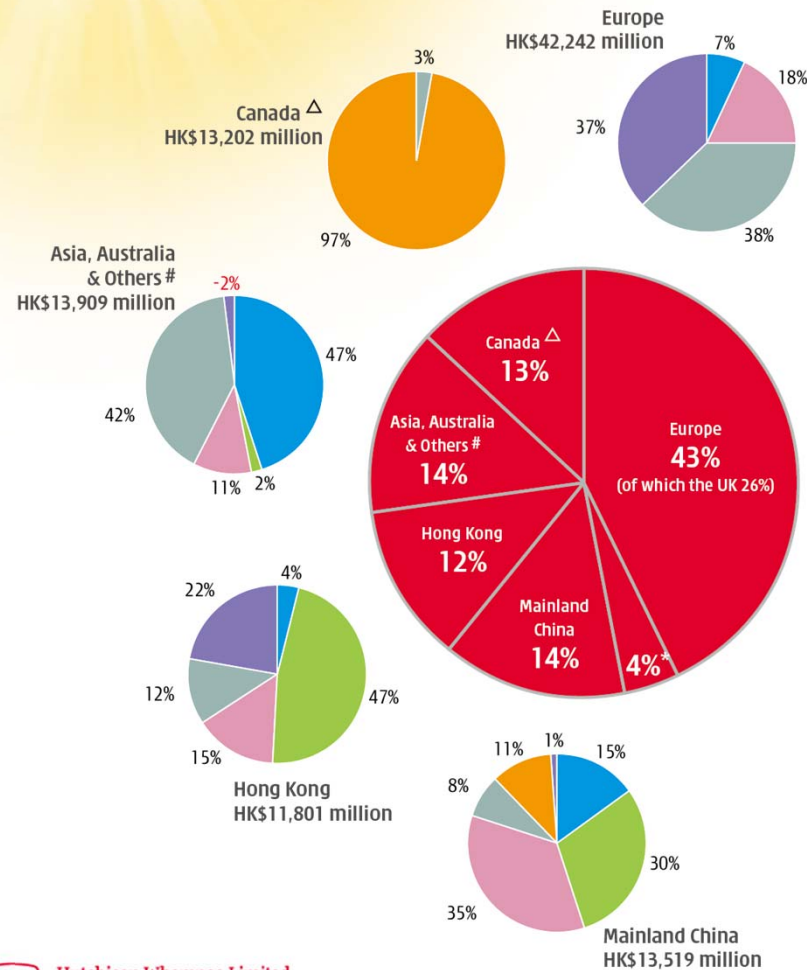
* Represents contributions from Finance & Investments and Others
Includes Panama, Mexico and the Middle East
△ Includes contribution from the USA for Husky Energy

Business & Geographical Diversification

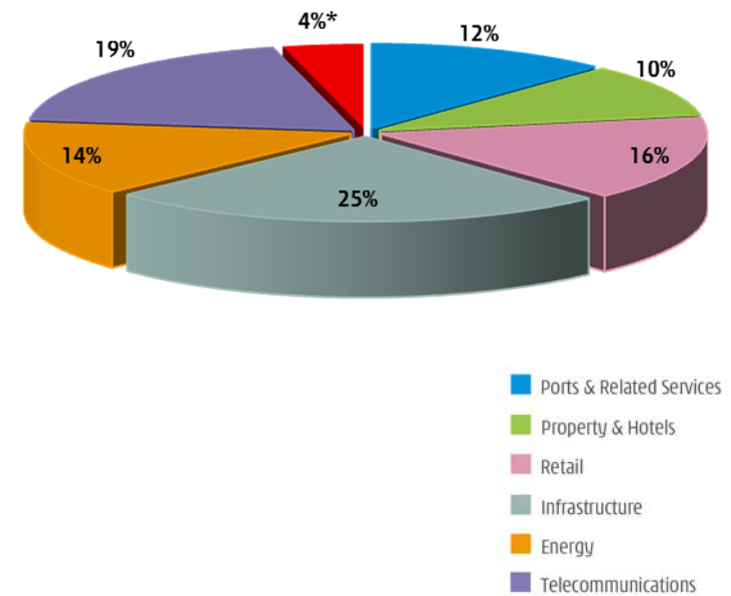
2014 Reported EBITDA: HK\$98,873 million

Growth of 3%

2014 EBITDA Contribution
by Geographical Location



2014 EBITDA Contribution
by Division

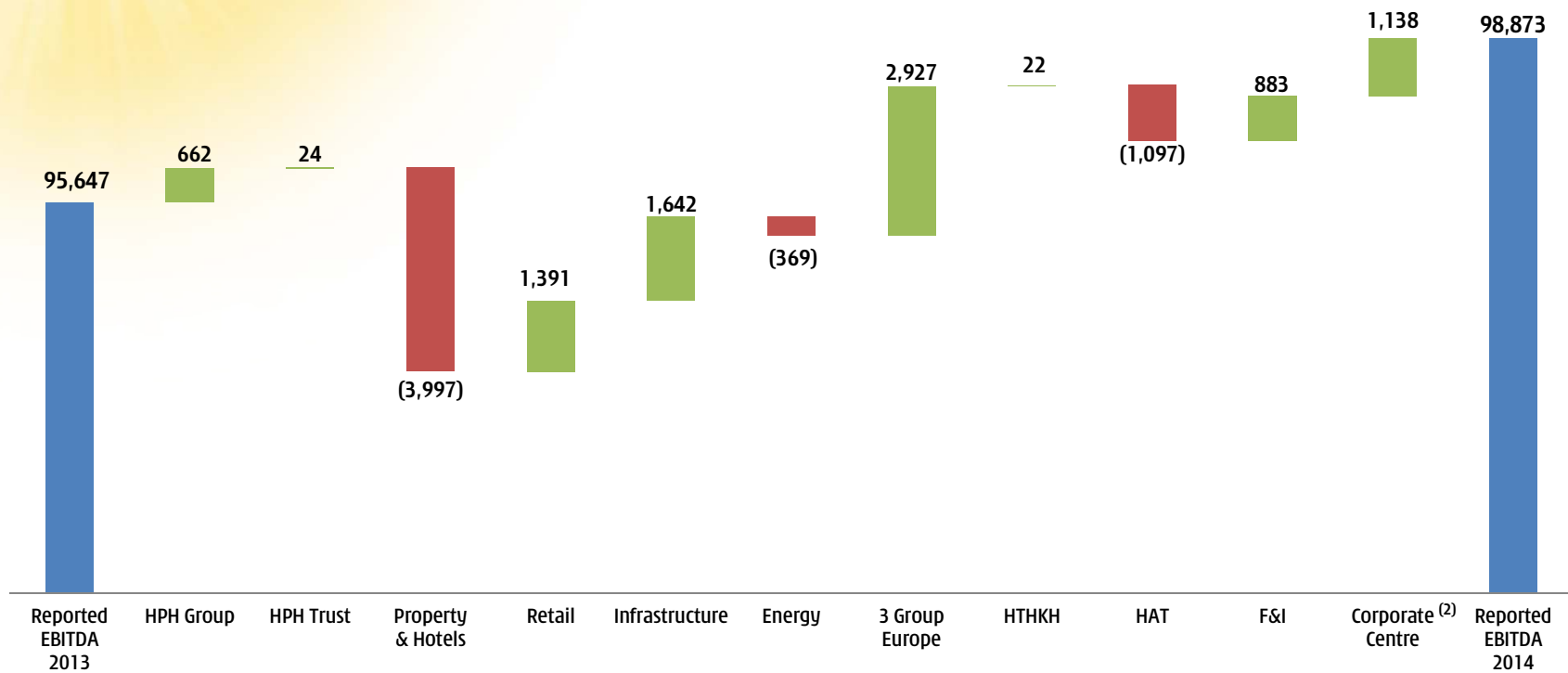


* Represents contributions from Finance & Investments and Others
Includes Panama, Mexico and the Middle East
Δ Includes contribution from the USA for Husky Energy

Business & Geographical Diversification

EBITDA Growth

2014 Reported EBITDA⁽¹⁾ (HK\$ millions)
Growth of 3%



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

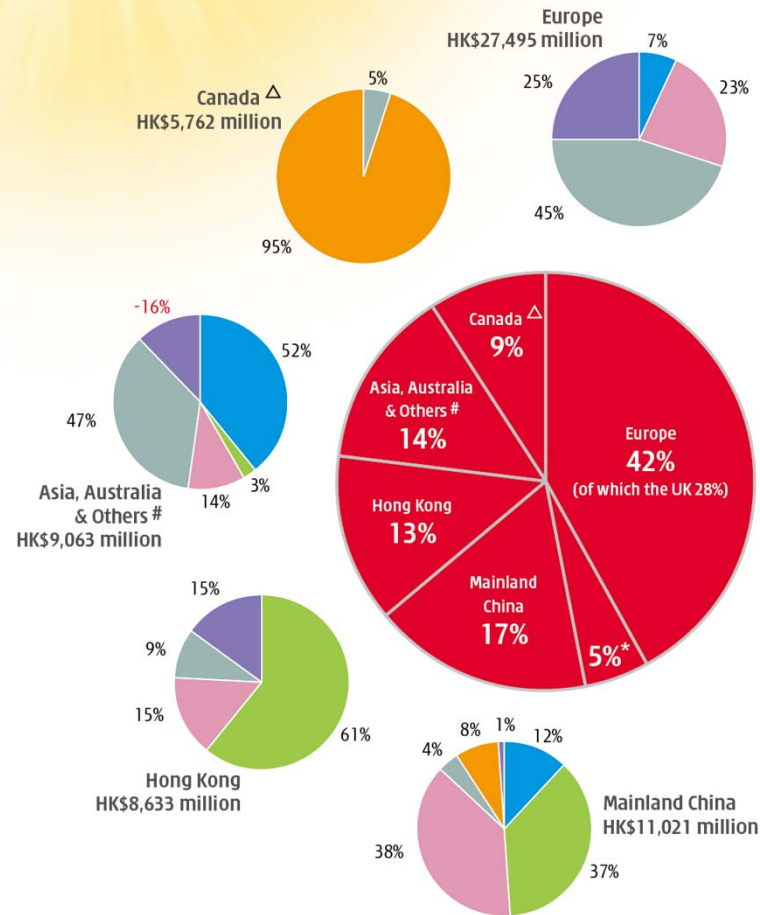
Note (2): Corporate Centre is "Others" and includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business and corporate overhead and expenses.

