Hutchison Telecom
Hong Kong Holdings

Hutchison Telecommunications Hong Kong Holdings Limited

和記電訊香港控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 215)

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

	For the year ended 31 December 2014 HK$ millions	For the year ended 31 December 2013 HK$ millions	2014 vs 2013 Change	For the six months ended 31 December 2014 HK$ millions	For the six months ended 30 June 2014 HK$ millions	2014 2H vs 2014 1H Change
Consolidated turnover	16,296	12,777	+28%	10,069	6,227	+62%
Consolidated EBITDA(1)	2,679	2,674	no change	1,498	1,181	+27%
Consolidated EBIT(2)	1,358	1,339	+1%	831	527	+58%
Profit before taxation	1,168	1,167	no change	724	444	+63%
Profit attributable to shareholders	833	916	-9%	510	323	+58%
Earnings per share (in HK cents)	17.29	19.01	-9%	10.59	6.70	+58%
Final dividend per share (in HK cents)	8.70	8.00	+9%	N/A	N/A	N/A
Full year dividend per share (in HK cents)	12.95	14.25	-9%	N/A	N/A	N/A

In order to provide a better understanding of the Group's business development and performance after the deterioration of the Hong Kong mobile market in the second half of 2013, comparisons with both the results for the full year of 2013 and 2014 as well as for the first half and the second half of 2014 have been included in this announcement.

Comparison between 2013 and 2014

- Consolidated turnover increased by 28% to HK$16,296 million as a result of 35% increase in mobile turnover and 6% increase in fixed-line service revenue.
- Consolidated EBITDA and profit before taxation were comparable to those in 2013, despite a sluggish mobile performance in the first half of 2014.
- Profit attributable to shareholders was HK$833 million in 2014, a decrease of 9% compared to HK$916 million in 2013.
- Final dividend per share is 8.70 HK cents.

Comparison between first half and second half of 2014

- Consolidated turnover increased by 62%, as a result of 85% increase in mobile turnover and 4% increase in fixed-line service revenue.
- Profit attributable to shareholders increased by 58%.

Note 1: EBITDA is defined as earnings before interest income, interest and other finance costs, taxation, depreciation and amortisation, and share of results of joint ventures.
Note 2: EBIT is defined as earnings before interest income, interest and other finance costs, taxation and share of results of joint ventures.

CHAIRMAN'S STATEMENT

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") recorded a rebound in overall performance by comparing the results for the first half and the second half of 2014 due to an increasing subscription of high speed data centric plans offered by mobile and fixed-line businesses.

Results

The results in 2014 reflected a mixed integrated performance with signs of turnaround in the mobile business as a result of price recovery in the second half of 2014 and a continually growing fixed-line business.

Consolidated turnover increased by 28% to HK$16,296 million in 2014. Profit before taxation in 2014 was in line with that in 2013. Profit attributable to shareholders in 2014 amounted to HK$833 million, a decrease of 9% compared to HK$916 million in 2013.

Comparing the second half of 2014 against its first half, consolidated turnover increased by 62% while profit attributable to shareholders increased by 58% due to better business performance. In particular, mobile turnover increased with more popular handset models available in the second half of 2014 while a similar level of operating expenses was maintained due to continuous stringent cost control. Fixed-line business continued to report growth, especially in the international and local carrier markets, as well as the corporate and business markets.

Basic earnings per share in 2014 were 17.29 HK cents, compared to 19.01 HK cents in 2013.

Dividends

The Board of Directors (the "Board") recommends payment of a final dividend of 8.70 HK cents (2013: 8.00 HK cents) per share for the year ended 31 December 2014. The proposed final dividend will be payable on Wednesday, 27 May 2015, following shareholders' approval at the Annual General Meeting of the Company, to those persons registered as shareholders of the Company on Friday, 15 May 2015, being the record date for determining shareholders' entitlement to the proposed final dividend. Including the interim dividend of 4.25 HK cents per share, full year dividend amounts to 12.95 HK cents per share. The payout is equivalent to 75% of profit attributable to shareholders for the year, in line with the dividend policy of the Company to enhance shareholders' value over the long-term.

Business Review

Mobile business – Hong Kong and Macau

Mobile business turnover in 2014 amounted to HK$12,632 million, an increase of 35% compared with HK$9,359 million in 2013. Mobile hardware revenue achieved an increase of 89% to HK$7,986 million in 2014 compared with that of 2013. Mobile service revenue in 2014 recorded a 10% decline to HK$4,646 million compared with HK$5,138 million in 2013 due to the increased churns of lower-ARPU[(1)] customers under a planned strategy to focus more on serving higher-ARPU data centric customers since the second half of 2013, partially offset by the positive effects brought about by the tariff price recovery after the launch of popular handsets in the second half of 2014. The positive effect of the tariff price recovery is expected to be more substantial in 2015.

EBITDA and EBIT in 2014 were HK$1,497 million and HK$877 million respectively, representing a decrease of 5% and 9% respectively compared to 2013. The decrease was mainly caused by additional expenses incurred after the launch of 4G Long-Term-Evolution ("4G LTE") network before reaching critical mass. With the improvement in efficiency and cost control, EBITDA margin[(2)] improved from 31% in 2013 to 32% in 2014.

Comparing the second half of 2014 against its first half, hardware revenue increased substantially by 182% as a result of the launch of popular handsets in the second half of 2014. However, the mobile service revenue declined marginally by 2% as the positive effects brought about by the tariff price recovery in the second half of 2014 were not substantial enough to offset the sluggish performance in the first half of 2014. Despite the above, with improved mobile turnover and continued focus on efficiency and cost control, EBITDA and EBIT in the second half of 2014 increased by 44% and 85% respectively compared to its first half.

