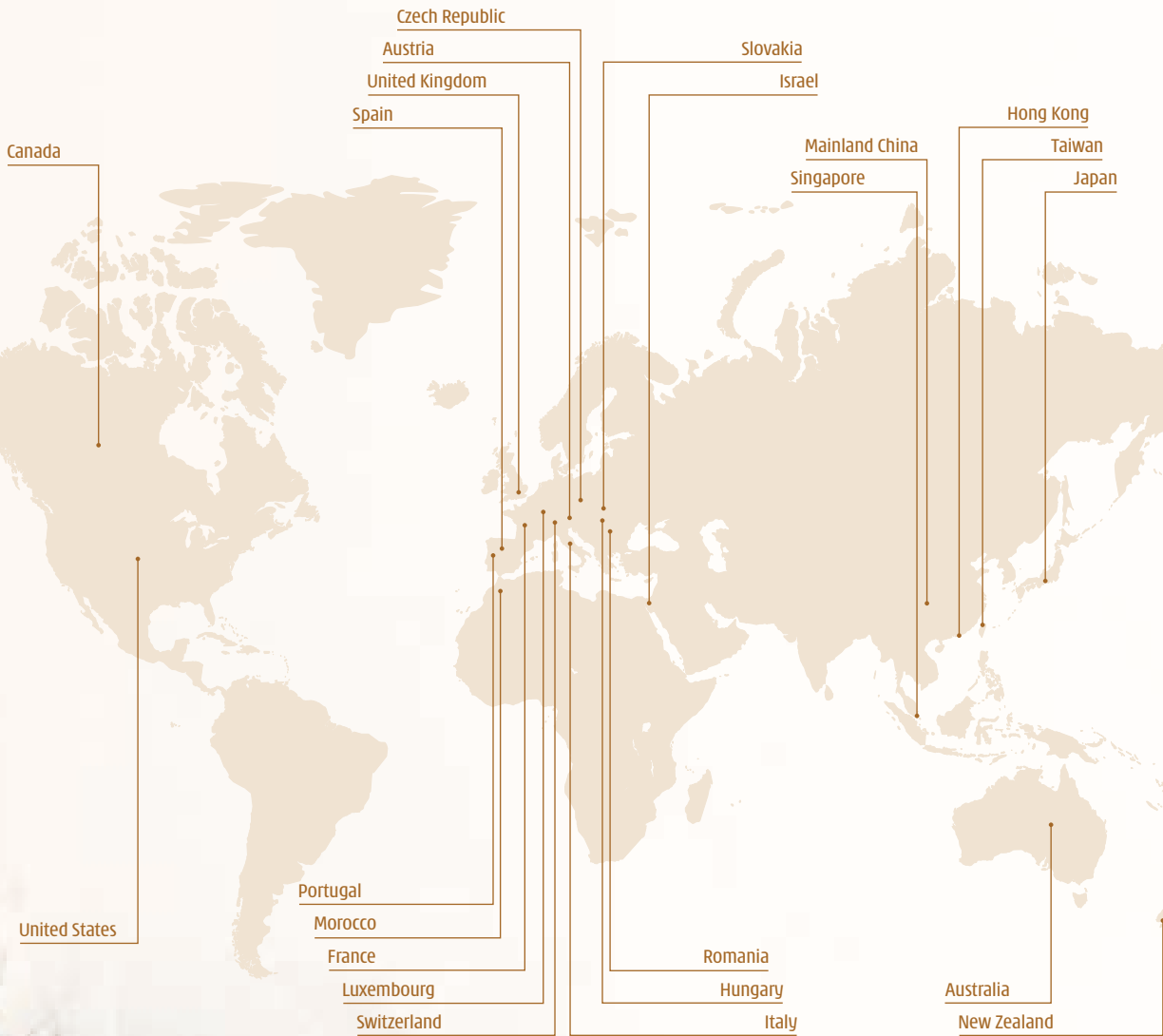


Finance & Investments and Others



Guangzhou Aircraft Maintenance Engineering Company enters into a partnership with PacAvi Group to tap the Chinese and Asian markets for Airbus A320 and A321 passenger-to-freighter conversions.