Business & Geographical Diversification

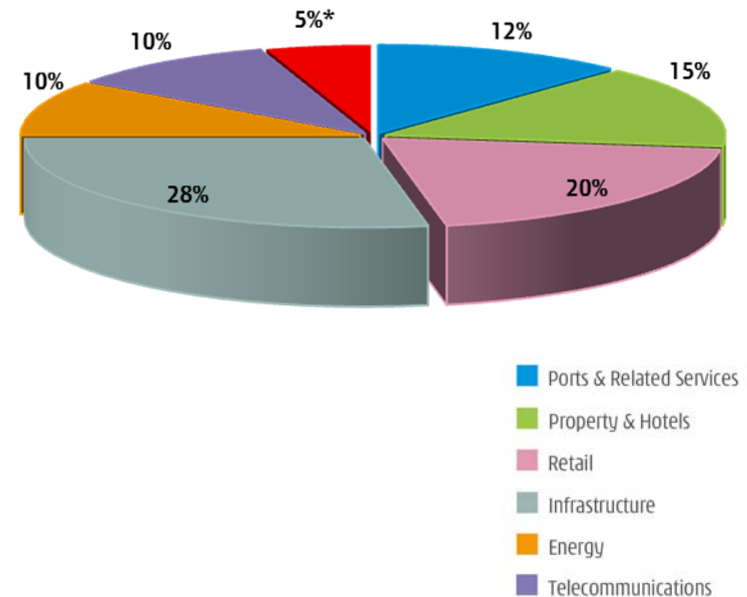
2014 Reported EBIT: HK\$65,713 million

Growth of 2%

2014 EBIT Contribution
by Geographical Location



2014 EBIT Contribution
by Division



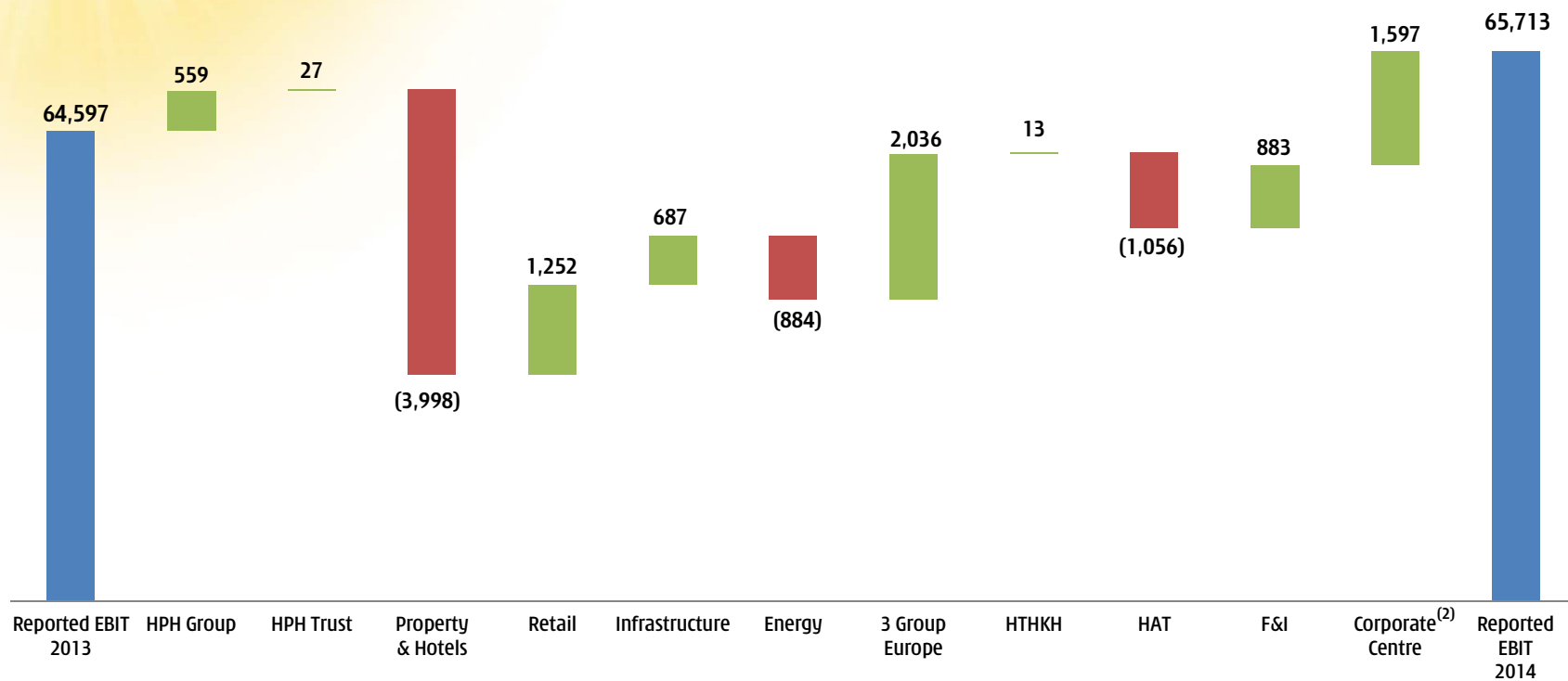
* Represents contributions from Finance & Investments and Others
Includes Panama, Mexico and the Middle East
 Δ Includes contribution from the USA for Husky Energy

Business & Geographical Diversification

EBIT Growth

2014 Reported EBIT⁽¹⁾ (HK\$ millions)

Growth of 2%



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

Note (2): Corporate Centre is "Others" and includes Hutchison Whampoa (China), Hutchison E-Commerce, Hutchison China MediTech, TOM Group, Hutchison Water, the Marionnaud business and corporate overhead and expenses.

European Contribution

Revenue, EBITDA & EBIT

2014 Total Revenue

	HK\$ billions	Change (%)
Europe	182.7	+7%
Non-Europe ⁽¹⁾	238.8	-1%
Total HWL	421.5	+2%

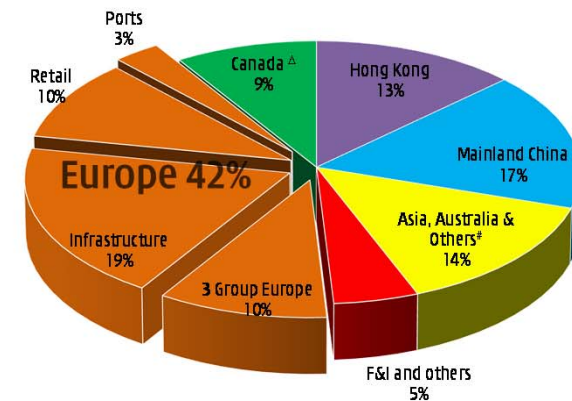
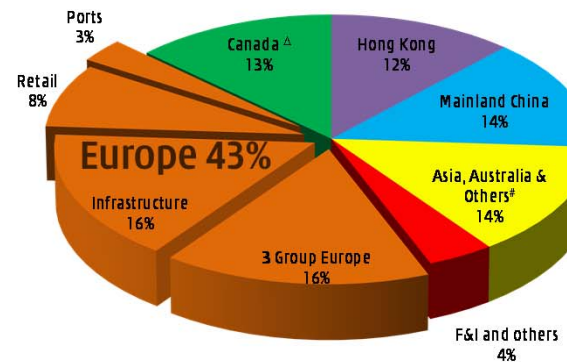
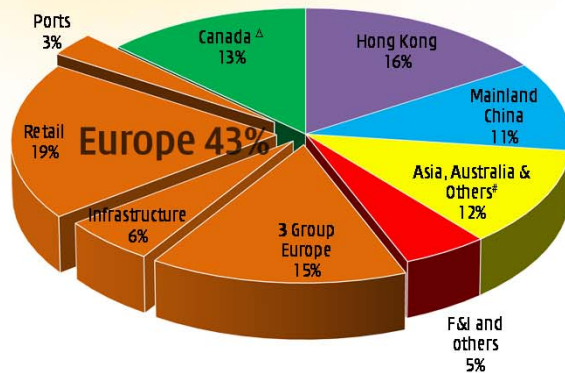
2014 EBITDA

	HK\$ billions	Change (%)
Europe	42.2	+14%
Non-Europe ⁽¹⁾	56.7	-4%
Total HWL	98.9	+3%

2014 EBIT

	HK\$ billions	Change (%)
Europe	27.5	+15%
Non-Europe ⁽¹⁾	38.2	-6%
Total HWL	65.7	+2%

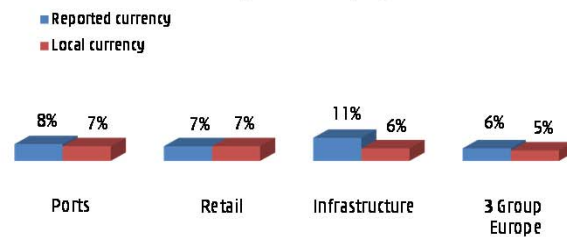
Note (1): Includes Finance & Investments and Others



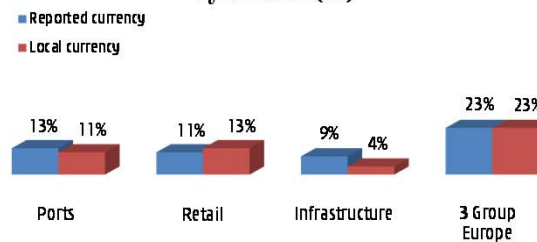
Includes Panama, Mexico and the Middle East