As at 31 December 2014, the Group was serving approximately 3.2 million mobile customers in Hong Kong and Macau (31 December 2013: 3.8 million). The decrease in both postpaid and prepaid customer number was mainly due to higher churns of lower-ARPU customers as mentioned above under a planned strategy to focus more on serving higher-ARPU data centric customers with the advanced 4G LTE infrastructure as well as the comprehensive Wi-Fi hotspots coverage.

To manage the increasing data demand from customers, the deployment of 4G LTE Advanced services and the construction of Time Division Duplexing network are in the infrastructure enhancement pipeline in 2015. With the well-developed infrastructure, the Group anticipates a considerable growth in 4G LTE customer number and improvement in overall ARPU.

Fixed-line business

Fixed-line business recorded steady growth in 2014. Service revenue in 2014 grew by 6% to HK$4,102 million from HK$3,880 million in 2013. In particular, revenue generated from the international and local carrier markets as well as the corporate and business markets increased by 6% and 11% respectively compared to 2013. EBITDA and EBIT in 2014 were HK$1,307 million and HK$606 million respectively, representing an increase of 6% and 19% respectively against 2013 with EBITDA margin maintained at 32%. The increase in EBITDA and EBIT was mainly due to revenue growth together with continued focus on efficiency and cost management as well as lower depreciation and amortisation expenses.

Note 1: ARPU represents average revenue per user.
Note 2: EBITDA or EBIT margin % represents EBITDA or EBIT as a percentage of total service revenue (total revenue less hardware revenue).

Comparing the second half of 2014 against its first half, fixed-line revenue increased by 4% as a result of higher revenue generated from the international and local carrier markets as well as the corporate and business markets. EBITDA increased by 7% while EBIT increased by 14%. EBITDA margin improved from 31% in the first half of 2014 to 32% in the second half of 2014 as a result of continued focus on efficiency and cost management.

The Group anticipates an increasing demand for sophisticated network solutions across all market segments. The evolvement as a next generation solution provider via innovative network and applications development will be the key growth driver in the future.

Outlook

The Group is positive on the outlook in more rational mobile and fixed-line markets. The Group is committed to delivering growth in service revenue, maintaining cost discipline and reliable network service. As an integrated telecommunications operator, the Group benefits from financial contributions from both mobile and fixed-line businesses. The Group will further develop Fixed-Mobile Integrated services by optimising synergies between the mobile and fixed-line businesses, thereby enabling customers to take advantage of the full benefits of a new era of data connectivity. With the state-of-the-art network infrastructure and the gradually improved results of operation, the Group is expected to turnaround in the future to enhance the value of shareholders.

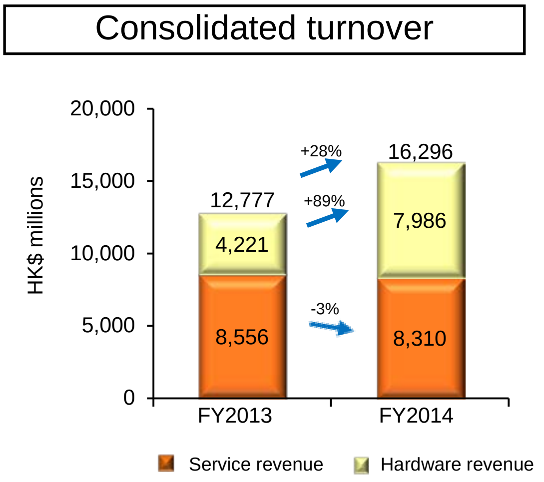
Finally, I would like to take this opportunity to thank the Board and all staff members for their dedication, professionalism and determination to succeed.

FOK Kin Ning, Canning
Chairman
Hong Kong, 16 February 2015

MANAGEMENT DISCUSSION AND ANALYSIS

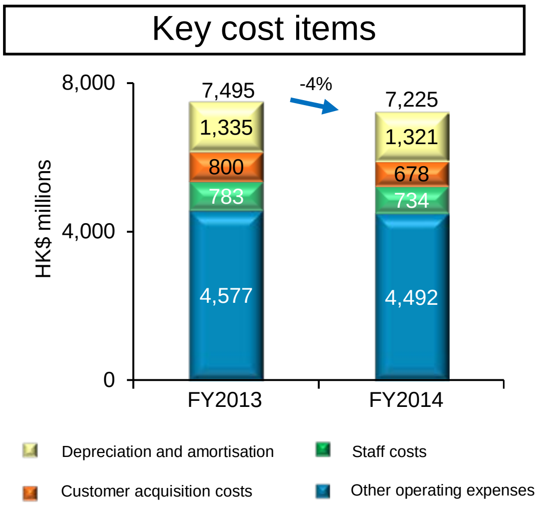
Financial Review

Consolidated turnover in 2014 was HK$16,296 million, increasing by 28% when compared with HK$12,777 million in 2013. The increase was mainly due to an increase of 89% in hardware revenue from HK$4,221 million in 2013 to HK$7,986 million in 2014. The total service revenue in 2014 was HK$8,310 million, a slight decrease of 3% against HK$8,556 million in 2013, mainly due to the decrease in mobile service revenue by 10%, partially offset by the increase in fixed-line service revenue of 6%.



Comparing the second half of 2014 against its first half, total service revenue slightly increased by 1% as the 4% growth in fixed-line service revenue was partially offset by the 2% decrease in mobile service revenue as a result of increased churns of lower-ARPU customers after a planned strategy to focus more on serving higher-ARPU data centric customers. Hardware revenue increased by 182% due to the launch of popular handset models in the second half of 2014.