Operations Review – Finance & Investments and Others

The finance & investments and others segment includes returns earned on the Group's holdings of cash and liquid investments, Hutchison Whampoa (China) Limited ("HWCL"), listed associate TOM Group ("TOM"), Hutchison Water, the Marionnaud business and listed associate CK Life Sciences Group ("CKLS").

| | 2015 ⁽¹⁾ HK\$ millions | 2014 ⁽¹⁾ HK\$ millions | Change |
|--------------------|--------------------------------------|--------------------------------------|--------|
| Comparable Revenue | 19,668 | 21,389 | -8% |
| Comparable EBITDA | 1,786 | 3,461 | -48% |
| Comparable EBIT | 1,540 | 3,000 | -49% |

Results including Additional Contributions:

| | 2015 ⁽¹⁾ HK\$ millions | 2014 ⁽¹⁾ HK\$ millions | Change |
|---------------|--------------------------------------|--------------------------------------|--------|
| Total Revenue | 22,563 | 21,389 | +5% |
| Total EBITDA | 2,142 | 3,461 | -38% |
| Total EBIT | 1,822 | 3,000 | -39% |

Note 1: To reflect the underlying performance of Finance & Investments and Others in 2015, Comparable Revenue, EBITDA and EBIT exclude the contribution from additional interest in TOM, CKLS and other investment contributions that arose from the Reorganisation. 2015 pro forma Total Revenue, EBITDA and EBIT include the full year pro forma contribution from additional interest in TOM, CKLS and other investment contributions. 2014 Revenue, EBITDA and EBIT are as presented in HWL's 2014 Annual Report, excluding corporate overhead from discontinued property and hotels businesses.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK\$131,426 million at 31 December 2015. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2015 annual report. The reduced EBITDA and EBIT contribution of this segment was mainly due to one-off gains on disposal of certain listed equity investments and other non-strategic investments in 2014.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland and Hong Kong, and also has an investment in Hutchison China MediTech Limited ("Chi-Med"), currently a 64.9% owned subsidiary listed on the AIM of the London Stock Exchange in the UK. Chi-Med focuses on researching, developing, manufacturing and selling pharmaceuticals and health-related consumer products.

TOM Group

TOM, a 36.7% associate, is listed on SEHK and its businesses include e-commerce, mobile Internet, publishing, outdoor media as well as television and entertainment.

Hutchison Water Limited

The Group has a 49% interest in a water desalination project in Israel which was granted a 26.5-year concession by the Israeli government to build and operate a water desalination plant in Sorek, Israel. The plant has been operational since 2014 and is one of the largest desalination plants in the world in terms of capacity.

Marionnaud

Marionnaud currently operates approximately 1,000 stores in 11 European markets, providing luxury perfumery and cosmetic products. The Marionnaud business has improved during the year despite intense competition and weak consumer spending on luxury products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on SEHK. CKLS is engaged in the business of research and development, commercialisation, marketing and sale of health and agriculture-related products. It has business interests in three key divisions: agriculture, nutraceutical and pharmaceutical.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, on a full year pro forma basis, including its share of associated companies' and joint ventures' interest expenses, amortisation of finance costs and after deducting interest capitalised on assets under development, amounted to HK\$12,581 million, a decrease of 10% when compared to HWL's results last year⁽²⁾ mainly due to the lower effective interest rates on the Group's listed bonds as a result of the Reorganisation. The Group's pro forma weighted average cost of debt for 2015 was 2.1%.

The Group recorded current and deferred tax charges, on a full year pro forma basis, totalling HK\$7,197 million for the year, a decrease of 12% from HWL's current and deferred tax charges last year⁽²⁾ mainly due to lower share of tax charges from the energy business which reported lower profits in 2015 and the one-time benefits in the Infrastructure businesses in the UK following the enactment of UK corporate tax rate reduction in the year.

Note 2: Excluding discontinued property and hotels businesses.

Summary

Economic and market conditions remained volatile in 2015 which affect the Group's businesses worldwide. Despite facing various challenges, the Group continued to demonstrate its resilience and sustained growth in recurring earnings in 2015, while maintaining a healthy and conservative level of liquidity and a strong balance sheet.

The Group remains committed to its dual objectives of maintaining a healthy rate of growth in recurring earnings and a stable financial profile. This will be achieved through cautious and selective expansion, stringent capital expenditure and cost controls across all businesses, and maintaining a prudent financial profile and strong liquidity. The Group will closely monitor the impact of the volatile markets to the businesses, particularly in the commodities and currency markets, and prudently manage these exposures to support the delivery of a stable growth in 2016. Barring adverse external developments in the sectors and geographies in which we operate, I have full confidence these objectives will be achieved in 2016.

Fok Kin Ning, Canning

Group Co-Managing Director

Hong Kong, 17 March 2016