Δ Includes contribution from the USA for Husky Energy

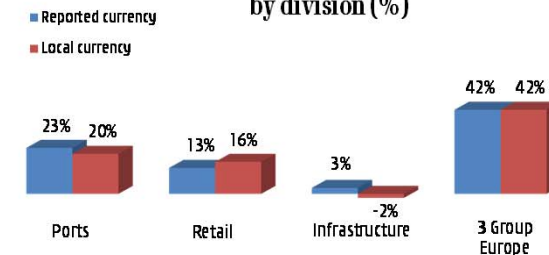
Revenue - European growth by division (%)



EBITDA - European growth by division (%)



EBIT - European growth by division (%)

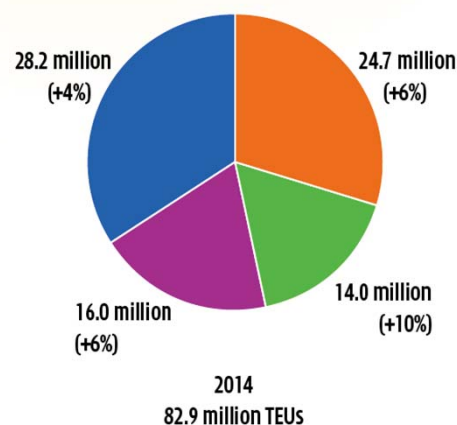


Ports and Related Services

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

	2014 HK\$ millions	2013 HK\$ millions	Change	Change in local currency
Total Revenue ⁽¹⁾	35,624	34,119	+4%	+6%
EBITDA ⁽¹⁾	12,133	11,447	+6%	+7%
EBIT ⁽¹⁾	7,944	7,358	+8%	+9%
Throughput	82.9 million TEU	78.3 million TEU	+6%	NA

Total Container Throughput (+6%) by Subdivision



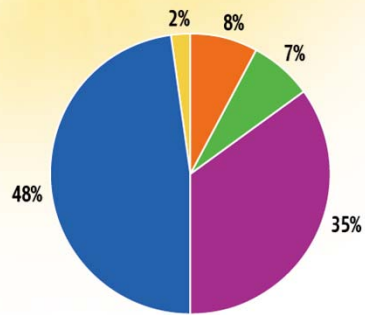
* Asia, Australia and Others includes Panama, Mexico and the Middle East.

- Throughput increased 6% to 82.9 million TEU in 2014 when compared to last year, reflecting generally stable recovery in all key markets of this division except for Mexico and Indonesia which experienced keen competition in the year.
- EBITDA was up 6% against last year due to the strong performances of all segments, particularly in Europe, partly offset by lower contribution from Indonesia, the start-up losses of the Australian ports, 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 8% in 2014. The growth in EBIT was higher relative to the increase in EBITDA due to the lower increase in depreciation charges as 2013 includes accelerated depreciation charges against certain assets at London Thamesport.
- 282 operating berths at the end of 2014, a net increase of 4 operating berths. In 2014, 6 new berths commenced operations, with the opening of additional berths in Brisbane, Australia (1), Westports, Malaysia (2) and Sohar, Oman (3). The 2 berths of the old terminal in Oman ceased operations and will be returned to the Port Authority after the full migration of the operations to the new 3-berth terminal.
- 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 have been adjusted to exclude non-controlling interests' share of results of HPH Trust.

Ports and Related Services

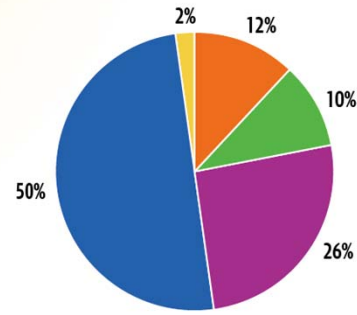
Total Revenue (+4%)
by Subdivision



2014
HK\$35,624 million



EBITDA (+6%)
by Subdivision



2014
HK\$12,133 million



* Asia, Australia and Others includes Panama, Mexico and the Middle East.

- Included under "profits on disposal of investment and others" are impairment charges and related provisions, net of tax and NCI, totalling HK\$581 million that were recognised in the year on certain non-performing ports assets in the Netherlands and Italy, as well as on logistics assets in Australia.

Outlook

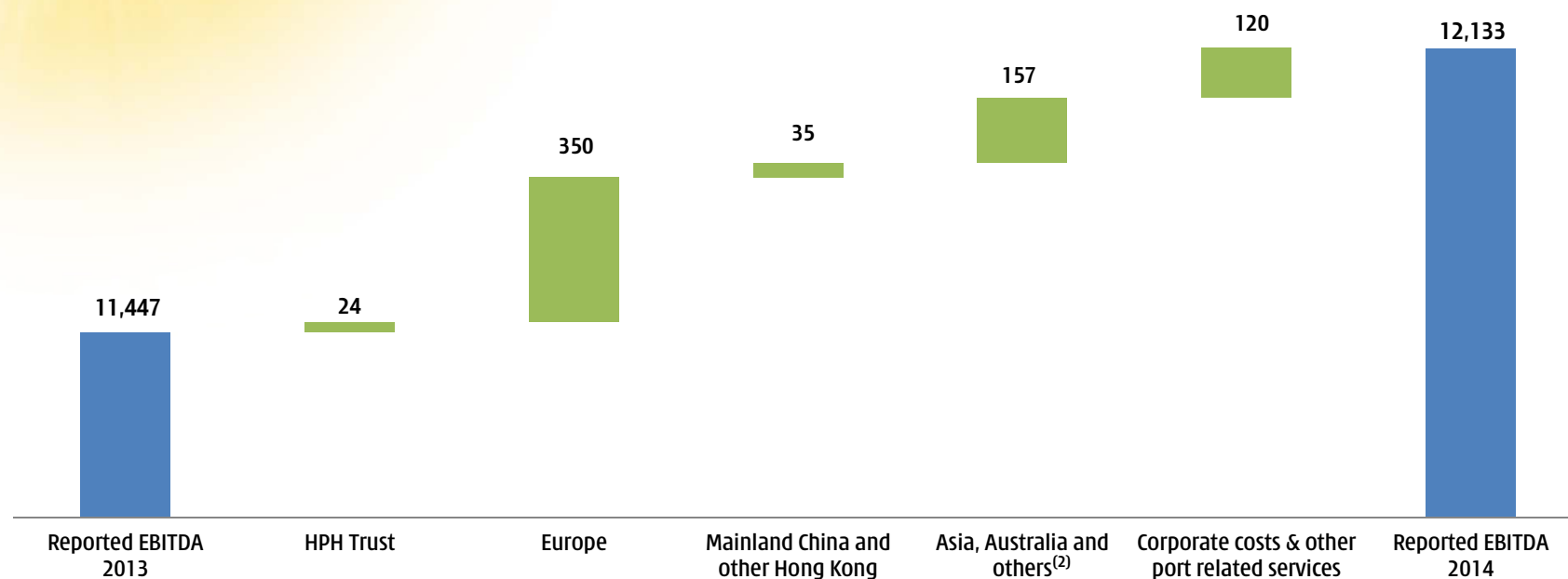
- 5 additional berths will become operational in 2015, comprising Dammam, Saudi Arabia (2); Barcelona, Spain (2); and Felixstowe, the UK (1).
- The division will continue to focus on productivity gains, cost efficiency and selective acquisition and development opportunities to achieve earnings growth.

Ports and Related Services

EBITDA Growth

2014 Reported EBITDA⁽¹⁾ (HK\$ millions)

Growth of 6%



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

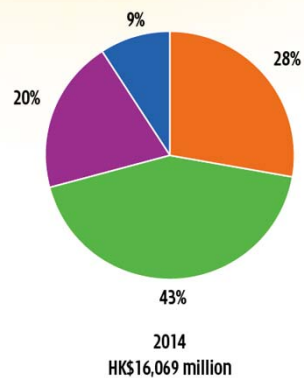
Note (2): Asia, Australia and others includes Panama, Mexico and the Middle East.

Property and Hotels

4% of Group Revenue, 10% of Group EBITDA & 15% of Group EBIT

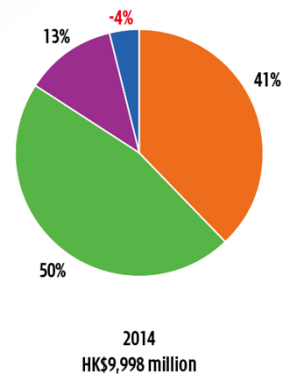
	2014 HK\$ millions	2013 HK\$ millions	Change	Change in local currency
Total Revenue	16,069	24,264	-34%	-33%
EBITDA	9,998	13,995	-29%	-28%
EBIT	9,661	13,659	-29%	-29%

Total Revenue (-34%)
by Subdivision



Investment Properties Development Properties
Hotels Others

EBITDA (-29%)
by Subdivision



Investment Properties Development Properties & Gains on Disposals
Hotels Others⁽¹⁾

Note (1): Others 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.

Investment Properties

- Overall gross rental income, including share of rental income from the commercial properties of our hotel division, was 6% higher than 2013 at HK\$4,532 million mostly due to the continuing trend of rising rental renewal rates.
- Attributable 11.8 million sq.ft. Gross Floor Area ("GFA") portfolio of rental properties in Hong Kong and attributable 1.5 million sq.ft. GFA portfolio in the Mainland and overseas.
- The Group's investment properties generated 6.1% yield on carrying value of approximately HK\$73,600 million.
- Investment properties average occupancy rate at 96% (2013: 97%).