Total operating expenses, excluding cost of inventories sold, amounted to HK$7,225 million in 2014, reducing by 4% when compared with HK$7,495 million in 2013, as a result of continuous stringent cost control and efficiency improvement.



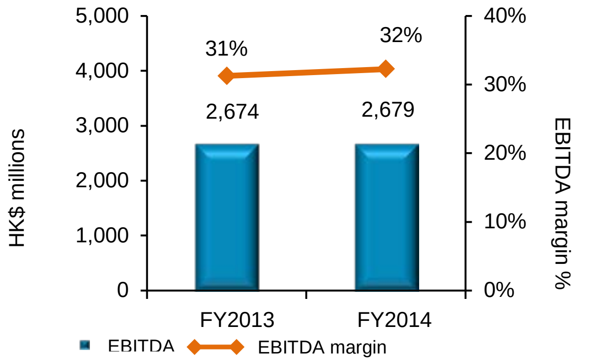
Consolidated EBITDA was HK$2,679 million in 2014, comparable with HK$2,674 million in 2013, with EBITDA margin[1] increasing from 31% in 2013 to 32% in 2014, mainly due to improved operating performance of mobile and fixed-line businesses as well as efficient cost management. Depreciation and amortisation amounted to HK$1,321 million in 2014, a decrease of 1% when compared with 2013. Consolidated EBIT was HK$1,358 million in 2014, broadly in line with 2013.

Interest and other finance costs decreased by 3% from HK$181 million in 2013 to HK$175 million in 2014 mainly as a result of lower notional finance charge on decreasing licence fees liabilities and lower finance cost on decreasing level of bank borrowings. Gearing ratio as at 31 December 2014, calculated by dividing net debt by net total capital, was 23% (31 December 2013: 28%). Share of losses of joint ventures in 2014 amounted to HK$35 million compared with HK$12 million in 2013. The increase in share of losses was mainly due to additional pre-operating expenditure of a newly opened data centre in March 2014.

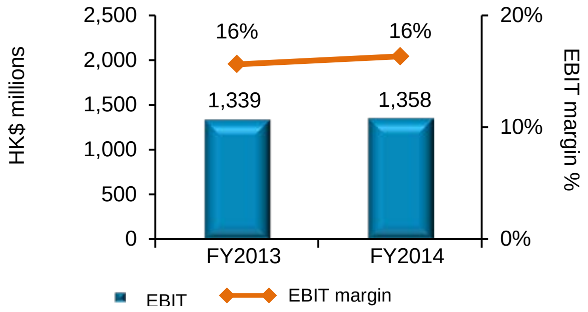
Accordingly, profit before taxation was HK$1,168 million in 2014, maintaining at the same level when compared with HK$1,167 million in 2013. Following years of profitability of the mobile business, carried forward tax losses have effectively been utilised, resulting in an increase in deferred tax expense being booked in the year. Together with the profits generated by both mobile and fixed-line businesses, taxation increased significantly from HK$77 million in 2013 to HK$205 million in 2014.

Overall, profit attributable to shareholders of the Company in 2014 was HK$833 million, a decrease of 9% when compared with HK$916 million in 2013, mainly as a result of increased deferred tax expense as mentioned above.

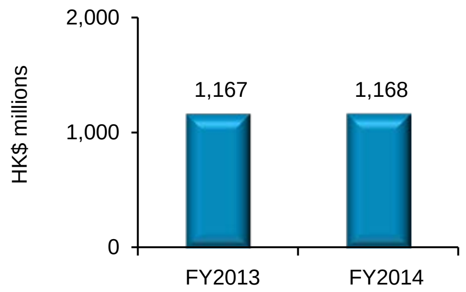
Consolidated EBITDA



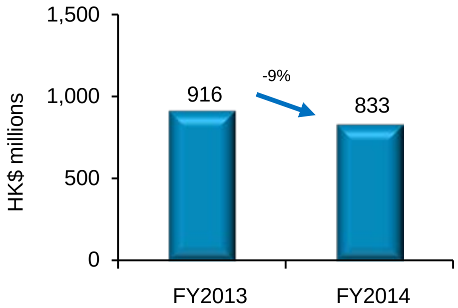
Consolidated EBIT



Profit before taxation



Profit attributable to shareholders



Note 1: EBITDA or EBIT margin % represents EBITDA or EBIT as a percentage of total service revenue (total revenue less hardware revenue).

Business Review

The Group is engaged in two principal businesses – mobile and fixed-line.

Hong Kong and Macau Mobile business highlights

	For the year ended 31 December 2014 HK$ millions	For the year ended 31 December 2013 HK$ millions	2014 vs 2013 Change	For the six months ended 31 December 2014 HK$ millions	For the six months ended 30 June 2014 HK$ millions	2014 2H vs 2014 1H Change
Total revenue	12,632	9,359	+35%	8,194	4,438	+85%
- Service revenue	4,646	5,138	-10%	2,298	2,348	-2%
- Hardware revenue	7,986	4,221	+89%	5,896	2,090	+182%
Net customer service revenue margin % (2)	*89%*	*87%*	*+2% points*	*90%*	*89%*	*+1% point*
EBITDA	1,497	1,570	-5%	883	614	+44%
EBITDA margin % (1)	*32%*	*31%*	*+1% point*	*38%*	*26%*	*+12% points*
Depreciation and amortisation	(620)	(609)	-2%	(314)	(306)	-3%
EBIT	877	961	-9%	569	308	+85%
CAPEX	(664)	(657)	-1%	(444)	(220)	-102%
EBITDA less CAPEX	833	913	-9%	439	394	+11%