Hotels

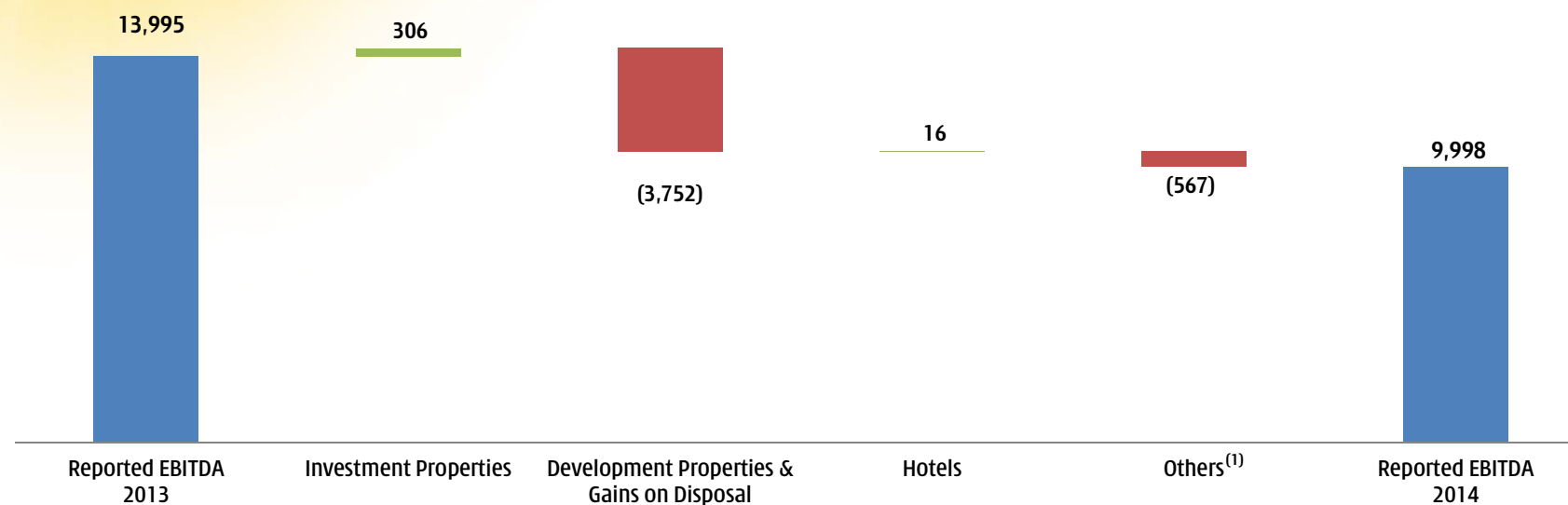
- The Group has an average effective interest⁽²⁾ of approximately 63% in the 8,503 total rooms of the 11 hotels mainly in Hong Kong (an attributable share of GFA of approximately 1.9 million sq.ft. in Hong Kong).
- Attributable hotel operating profit ("HOP")⁽³⁾ per sq.ft. for Hong Kong hotels ranges from HK\$12 per sq. ft. per month to HK\$71 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 20.1% EBIT yield on its attributable carrying value of these hotels of approximately HK\$3,581 million.

Property and Hotels

EBITDA Movement

2014 Reported EBITDA (HK\$ millions)

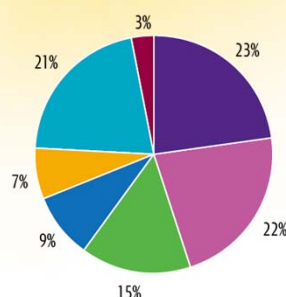
Change of -29%



Note (1): Others includes net service income, corporate overheads, impact of foreign exchange rate movements and others.

Property and Hotels

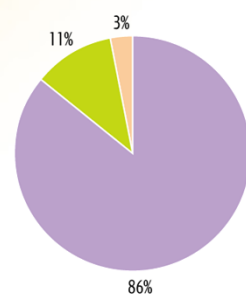
Gross Floor Area of Development Projects by Geographical Location



Total: 78 million square feet



Gross Floor Area of Development Projects by Property Type



Total: 78 million square feet



Development Activities

- Attributable landbank of approximately 78 million sq.ft., comprising 38 projects in 21 cities, of which approximately 76 million sq.ft. is in the Mainland. Average land cost of attributable landbank in the Mainland is approximately RMB238 per sq.ft. or HK\$298 per sq.ft.
- Average land cost relating to the recognised sale of residential properties in 2014 in the Mainland is approximately HK\$281 per sq.ft. Average construction cost and average professional, marketing, funding and other costs are approximately HK\$529 per sq.ft. and HK\$412 per sq.ft. respectively for residential properties.
- Completed an attributable share of GFA of approximately 4.7 million sq.ft. in residential and commercial properties in the Mainland during 2014.
- The overall gross margin⁽¹⁾ on commercial and residential development after land appreciation tax ("LAT") for the year was approximately 30%, an increase compared to the 29% for last year.
- The lower contribution of this segment in 2014 reflects the slower sales experienced in the Mainland, particularly in Tier 1 and Tier 2 cities which represented approximately 75% of the division's recognised sales in terms of GFA that continue to experience aggressive discounting throughout the year as a result of mounting liquidity constraints in the industry. Average selling price ("ASP") from the recognised sales of residential property increased 5% to HK\$1,715 per sq.ft. in 2014, reflecting the division's pricing strategy to ensure delivery of a healthy margin return from its premium developments.
- In light of the weak property market, the division has strategically timed both completion and new sales launches for certain projects pending an improvement in market sentiment.

Note (1): Overall gross margin is before marketing costs.

Property and Hotels

Development Properties - Mainland China

	2014	2013	% Change
Total Attributable Sales Value (HK\$ millions)			
Recognised Sales ⁽¹⁾	5,602	14,172	-60%
- of which relates to residential property	4,991	10,830	-54%
ASP ⁽²⁾ of residential property (HK\$/sq.ft.)	1,715	1,636	+5%
Contracted Sales ⁽¹⁾	6,988	14,149	-51%
- of which relates to residential property	5,980	11,122	-46%
ASP ⁽²⁾ of residential property (HK\$/sq.ft.)	1,759	1,861	-5%
Total Attributable Sales in GFA ('000 sq.ft.)			
Presold Property b/f	1,558	2,321	
Recognised Sales in GFA	3,228	7,748	-58%
- of which relates to residential property (No. of units: 2014 : 4,150; 2013 : 9,885)	3,085	7,041	-56%
Contracted Sales in GFA	3,893	6,985	-44%
- of which relates to residential property (No. of units: 2014 : 4,835; 2013 : 8,819)	3,602	6,354	-43%
Presold Property c/f ⁽³⁾	2,223	1,558	

Note (1): Net of business tax

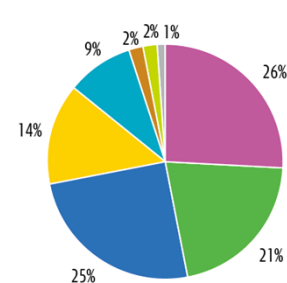
Note (2): ASP is stated inclusive of business tax

Note (3): Presold property value (net of business tax) of HK\$4,415 million and HK\$3,028 million at the end of 2014 and 2013 respectively.

Residential Property Sales

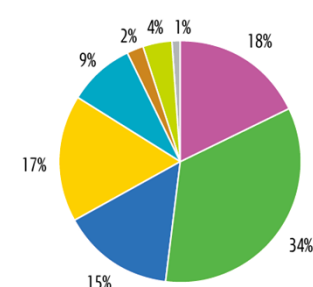
By Geographical Location

Recognised Sales



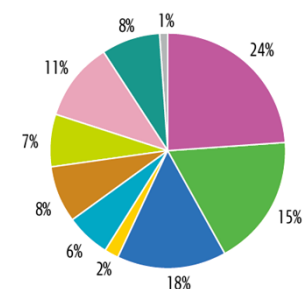
2014: HK\$4,991 million (-54%)

Recognised Sales GFA



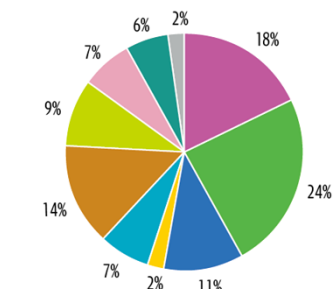
2014: 3.1 million square feet (-56%)

Contracted Sales



2014: HK\$5,980 million (-46%)

Contracted Sales GFA



2014: 3.6 million square feet (-43%)

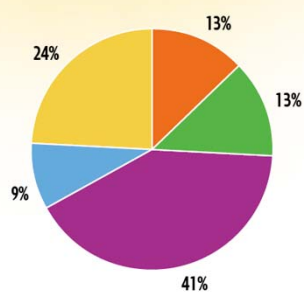
■ Guangdong Province ■ Chengdu ■ Shanghai ■ Changzhou ■ Qingdao ■ Chongqing ■ Xian ■ Nanjing ■ Wuhan ■ Others

Retail

37% of Group Revenue, 16% of Group EBITDA & 20% of Group EBIT

	2014 HK\$ millions	2013 HK\$ millions	Change	Change in local currency
Total Revenue	157,397	149,147	+6%	+6%
EBITDA	15,549	14,158	+10%	+12%
EBIT	13,023	11,771	+11%	+13%
Total Store Numbers	11,435	10,581	+8%	NA

Total Revenue (+6%)
by Subdivision



2014
HK\$157,397 million

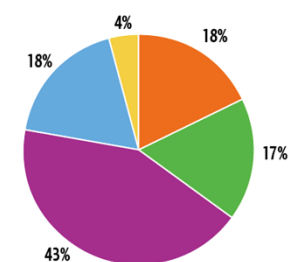


Note (1): Other Retail includes PARKnSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses.

Note (2): 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.

	Total Revenue			
	2014 HK\$ millions	2013 HK\$ millions	Change	Change in local currency
Health & Beauty China	20,408	17,962	+14%	+14%
Health & Beauty Asia	20,843	19,713	+6%	+8%
Health & Beauty China & Asia Subtotal	41,251	37,675	+9%	+11%
Health & Beauty Western Europe	64,505	60,469	+7%	+6%
Health & Beauty Eastern Europe	14,348	13,518	+6%	+13%
Health & Beauty Subtotal	120,104	111,662	+8%	+9%
Other Retail ⁽¹⁾	37,293	37,485	-1%	-
Total Retail	157,397	149,147	+6%	+6%
- Asia	78,544	75,099	+5%	+5%
- Europe	78,853	74,048	+6%	+7%

Total Retail Store Numbers (+8%)
by Subdivision



2014
Total Stores: 11,435

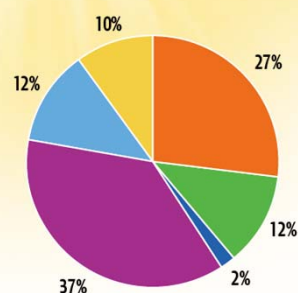


	Store Numbers			Comparable Store Sales Growth ⁽²⁾ (%)	
	2014 Stores	2013 Stores	Change	2014	2013
Health & Beauty China	2,088	1,693	+23%	+3.9%	+0.6%
Health & Beauty Asia	1,940	1,864	+4%	+4.6%	+4.9%
Health & Beauty China & Asia Subtotal	4,028	3,557	+13%	+4.3%	+3.1%
Health & Beauty Western Europe	4,868	4,710	+3%	+3.1%	+2.8%
Health & Beauty Eastern Europe	2,027	1,781	+14%	+2.5%	+3.2%
Health & Beauty Subtotal	10,923	10,048	+9%	+3.4%	+2.9%
Other Retail ⁽¹⁾	512	533	-4%	-1.9%	-0.3%
Total Retail	11,435	10,581	+8%	+2.3%	+2.2%
- Asia	4,540	4,090	+11%	+1.4%	+1.4%
- Europe	6,895	6,491	+6%	+3.0%	+2.9%

Retail

EBITDA by segment

EBITDA (+10%)
by Subdivision



2014
HK\$15,549 million



EBITDA	2014 HK\$ millions	EBITDA Margin %	2013 HK\$ millions	EBITDA Margin %	Change	Change in local currency
Health & Beauty China	4,179	20%	3,567	20%	+17%	+18%
Health & Beauty Asia	1,865	9%	1,779	9%	+5%	+8%
Health & Beauty China & Asia Subtotal	6,044	15%	5,346	14%	+13%	+15%
Health & Beauty Western Europe	5,709	9%	5,168	9%	+10%	+12%
Health & Beauty Eastern Europe	1,900	13%	1,703	13%	+12%	+17%
Health & Beauty Subtotal	13,653	11%	12,217	11%	+12%	+14%
Other Retail ⁽¹⁾	1,546	4%	1,941	5%	-20%	-20%
EBITDA before one-off	15,199	10%	14,158	9%	+7%	+9%
Gain on disposal of airport concession operation	350	-	-	-	+100%	+100%
EBITDA - Total Retail	15,549	10%	14,158	9%	+10%	+12%
- Asia	7,940	10%	7,290	10%	+9%	+10%
- Europe	7,609	10%	6,868	9%	+11%	+13%

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

- EBITDA of HK\$15,549 million was 10% higher than last year. Before taking into account of the gain on disposal of the airport concession operation in July 2014 and the foreign currency translation impact, underlying growth of EBITDA was 9% due to comparable store sales growth of 2.3% and an 8% increase in number of stores to 11,435 stores as at end of 2014.
- The H&B segment overall opened around 1,200 new stores during the year. New store payback of less than 10 months in 2014 remains encouraging. The 9% increase in store numbers in 2014, together with a comparable store sales growth of 3.4% and an improved margin, resulted in a 12% growth in EBITDA (a 14% growth in local currency).
- Total sales growth for H&B China remained strong at 14% with comparable store sales growth of 3.9% and a 23% increase in number of stores compared to 2013. The EBITDA margin of H&B China remained at 20% in 2014.
- Excluding the gain on disposal of the airport concession, Other Retail's EBITDA decreased 20% to HK\$1,546 million in 2014, mainly due to lower contributions from PARKnSHOP operations as well as Fortress during the year due to keen competition and additionally for Fortress due to lack of new product launches.
- 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 2015 and beyond, the Group will continue to expand its portfolio of retail stores, targeting to further expand organically and plans to add around 1,300 stores on a gross basis and around 1,000 stores on a net basis in 2015.

Retail

EBITDA Growth

2014 Reported EBITDA (HK\$ millions)
Growth of 10%



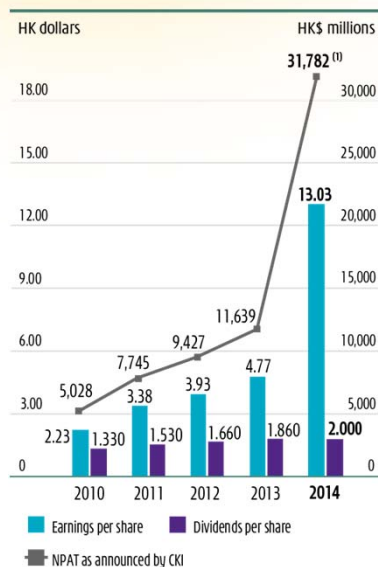
Note (1): Other Retail includes PARKnSHOP, Fortress, Watsons Wine and manufacturing operations for water and beverage businesses and the gain on disposal of the airport concession in July 2014.

Infrastructure

11% of Group Revenue, 25% of Group EBITDA & 28% of Group EBIT

	2014 HK\$ millions	2013 HK\$ millions	Change
Total Revenue	45,419	42,460	+7%
EBITDA	24,483	22,841	+7%
EBIT	18,215	17,528	+4%

Earnings per Share,
Dividends per Share and
NPAT announced by CKI



Note (1): Includes share of gain from Power Asset's IPO of HKEI of approximately HK\$19 billion and gain of approximately HK\$2.2 billion in relation to the AGN transaction.

- Cheung Kong Infrastructure ("CKI")'s announced earnings for 2014 of HK\$31,782 million, which includes its share of gain from Power Assets' separate listing of its Hong Kong electricity business in January 2014 and the marked-to-market gain on the AGN transaction.
- Reported EBIT, after the Group's asset valuation consolidation adjustments, was HK\$18,215 million for 2014, a 4% increase when compared to 2013 mainly due to earnings growth from its UK operations and full-year contributions of the operations acquired in 2013 (Enviro Waste and AVR), together with the accretive earnings of businesses that were acquired in 2014 as follows:
 - In July 2014, a CKI-led joint venture with Cheung Kong completed the acquisition of Park'N Fly, the largest off-airport car park business in Canada for approximately C\$381 million (approximately HK\$2,720 million); and
 - In October 2014, a CKI-led joint venture with Cheung Kong and Power Assets completed its takeover bid for Australian Gas Networks Limited ("AGN", formerly known as Envestra Limited), a distributor of natural gas in Australia, for a cash consideration of A\$1.32 per share. CKI, together with Power Assets, currently owns approximately 72.5% of AGN. The marked-to-market gain of HK\$1,748 million on the disposal of CKI's 17.46% investment in AGN to the joint venture is reported under "Profit on disposal of investments and others, after tax".

The above is partially 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 January 2015, a CKI-led joint venture with Cheung Kong entered into an agreement to acquire Eversholt Rail Group ("Eversholt"), a major rolling stock operating company in the UK. The acquisition has an enterprise value of approximately £2,500 million (approximately HK\$29,300 million) and is expected to complete around April 2015.
- In January 2015, CKI completed a share placement and share subscription transaction and resulted in the Group's interest in CKI reducing from 78.16% to 75.67%.

Energy

14% of Group Revenue, 14% of Group EBITDA & 10% of Group EBIT

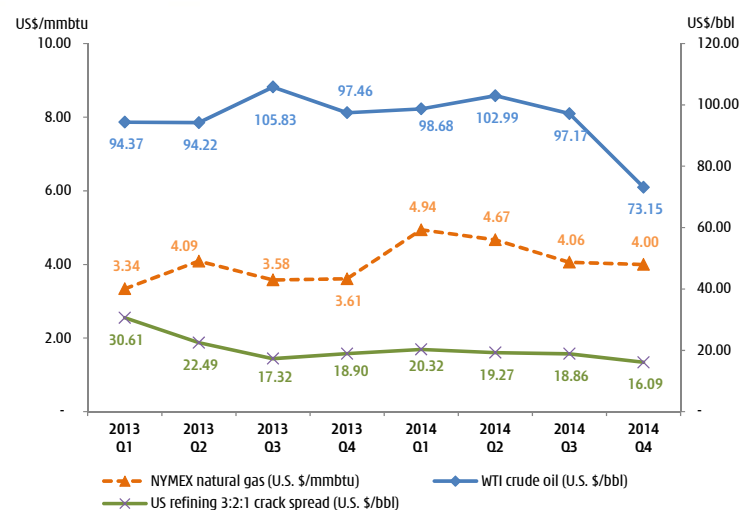
	2014 HK\$ millions	2013 HK\$ millions	Change	Change in local currency
Total Revenue ⁽¹⁾	57,368	59,481	-4%	+3%
EBITDA ⁽¹⁾	14,410	14,779	-2%	+5%
EBIT ⁽¹⁾	6,324	7,208	-12%	-6%
Production	340.1 mboe/day	312.0 mboe/day	+9%	NA

Husky Energy announced results

Year ended 31 December	2014 C\$ millions	2013 C\$ millions	Change
Revenues, net of royalties	24,092	23,317	+3%
Net earnings ⁽²⁾	1,258	1,829	-31%
Cash flow from operations	5,535	5,222	+6%

- Announced profit from operations attributable to shareholders for 2014 decreased 31% to C\$1,258 million. Excluding the after tax impairment charges of C\$622 million and C\$204 million on certain crude oil and natural gas assets in 2014 and 2013 respectively, net earnings decreased 8% to C\$1,880 million in 2014.
- In local currency, EBITDA increased 5% to C\$6,019 million, mainly due to increased crude oil and natural gas production with new production from the Liwan Gas Project and heavy oil thermal developments and higher average realised crude oil and natural gas prices; partially offset by lower refining margins and lower margins in commodity marketing. However, EBIT (before impairment charges) decreased 6% to C\$2,847 million mainly due to higher depreciation from increased production.
- The Group's share of EBITDA and EBIT after translation into Hong Kong dollars and consolidation adjustments, but before the aforementioned impairment charges in both years, decreased 2% and 12% respectively due to adverse foreign exchange movement.
- Average production increased 9% to 340.1 mboe/day in 2014, mainly due to the commencement of natural gas production from the Liwan Gas Project; strong production performance from the heavy oil thermal developments (particularly the Sandall development which began crude oil production in Q1-2014) and increased production from the Ansell multi-zone liquids-rich natural gas resource play.