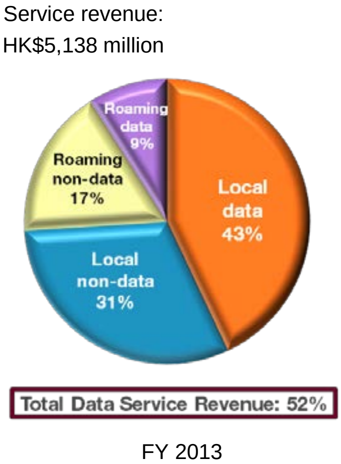
Total revenue of the mobile business in 2014 was HK$12,632 million, increased by 35% when compared with 2013. Hardware revenue grew by 89% to HK$7,986 million in 2014 when compared with that in 2013 as a result of increased standalone hardware sales in the second half of 2014. The mobile service revenue decreased by 10% to HK$4,646 million in 2014 when compared with that in 2013 as a result of intense price pressure in the first half of 2014, resulted in increased churns of lower-ARPU customers, as well as decrease in demand for non-data and roaming services. Total data service revenue(3) from local and overseas accounted for 57% of mobile service revenue in 2014, which was higher than 52% in 2013. Despite the overall decrease in service revenue, the service revenue margin improved to 89% in 2014 compared with 87% in 2013 due to better control over direct variable costs.

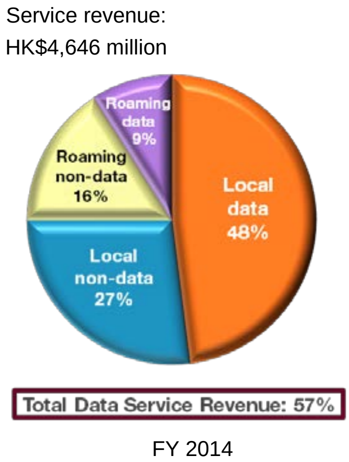
EBITDA was HK$1,497 million in 2014, decreasing by 5% when compared with that in 2013. Corresponding EBIT was HK$877 million in 2014, representing a decrease of 9% when compared with that in 2013 mainly as a result of additional expenses incurred after the launch of 4G LTE network before reaching critical mass. EBITDA margin improved by 1% to 32% in 2014 as a result of efficiency improvement and stringent cost control.

Note 2: Net customer service revenue margin is defined as service revenue less direct variable costs (including interconnection charges and roaming costs).

Note 3: Data service revenue is defined as customer payment for internet and data access services, excluding messaging, content and related services. Non-data is defined as customer payment for items including voice, messaging, content and related services.

Mobile service revenue

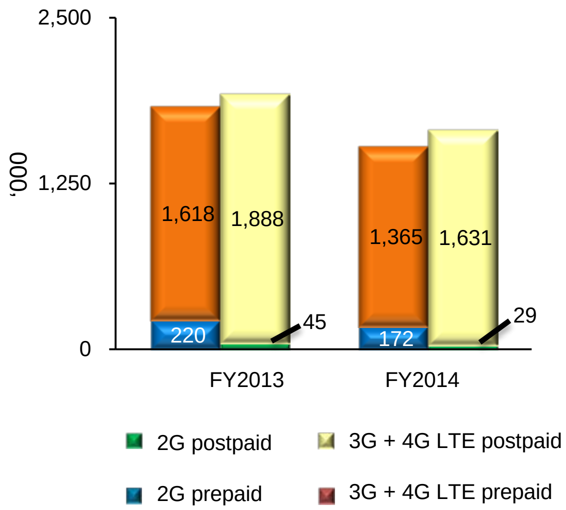




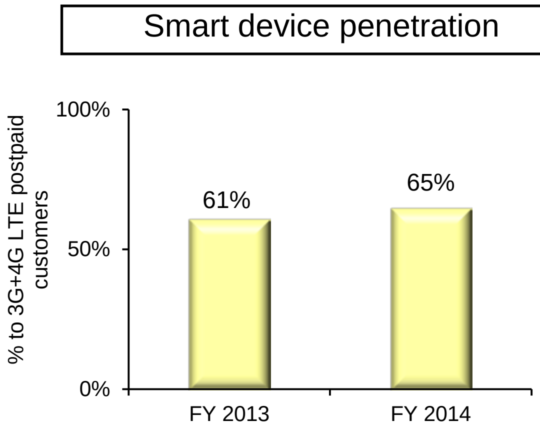
Comparing the second half of 2014 against its first half, the mobile service revenue recorded a 2% decline mainly due to increased churns of lower-ARPU customers, partially offset by the improving ARPU from newly acquired data centric customers since the third quarter of 2014. On the other hand, hardware revenue increased by 182% as a result of increased standalone handset sales in the second half of 2014. With better overall turnover and continued focus on cost management, EBITDA and EBIT in 2014 increased by 44% and 85%, respectively.