Average Benchmark

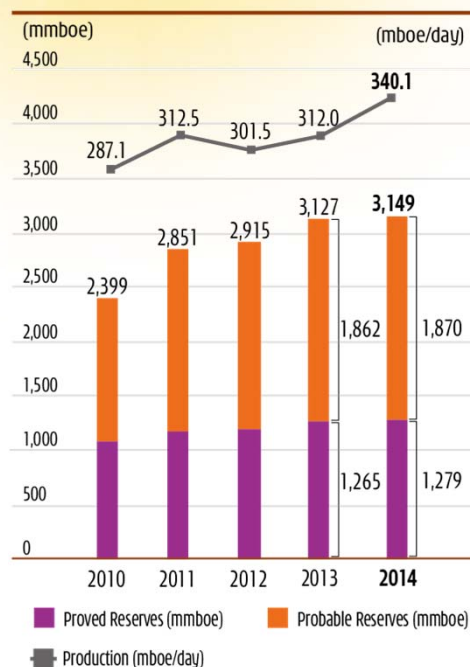


Note (1): Group's share of 33.97% interest in Husky Energy (2013: 33.98%).

Note (2): Net of after tax impairment charges of C\$622 million and C\$204 million in 2014 and 2013 respectively.

Energy

Proved and Probable Reserves & Production



Key Projects / Milestones

- i. Liwan Gas Project (Husky Energy's working interest: 49%)
 - First gas from the Liwan 3-1 gas field achieved in March 2014 and the second gas field at Liuhua 34-2 commenced production in December 2014.
 - Natural gas produced from Liwan 3-1 and Liuhua 34-2 are sold into the Guangdong market, with initial production covered by fixed-price gas sales agreement.
 - Gas sales volumes from fixed price rose to 265 mmcf/day (gross) at the end of 2014. Husky Energy's share of production is its 49% participating interest adjusted for a partial recovery of initial exploration costs. At current production levels at Liwan, initial exploration costs is expected to be fully recovered in 2015. About US\$410 million of approximately US\$800 million of recoverable exploration costs have been recovered to date.
- ii. Heavy Oil
 - The 3,500 bbls/day Sandall thermal development was brought on stream in Q1-2014 with production averaging 5,700 bbls/day in 2014.

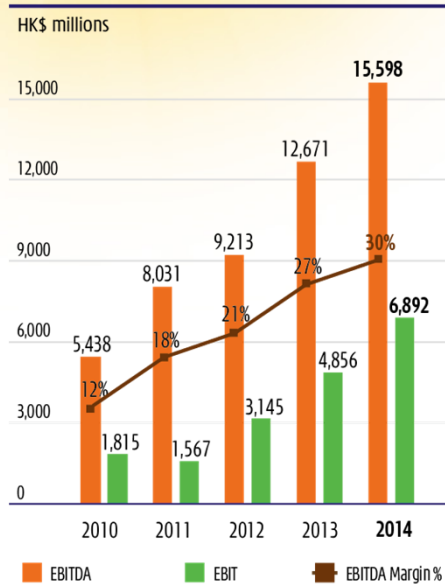
Outlook

- In the current challenging market conditions, Husky Energy is committed to prudent capital management and to maintain a strong balance sheet and liquidity. Operationally, the division will deliver a steady production from sustainable low capital cost projects and will stage its mid to longer-term projects to manage risks.
- Other key projects underway:
 - i. Sunrise Energy Project (Husky Energy's working interest: 50%)
 - Steam operations at Phase I of the Sunrise Energy Project commenced in December 2014. Production from the first 30,000 bbls/day plant is expected at the end of Q1-2015 and the second 30,000 bbls/day plant will commence production in Q3-2015. Production is expected to ramp up over a 2-year period reaching peak production to 60,000 bbls/day (30,000 bbls/day net to Husky Energy) around the end of 2016; and
 - Sunrise contains estimated reserves of 3.70 billion barrels (Proved: 0.44 billion; Probable: 2.40 billion and Possible: 0.86 billion).
 - ii. Heavy Oil Thermal Developments - projects coming online in the next 2 years includes:
 - 10,000 bbls/day Rush Lake heavy oil thermal project - first production expected in Q3-2015;
 - 10,000 bbls/day Edam East heavy oil thermal project - first production expected in Q3-2016;
 - 3,500 bbls/day Edam West heavy oil thermal project - first production expected in Q4-2016; and
 - 10,000 bbls/day Vawn heavy oil thermal development - first production expected in Q4-2016.
 - iii. Asia Pacific
 - Regulatory approval was received for the contract award for a FPSO vessel to develop the liquid-rich BD field in the Madura Strait offshore Indonesia.

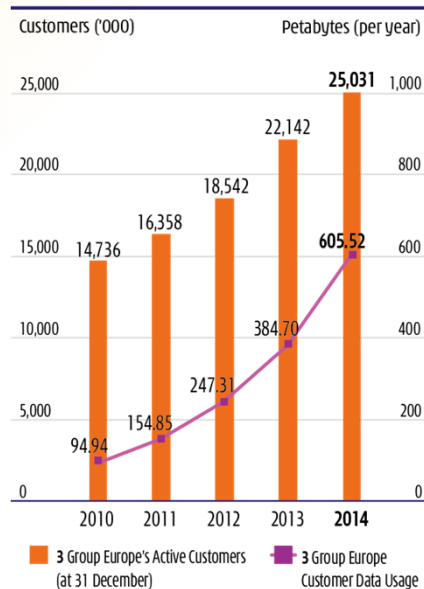
Telecommunications – 3 Group Europe

16% of Group Revenue, 16% of Group EBITDA & 10% of Group EBIT

3 Group Europe - EBITDA & EBIT



3 Group Europe's Active Customers and Data Usage



- Apart from Italy which faced keen competition during the year, all 3 Group Europe operations increased their contributions to the Group's earnings during the year from the enlarged customer base, improved net customer service margin, accretive contribution from 3 Ireland's acquisition of O₂ Ireland and continued realisation of post-merger cost synergies.
- Overall, net customer service margin continued to improve reflecting strong contribution from both smartphone and mobile data segments.
- Operating cost represented 45% of net customer service margin, a reduction from 49% in 2013.
- Healthy growth in EBITDA margin to 30%, up from 27% in 2013.
- On 15 July 2014, the Group completed the acquisition of O₂ Ireland. The restructuring exercise to combine 3 Ireland and O₂ Ireland operations is underway and the combined operation has contributed accretively in the 2H 2014 and achieved a full year EBIT breakeven in 2014.

Outlook

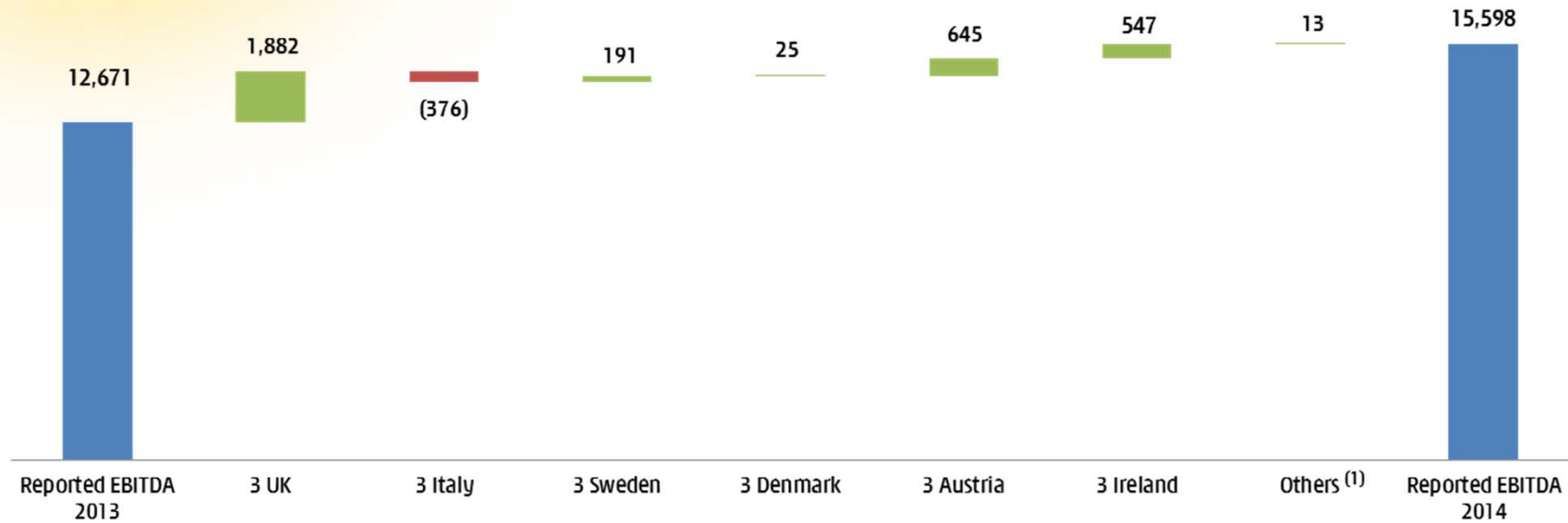
- The Group will continue to explore growth opportunities through potential consolidation in markets which the Group currently operates in, enhancing network capabilities and maintaining operational efficiencies across all operations.
- In January 2015, the Group agreed to enter into exclusive negotiations with Telefónica S A for the potential acquisition of O₂ UK, for an indicative price of £9.25 billion cash and deferred upside interest sharing payments of up to £1 billion upon achievement by the combined business of 3 UK and O₂ UK of agreed financial targets.