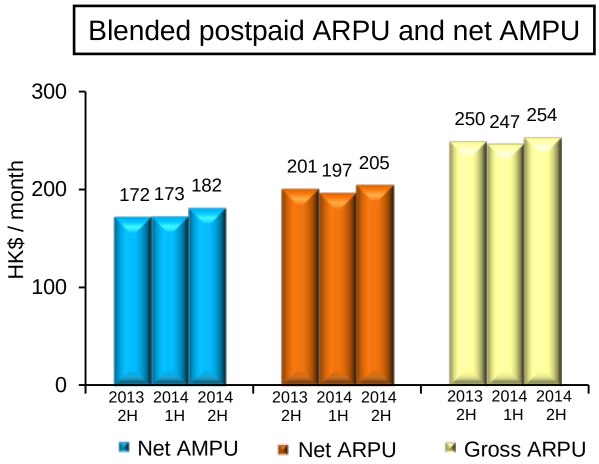
As of 31 December 2014, the Group was serving approximately 3.2 million customers (31 December 2013: 3.8 million) in Hong Kong and Macau, of which postpaid customers totalled approximately 1.7 million (31 December 2013: 1.9 million), being 52% of total customer base (31 December 2013: 51%). The decrease in postpaid and prepaid customer number was mainly due to increased churns among lower-ARPU customer as mentioned above under a planned strategy to focus more on serving higher-ARPU data centric customers and thus the churn rate of postpaid customers increased slightly to 2.0% in 2014, compared with 1.9% in 2013.

Total customers

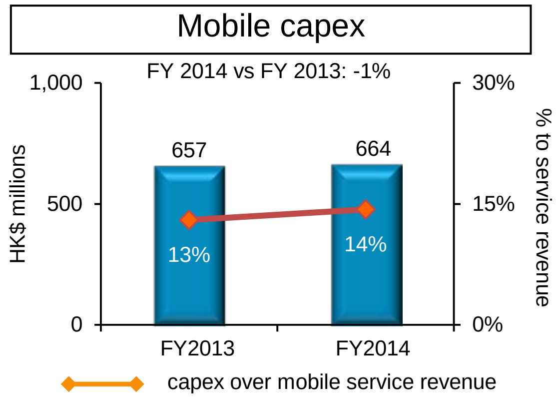


As of 31 December 2014, 65% of 3G and 4G LTE postpaid customers in Hong Kong and Macau were smart device users (31 December 2013: 61%). Blended postpaid net ARPU[4] in the second half of 2014 was HK$205 compared with HK$197 in the first half of 2014, reflecting more customer upgrades and price recovery of tariff plans. Blended postpaid net AMPU[5] in the second half of 2014 was HK$182, compared with HK$173 in the first half of 2014, following a disciplined control over direct variable costs.





Capital expenditure on property, plant and equipment in 2014 amounted to HK$664 million (2013: HK$657 million), accounting for 14% (2013: 13%) of mobile service revenue. A stable and disciplined capital expenditure recorded in 2014 reinforced the commitment on network modernisation and expansion to support long-term business growth while implementing efficient cost management.



Summary of spectrum investment as of 31 December 2014		
Spectrum band	**Bandwidth**	**Year of expiry**
Hong Kong		
900 MHz	10 MHz	2026
900 MHz	16.6 MHz	2020
1800 MHz	23.2 MHz	2021
2100 MHz	34.6 MHz	2016[6]
2300 MHz	30 MHz	2027
2600 MHz	30 MHz*	2024
2600 MHz	10 MHz*	2028
Macau		
900 MHz	15.6 MHz	2023
1800 MHz	10 MHz	2023[7]
2100 MHz	20 MHz	2023

* Shared under 50/50 joint venture - Genius Brand Limited

Note 4: Gross ARPU is defined as monthly average spending per user including a customer's contribution to handset, or other devices, in a bundled service and hardware plan in 6-month period. Net ARPU is defined as monthly average spending per user excluding a customer's contribution to handset, or other devices, in a bundled service and hardware plan in 6-month period.

Note 5: Net AMPU represents average net margin per user. Net AMPU equals net ARPU less direct variable costs (including interconnection charges and roaming costs) in 6-month period.

Note 6: Related licence will be extended to year 2031. Please refer to paragraph headed "Acquisition of Radio Spectrum" for details.

Note 7: Related licence was extended to year 2023 with related bandwidth reduced to 8.8 MHz from year 2015.

Fixed-line business highlights

	For the year ended 31 December 2014 HK$ millions	For the year ended 31 December 2013 HK$ millions	2014 vs 2013 Change	For the six months ended 31 December 2014 HK$ millions	For the six months ended 30 June 2014 HK$ millions	2014 2H vs 2014 1H Change
Total revenue	4,102	3,880	+6%	2,089	2,013	+4%
EBITDA	1,307	1,234	+6%	676	631	+7%
EBITDA margin % [(1)]	*32%*	*32%*	*no change*	*32%*	*31%*	*+1% point*
Depreciation and amortisation	(701)	(726)	+3%	(353)	(348)	-1%
EBIT	606	508	+19%	323	283	+14%
CAPEX	(534)	(623)	+14%	(334)	(200)	-67%
EBITDA less CAPEX	773	611	+27%	342	431	-21%

Total revenue increased by 6% from HK$3,880 million in 2013 to HK$4,102 million in 2014. The overall increase was mainly contributed by higher revenue generated from the international and local carrier markets as well as the corporate and business markets. In 2014, international and local carrier markets continued to be the main contributor to the fixed-line revenue, which increased by 6% to HK$2,213 million when compared with HK$2,083 million in 2013. Due to increased demand for comprehensive solution-based services by corporate and business market customers, revenue from related market increased by 11% from HK$1,035 million in 2013 to HK$1,144 million in 2014. Revenue from the residential market was HK$597 million in 2014, a mild decline compared with HK$602 million in 2013 as a result of a transition in change of sales mix in serving customers with high data speed requirements with the advanced infrastructure.

EBITDA in 2014 amounted to HK$1,307 million, representing an increase of 6% from HK$1,234 million in 2013. EBITDA margin in 2014 was 32%, maintaining at the same level as 2013. EBIT in 2014 amounted to HK$606 million, representing an increase of 19% compared with HK$508 million in 2013.

Comparing the second half of 2014 against its first half, the fixed-line revenue increased by 4% as a result of higher revenue generated from international and local carrier markets as well as from corporate and business markets due to higher demand from new and existing carrier and business customers. EBITDA of the fixed-line business increased by 7% while EBIT increased by 14%.

Fixed-line revenue

Total revenue:
HK$3,880 million

FY 2013

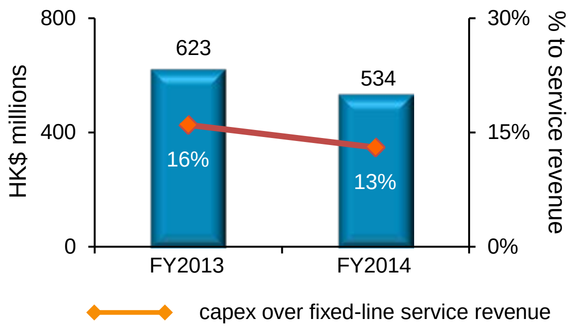
Total revenue:
HK$4,102 million

FY 2014

Capital expenditure on property, plant and equipment in 2014 amounted to HK$534 million (2013: HK$623 million), representing 13% (2013: 16%) of fixed-line service revenue which highlighted continued focus on network expansion and enhancement to support long-term business growth.

Fixed-line capex

FY 2014 vs FY 2013: +14%



Note 8: Others include revenue from interconnection charges and data centres.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$ millions	2013 HK$ millions
Turnover	3	16,296	12,777
Cost of inventories sold		(7,713)	(3,943)
Staff costs		(734)	(783)
Customer acquisition costs		(678)	(800)
Depreciation and amortisation		(1,321)	(1,335)
Other operating expenses		(4,492)	(4,577)
		1,358	1,339
Interest income	5	20	21
Interest and other finance costs	5	(175)	(181)
Share of results of joint ventures		(35)	(12)
Profit before taxation		1,168	1,167
Taxation	6	(205)	(77)
Profit for the year		963	1,090
Attributable to:			
Shareholders of the Company		833	916
Non-controlling interests		130	174
		963	1,090
Earnings per share attributable to shareholders of the Company (expressed in HK cents per share):			
- basic	7	17.29	19.01
- diluted	7	17.29	19.01

Details of interim dividend paid and proposed final dividend payable to shareholders of the Company are set out in Note 8.

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 HK$ millions	2013 HK$ millions
Profit for the year	963	1,090
Other comprehensive income		
Item that will not be reclassified subsequently to income statement in subsequent periods:		
- Remeasurements of defined benefit plans	13	93
Item that may be reclassified subsequently to income statement in subsequent periods:		
- Currency translation differences	(3)	(1)
Total comprehensive income for the year, net of tax	973	1,182
Total comprehensive income attributable to:		
Shareholders of the Company	843	1,008
Non-controlling interests	130	174
	973	1,182

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Note	2014 HK$ millions	2013 HK$ millions
ASSETS			
Non-current assets			
Property, plant and equipment		10,663	10,509
Goodwill		4,503	4,503
Telecommunications licences		1,373	1,538
Other non-current assets		993	1,110
Deferred tax assets		258	369
Investments in joint ventures		515	715
Total non-current assets		18,305	18,744
Current assets			
Cash and cash equivalents	9	359	209
Trade receivables and other current assets	10	1,892	1,881
Inventories		142	171
Total current assets		2,393	2,261
Current liabilities			
Trade and other payables	11	3,956	3,981
Current income tax liabilities		18	14
Total current liabilities		3,974	3,995
Net current liabilities		(1,581)	(1,734)
Total assets less current liabilities		16,724	17,010
Non-current liabilities			
Deferred tax liabilities		420	342
Borrowings		3,952	4,571
Other non-current liabilities		643	761
Total non-current liabilities		5,015	5,674
Net assets		11,709	11,336
CAPITAL AND RESERVES			
Share capital		1,205	1,205
Reserves		10,088	9,836
Total shareholders' funds		11,293	11,041
Non-controlling interests		416	295
Total equity		11,709	11,336

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to shareholders of the Company								
	Share capital HK$ millions	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions	Non-controlling interests HK$ millions	Total equity HK$ millions
At 1 January 2014	1,205	11,185	(1,411)	-	45	17	11,041	295	11,336
Profit for the year	-	-	833	-	-	-	833	130	963
Other comprehensive income									
Remeasurements of defined benefit plans	-	-	-	-	13	-	13	-	13
Currency translation differences	-	-	-	(3)	-	-	(3)	-	(3)
Total comprehensive income, net of tax	-	-	833	(3)	13	-	843	130	973
Dividend paid (Note 8)	-	-	(591)	-	-	-	(591)	(9)	(600)
At 31 December 2014	1,205	11,185	(1,169)	(3)	58	17	11,293	416	11,709

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to shareholders of the Company								
	Share capital HK$ millions	Share premium HK$ millions	Accumulated losses HK$ millions	Cumulative translation adjustments HK$ millions	Pension reserve HK$ millions	Other reserves HK$ millions	Total HK$ millions	Non-controlling interests HK$ millions	Total equity HK$ millions
At 1 January 2013	1,205	11,185	(1,398)	1	(48)	17	10,962	129	11,091
Profit for the year	-	-	916	-	-	-	916	174	1,090
Other comprehensive income									
Remeasurements of defined benefit plans	-	-	-	-	93	-	93	-	93
Currency translation differences	-	-	-	(1)	-	-	(1)	-	(1)
Total comprehensive income, net of tax	-	-	916	(1)	93	-	1,008	174	1,182
Dividend paid	-	-	(929)	-	-	-	(929)	(8)	(937)
At 31 December 2013	1,205	11,185	(1,411)	-	45	17	11,041	295	11,336