Telecommunications – 3 Group Europe

EBITDA Growth

2014 Reported EBITDA (HK\$ millions)

Growth of 23%



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

Telecommunications – 3 Group Europe

Results by operations

In millions	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe	
	GBP		EURO		SEK		DKK		EURO		EURO		HK\$	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total Revenue	2,063	2,044	1,739	1,746	6,407	5,717	2,046	1,998	686	745	436	180	65,623	61,976
% Improvement (Reduction)	1%		-		12%		2%		-8%		142%		6%	
											Local currency change		5%	
- Net Customer Service Revenue	1,459	1,376	1,376	1,352	4,286	3,956	1,799	1,772	564	596	358	149	49,480	45,536
% Improvement (Reduction)	6%		2%		8%		2%		-5%		140%		9%	
											Local currency change		8%	
- Handset Revenue	577	645	308	341	1,893	1,568	178	153	99	129	47	30	14,372	15,062
- Other Revenue	27	23	55	53	228	193	69	73	23	20	31	1	1,771	1,378
Net Customer Service Margin⁽¹⁾	1,169	1,095	1,052	1,004	3,664	3,259	1,566	1,526	464	459	292	116	39,714	35,633
% Improvement	7%		5%		12%		3%		1%		152%		11%	
											Local currency change		11%	
Net Customer Service Margin %	80%	80%	76%	74%	85%	82%	87%	86%	82%	77%	82%	78%	80%	78%
Other margin	10	15	53	49	65	78	32	44	17	18	6	-	1,008	1,015
TOTAL CACS	(807)	(917)	(551)	(519)	(2,543)	(2,096)	(416)	(385)	(123)	(162)	(87)	(48)	(21,514)	(21,675)
Less: Handset Revenue	577	645	308	341	1,893	1,568	178	153	99	129	47	30	14,372	15,062
Total CACS (net of handset revenue)	(230)	(272)	(243)	(178)	(650)	(528)	(238)	(232)	(24)	(33)	(40)	(18)	(7,142)	(6,613)
Operating Expenses	(402)	(421)	(614)	(596)	(1,333)	(1,317)	(626)	(626)	(212)	(262)	(194)	(90)	(17,982)	(17,364)
Opex as a % of net customer service margin	34%	38%	58%	59%	36%	40%	40%	41%	46%	57%	66%	78%	45%	49%
EBITDA	547	417	248	279	1,746	1,492	734	712	245	182	64	8	15,598	12,671
% Improvement (Reduction)	31%		-11%		17%		3%		35%		700%		23%	
											Local currency change		23%	
EBITDA margin % ⁽²⁾	37%	30%	17%	20%	39%	36%	39%	39%	42%	30%	16%	5%	30%	27%
Depreciation & Amortisation	(233)	(210)	(294)	(279)	(752)	(685)	(309)	(292)	(75)	(76)	(64)	(37)	(8,706)	(7,815)
EBIT (LBIT)	314	207	(46)	0.3	994	807	425	420	170	106	0.1	(29)	6,892	4,856
% Improvement (Reduction)	52%		-15433%		23%		1%		60%		100%		42%	
											Local currency change		42%	
Capex (excluding licence)	(322)	(271)	(404)	(344)	(790)	(856)	(187)	(252)	(135)	(117)	(126)	(47)	(11,271)	(10,176)
EBITDA less Capex	225	146	(156)	(65)	956	636	547	460	110	65	(62)	(39)	4,327	2,495
Licence⁽³⁾	(1)	(238)	(2)	(21)	-	-	-	-	-	(331)	-	(25)	(38)	(6,824)

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 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 ⁽¹⁾	3 Group Europe
Customer Base - Registered Customers at 31 December 2014 ('000)							
Postpaid	6,061	5,063	1,666	752	2,501	1,164	17,207
<i>% Variance (December 2014 vs December 2013)</i>	3%	8%	9%	4%	-	232%	10%
Prepaid	4,225	4,977	224	374	1,101	1,429	12,330
<i>% Variance (December 2014 vs December 2013)</i>	7%	-1%	40%	24%	18%	134%	12%
Total	10,286	10,040	1,890	1,126	3,602	2,593	29,537
<i>% Variance (December 2014 vs December 2013)</i>	5%	4%	12%	10%	5%	170%	11%

	UK	Italy	Sweden	Denmark	Austria	Ireland ⁽²⁾	3 Group Europe
Customer Base - Active Customers⁽³⁾ at 31 December 2014 ('000)							
Postpaid	5,931	4,952	1,666	752	2,475	1,135	16,911
<i>% Variance (December 2014 vs December 2013)</i>	4%	9%	9%	4%	-	265%	11%
Prepaid	2,483	3,812	134	338	436	917	8,120
<i>% Variance (December 2014 vs December 2013)</i>	12%	4%	46%	21%	22%	287%	18%
Total	8,414	8,764	1,800	1,090	2,911	2,052	25,031
<i>% Variance (December 2014 vs December 2013)</i>	6%	7%	11%	8%	3%	274%	13%

Note (1): Includes approximately 1.5 million registered customers added upon the acquisition of O₂ Ireland in July 2014.

Note (2): Includes approximately 1.5 million active customers added upon the acquisition of O₂ Ireland in July 2014.

Note (3): 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 31 December 2014							
Postpaid ARPU ⁽¹⁾	£26.88	€18.23	SEK300.00	DKK169.25	€21.43	€33.42	€26.59
Prepaid ARPU ⁽¹⁾	£5.30	€7.83	SEK118.05	DKK116.10	€8.22	€16.47	€8.53
Blended Total ARPU ⁽¹⁾	£20.81	€13.57	SEK287.37	DKK153.60	€19.66	€25.85	€20.86
% Variance compared to 31 December 2013	-	-8%	-3%	-11%	-5%	-11%	-1%
12-month Trailing Net Average Revenue per Active User ("Net ARPU")⁽²⁾ to 31 December 2014							
Postpaid Net ARPU ⁽²⁾	£18.91	€18.23	SEK216.11	DKK156.03	€17.63	€29.75	€21.24
Prepaid Net ARPU ⁽²⁾	£5.30	€7.83	SEK118.05	DKK116.10	€8.22	€16.47	€8.53
Blended Total Net ARPU ⁽²⁾	£15.08	€13.57	SEK209.30	DKK144.27	€16.37	€23.82	€17.20
% Variance compared to 31 December 2013	-	-8%	-1%	-10%	-7%	-1%	-1%
12-month Trailing Net Average Margin per Active User ("Net AMPU")⁽³⁾ to 31 December 2014							
Postpaid Net AMPU ⁽³⁾	£15.02	€13.84	SEK185.22	DKK136.41	€14.47	€25.05	€17.05
Prepaid Net AMPU ⁽³⁾	£4.57	€6.10	SEK93.54	DKK99.31	€7.09	€12.50	€6.87
Blended Total Net AMPU ⁽³⁾	£12.09	€10.37	SEK178.86	DKK125.48	€13.49	€19.45	€13.82
% Variance compared to 31 December 2013	-	-5%	2%	-9%	-	3%	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 year.

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 year.

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 year.

Telecommunications – 3 Group Europe

Key Business Indicators

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

2014	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	59%	50%	88%	67%	69%	45%	58%
Contract customers' contribution to the net customer service revenue base (%)	90%	74%	96%	76%	93%	69%	84%
Average monthly churn rate of the total contract registered customer base (%)	1.6%	2.3%	1.4%	2.7%	0.6%	1.5%	1.7%
Active contract customers as a % of the total contract registered customer base	98%	98%	100%	100%	99%	98%	98%
Active customers as a % of the total registered customer base	82%	87%	95%	97%	81%	79%	85%
Data usage per active customer (Gigabyte)							25.4

2013	UK	Italy	Sweden	Denmark	Austria	Ireland	3 Group Europe Average
Contract customers as a % of the total registered customer base	60%	48%	91%	71%	73%	37%	59%
Contract customers' contribution to the net customer service revenue base (%)	89%	80%	97%	77%	94%	75%	87%
Average monthly churn rate of the total contract registered customer base (%)	1.6%	2.3%	1.4%	2.4%	0.7%	1.2%	1.7%
Active contract customers as a % of the total contract registered customer base	97%	97%	100%	100%	99%	89%	98%
Active customers as a % of the total registered customer base	81%	85%	96%	98%	83%	57%	83%
Data usage per active customer (Gigabyte)							18.2

Telecommunications – HTHKH & HAT

HTHKH

4% of Group Revenue, 3% of Group EBITDA & 2% of Group EBIT

	2014 HK\$ millions	2013 HK\$ millions	Change
Total Revenue	16,296	12,777	+28%
EBITDA	2,780	2,758	+1%
EBIT	1,380	1,367	+1%

- HTHKH had a combined active mobile customer base of approximately 3.2 million in Hong Kong and Macau.
- EBITDA and EBIT both improved by 1% from 2013. The growth in fixed line business is offset by the weaker performance of the mobile business.
- The mobile business experienced keen price competition resulting in decreased net customer service revenue, partially compensated by higher hardware sales after the launch of more popular handsets and tariff price increase in 2H 2014. The intense pricing pressure has gradually eased by the end of 2014 and the EBITDA and EBIT of HTHKH for the 2H 2014 were 26% and 57% improvement against 1H 2014 and 24% and 58% improvement against 2H 2013 respectively. The operation is expecting an improved performance in 2015.
- The fixed line business continues to achieve steady growth through higher revenue generated from carrier as well as corporate and business segments with the continued focus on efficiency and cost management.