HUTCHISON TELECOMMUNICATIONS HONG KONG HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 HK$ millions	2013 HK$ millions
Cash flows from operating activities			
Cash generated from operations		2,580	1,842
Interest and other finance costs paid		(85)	(96)
Tax paid		(12)	(11)
Net cash generated from operating activities		2,483	1,735
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,168)	(1,234)
Additions to other non-current assets		(40)	(23)
Proceeds from disposals of property, plant and equipment		6	6
Payment relating to investments in joint ventures		(68)	(320)
Loan repayment from a joint venture		187	-
Net cash used in investing activities		(1,083)	(1,571)
Cash flows from financing activities			
Proceeds from borrowings		4,860	2,850
Repayment of borrowings		(5,510)	(2,050)
Dividend paid to the shareholders of the Company	8	(591)	(929)
Dividend paid to non-controlling interests		(9)	(8)
Net cash used in financing activities		(1,250)	(137)
Increase in cash and cash equivalents		150	27
Cash and cash equivalents at 1 January		209	182
Cash and cash equivalents at 31 December		359	209

NOTES

1 General Information

Hutchison Telecommunications Hong Kong Holdings Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as a company with limited liability. The address of its registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (together the "Group") are principally engaged in mobile telecommunications business in Hong Kong and Macau and fixed-line telecommunications business in Hong Kong.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and whose American Depositary Shares, each representing ownership of 15 shares, are eligible for trading in the United States of America only in the over-the-counter market.

These financial statements were approved for issuance by the Board of Directors on 16 February 2015.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

As at 31 December 2014, the current liabilities of the Group exceeded its current assets by approximately HK$1,581 million. Included in the current liabilities were non-refundable customer prepayments of HK$805 million which will gradually reduce over the contract terms of relevant subscriptions through delivery of services. Excluding the non-refundable customer prepayments, the net current liabilities of the Group would have been approximately HK$776 million. Management of the Group anticipates the net cash inflows from its operations, together with the ability to draw down from available banking facility, would be sufficient to enable the Group to meet its liabilities as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2 Summary of Significant Accounting Policies (Continued)

(b) New/revised standards, amendments and interpretation to existing standards adopted by the Group

During the year, the Group has adopted the following new/revised standards, amendments and interpretation to existing standards which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2014:

IAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
IAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Investment Entities

The adoption of these new/revised standards, amendments and interpretation to existing standards does not have an impact on the accounting policies of the Group.

(c) New/revised standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

At the date of approval of these financial statements, the following new/revised standards and amendments to existing standards have been issued but are not yet effective for the year ended 31 December 2014:

IFRSs (Amendments) [i]	Annual Improvements 2010 - 2012 Cycle
IFRSs (Amendments) [i]	Annual Improvements 2011 - 2013 Cycle
IFRSs (Amendments) [ii]	Annual Improvements 2012 - 2014 Cycle
IAS 1 (Amendment) [ii]	Disclosure Initiative
IAS 16 and IAS 38 (Amendments) [ii]	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (Amendments) [ii]	Agriculture: Bearer Plants
IAS 19 (Amendment) [i]	Defined Benefit Plans: Employee Contributions
IAS 27 (Amendment) [ii]	Equity Method in Separate Financial Statements
IFRS 9 (2014) [iv]	Financial Instruments
IFRS 10, IFRS 12 and IAS 28 (Amendments) [ii]	Investment Entities Applying the Consolidated Exception
IFRS 10 and IAS 28 (Amendments) [ii]	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture
IFRS 11 (Amendment) [ii]	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14 [ii]	Regulatory Deferral Accounts
IFRS 15 [iii]	Revenue from Contracts with Customers

[i] Effective for annual periods beginning on or after 1 July 2014
[ii] Effective for annual periods beginning on or after 1 January 2016
[iii] Effective for annual periods beginning on or after 1 January 2017
[iv] Effective for annual periods beginning on or after 1 January 2018

The impact of adoption of these new/revised standards and amendments to existing standards in future periods is not currently known or cannot be reasonably estimated.

2 Summary of Significant Accounting Policies (Continued)

(d) Critical accounting estimates and judgements

Significant estimates and assumptions concerning the future may be required in selecting and applying accounting methods and policies in these financial statements. The Group bases its estimates and assumptions on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates or assumptions. The following is a review of the more significant estimates and assumptions used in the preparation of these financial statements.

(i) Estimated useful life for telecommunications infrastructure and network equipment

The Group has substantial investments in mobile and fixed-line telecommunications infrastructure and network equipment. As at 31 December 2014, the carrying amount of the mobile and fixed-line telecommunications infrastructure and network equipment is approximately HK$9,243 million (2013: HK$9,160 million). Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

(ii) Income taxes

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Asset impairment

Management judgement is required in the area of asset impairment, including goodwill, particularly in assessing whether: (i) an event has occurred that may affect asset values; (ii) the carrying value of an asset can be supported by the net present value of future cash flows from the asset using estimated cash flow projections; and (iii) the cash flow is discounted using an appropriate rate. Changing the assumptions selected by management to determine the level, if any, of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could significantly affect the Group's reported financial condition and results of operations. In performing the impairment assessment, the Group has also considered the impact of the current economic environment on the operation of the Group. The results of the impairment test undertaken as at 31 December 2014 indicated that no impairment charge was necessary.