HAT

1% of Group Revenue, -0.3% of Group EBITDA & -2% of Group EBIT

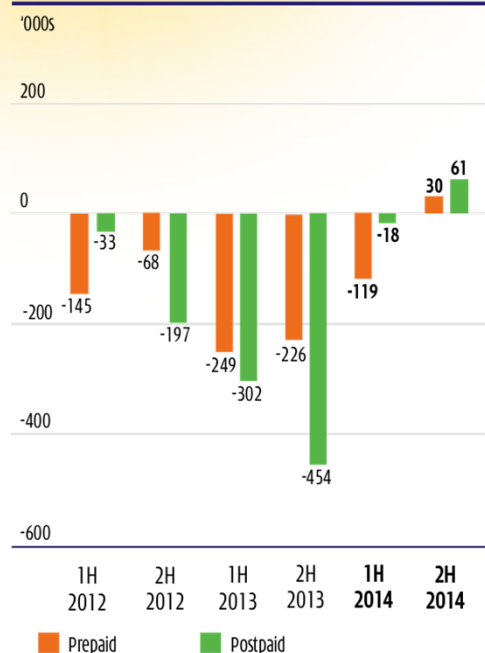
	2014 HK\$ millions	2013 HK\$ millions	Change
Total Revenue	5,757	6,295	-9%
EBITDA / (LBITDA)	(278)	819	-134%
LBIT	(1,465)	(409)	-258%

- HAT had an active customer base of approximately 54.5 million with operations in Indonesia, Vietnam and Sri Lanka.
- The adverse performances and change from a positive EBITDA of HK\$502 million reported for 1H 2014 to a LBITDA for 2H 2014 of HK\$780 million and HK\$278 million for the full year were mainly due to charges in the year of approximately HK\$1.1 billion relating to inappropriate dealer credit and commissioning practices in the Indonesian operation.
- Senior management of the Indonesian operation has been replaced and strengthened internal controls put in place to prevent any recurrence, and for the business to remain on a strong growth footing.

Telecommunications – HTAL , Share of VHA

	2014 A\$ millions	2013 A\$ millions	Change
Announced Total Revenue	1,748	1,776	-2%
Announced Loss Attributable to Shareholders	(286)	(230)	-24%

VHA Net Customers Additions

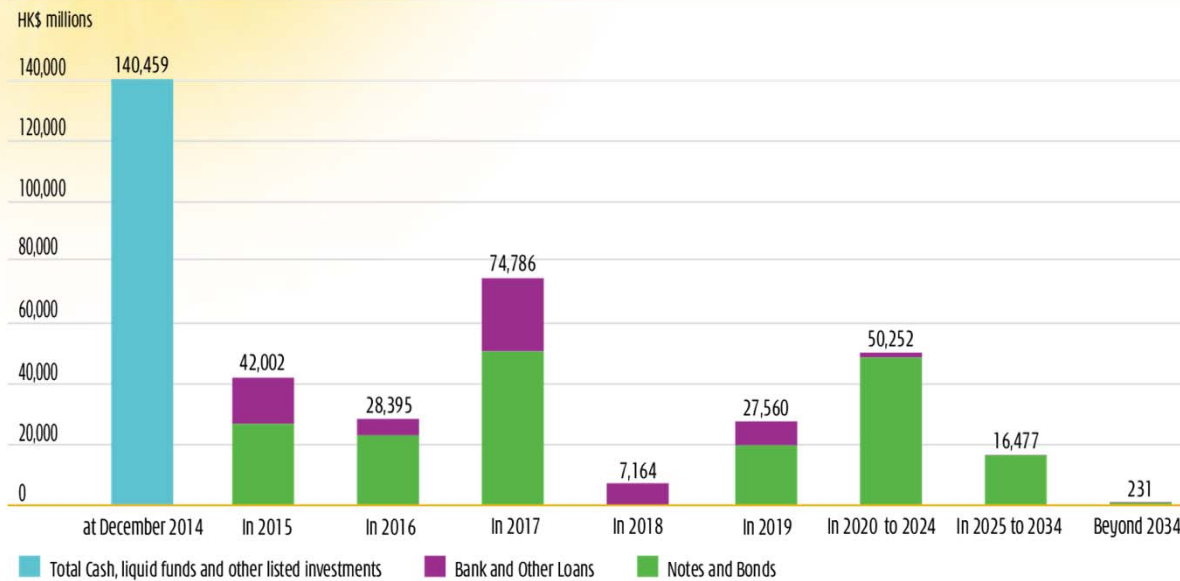


- HTAL owns 50% of VHA and announced a A\$286 million loss attributable to shareholders in 2014, an increase of 24% as compared to last year, which includes accelerated depreciation on certain network assets in light of the strategic plan to build an expanded and more resilient network. Excluding this one-off charge, the underlying loss improved 7% compared to 2013.
- Despite the reported losses, VHA achieved breakeven unlevered operating free cash flow before spectrum payments in 2014, reflecting improved working capital and capex management. This encouraging achievement demonstrated VHA management's continued focus on turning the company around to profitability.
- VHA's customer base remained stable at approximately 5.3 million (including MVNOs) at 31 December 2014, with customer growth in 2H 2014. With the continued geographic expansion of the network and an increased retail presence across Australia, VHA will build on and continue to grow its customer base.
- VHA now has over 2,000 LTE sites switched on and its 4G coverage reaches 95% of the Australian metropolitan population.
- 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.

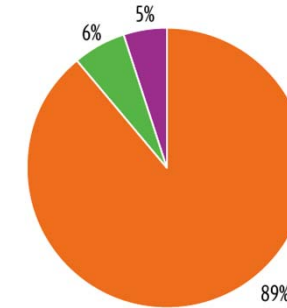
Financial profile

Net Debt Ratio remaining below 25% with healthy liquidity

Debt Maturity Profile at 31 December 2014



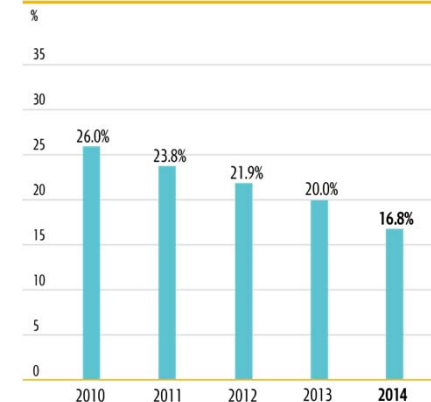
Liquid Assets by Type at 31 December 2014



Total: HK\$140,459 million

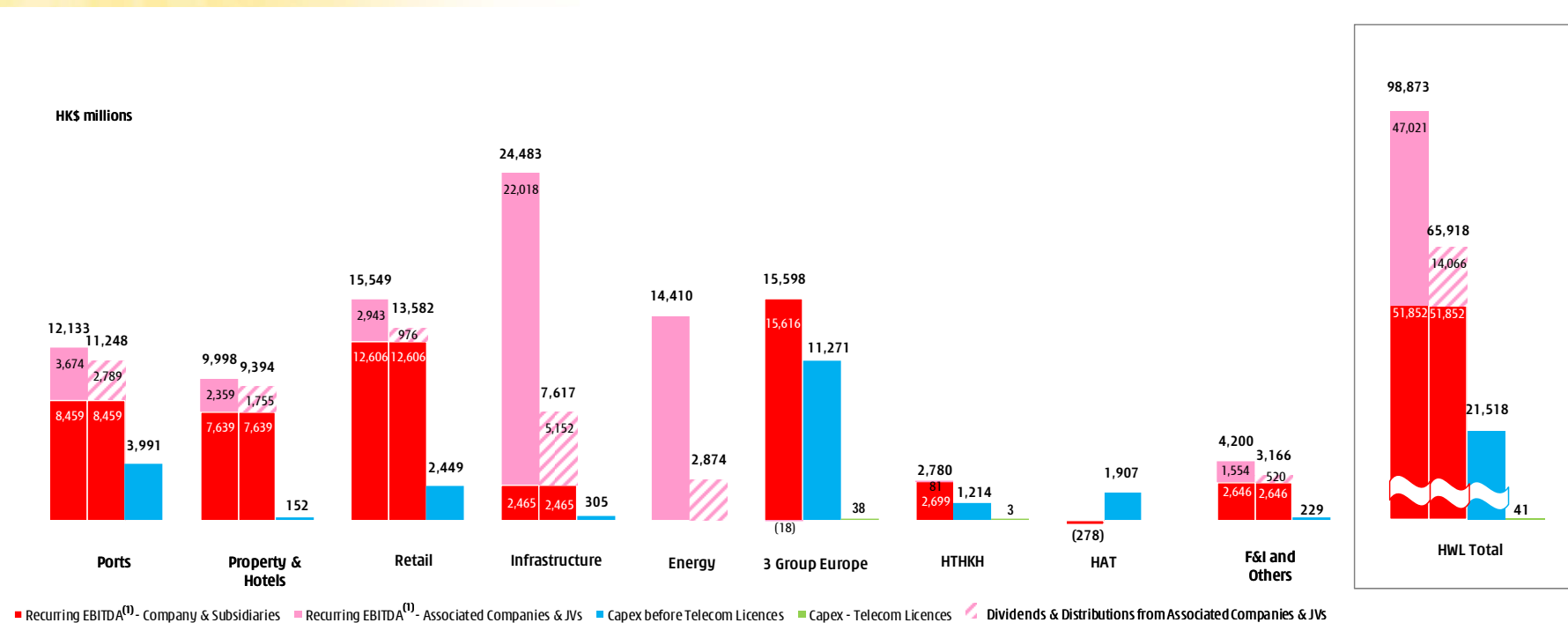
- Cash and cash equivalents
- US Treasury notes and listed/traded debt securities
- Listed equity securities

Net Debt to Net Total Capital Ratio



Financial profile

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 Annual Results

- Reported revenue grew 2% and recurring earnings up 3% from last year.
- Second interim dividend, in lieu of final dividend, of HK\$1.755 per share is declared, together with the interim dividend of HK\$0.66 per share, total full year dividend (excluding the special dividend) amounted to HK\$2.415 per share, a 5.0% increase from last year.
- 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 3% reported EBITDA growth to HK\$98.9 billion.
- Increasing funds from operations with 3% growth to HK\$50.8 billion for 2014.
- Net Debt ratio reduced to 16.8% at 31 December 2014.