(iv) Allocation of revenue for bundled transactions with customers

The Group has bundled transactions under contracts with customers including sales of both services and hardware (for example handsets). The amount of revenue recognised upon the sale of hardware is determined by considering the estimated fair values of each of the service element and hardware element of the contract. Significant judgement is required in assessing the fair values of both of these elements by considering inter alia, standalone selling price and other observable market data. Changes in the estimated fair values may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the fair values of the elements as a result of changes in market conditions.

2 Summary of Significant Accounting Policies (Continued)

(d) Critical accounting estimates and judgements (Continued)

(v) Deferred taxation

Management has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the recognition criteria for deferred tax assets recorded in relation to cumulative tax loss carried forward. The assumptions regarding future profitability of various subsidiaries require significant judgement, and significant changes in these assumptions from period to period may have a material impact on the Group's reported financial position and results of operations. As at 31 December 2014, the Group has recognised deferred tax assets of approximately HK$258 million (2013: HK$369 million).

3 Turnover

Turnover comprises revenues from provision of mobile telecommunications services, sales of telecommunications hardware and provision of fixed-line telecommunications services. An analysis of turnover is as follows:

	2014 HK$ millions	2013 HK$ millions
Mobile telecommunications services	4,625	5,124
Fixed-line telecommunications services	3,685	3,432
Telecommunications hardware	7,986	4,221
	16,296	12,777

4 Segment Information

The Group is organised into two operating segments: mobile business and fixed-line business. "Others" segment represents corporate support functions. No geographical segment analysis is presented as the majority of the assets and operations of the Group are located in Hong Kong. Management of the Group measures the performance of its segments based on EBITDA/(LBITDA) [(a)] and EBIT/(LBIT) [(b)]. The segment information on turnover, EBITDA/(LBITDA), EBIT/(LBIT), total assets and total liabilities agreed to the aggregate information in the consolidated financial statements. As such, no reconciliation between the segment information and the aggregate information in the consolidated financial statements is presented.

4 Segment Information (Continued)

	At and for the year ended 31 December 2014				
	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
Turnover - service	4,646	4,102	-	(438)	8,310
Turnover - hardware	7,986	-	-	-	7,986
	12,632	4,102	-	(438)	16,296
Operating costs	(11,135)	(2,795)	(125)	438	(13,617)
EBITDA/(LBITDA)	1,497	1,307	(125)	-	2,679
Depreciation and amortisation	(620)	(701)	-	-	(1,321)
EBIT/(LBIT)	877	606	(125)	-	1,358
Total assets before investments in joint ventures	9,531	10,762	16,939	(17,049)	20,183
Investments in joint ventures	515	-	-	-	515
Total assets	10,046	10,762	16,939	(17,049)	20,698
Total liabilities	(11,116)	(6,957)	(4,094)	13,178	(8,989)
Other information:					
Additions to property, plant and equipment	664	534	-	-	1,198
Additions to telecommunications licences	3	-	-	-	3

4 Segment Information (Continued)

	At and for the year ended 31 December 2013				
	Mobile HK$ millions	Fixed-line HK$ millions	Others HK$ millions	Elimination HK$ millions	Total HK$ millions
Turnover - service	5,138	3,880	-	(462)	8,556
Turnover - hardware	4,221	-	-	-	4,221
	9,359	3,880	-	(462)	12,777
Operating costs	(7,789)	(2,646)	(130)	462	(10,103)
EBITDA/(LBITDA)	1,570	1,234	(130)	-	2,674
Depreciation and amortisation	(609)	(726)	-	-	(1,335)
EBIT/(LBIT)	961	508	(130)	-	1,339
Total assets before investments in joint ventures	9,498	10,897	12,929	(13,034)	20,290
Investments in joint ventures	550	165	-	-	715
Total assets	10,048	11,062	12,929	(13,034)	21,005
Total liabilities	(11,666)	(7,073)	(93)	9,163	(9,669)
Other information:					
Additions to property, plant and equipment	657	623	-	-	1,280
Additions to telecommunications licences	4	-	-	-	4

(a) EBITDA/(LBITDA) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation, depreciation and amortisation, and share of results of joint ventures.

(b) EBIT/(LBIT) is defined as earnings/(losses) before interest income, interest and other finance costs, taxation and share of results of joint ventures.

The total revenue from external customers in Hong Kong for the year ended 31 December 2014 amounted to approximately HK$15,588 million (2013: HK$12,208 million) and the total revenue from external customers in Macau for the year ended 31 December 2014 amounted to approximately HK$708 million (2013: HK$569 million).

The total of non-current assets other than deferred tax assets located in Hong Kong as at 31 December 2014 amounted to approximately HK$17,602 million (2013: HK$17,948 million) and the total of these non-current assets located in Macau as at 31 December 2014 amounted to approximately HK$445 million (2013: HK$427 million).

5 Interest and Other Finance Costs, Net

	2014 HK$ millions	2013 HK$ millions
Interest income:		
Interest income from joint ventures	20	21
Interest and other finance costs:		
Bank loans repayable within 5 years	(74)	(81)
Notional non-cash interest accretion [(a)]	(60)	(69)
Guarantee and other finance fees	(49)	(40)
	(183)	(190)
Less: Amounts capitalised on qualifying assets	8	9
	(175)	(181)
Interest and other finance costs, net	(155)	(160)

(a) Notional non-cash interest accretion represents the notional adjustments to accrete the carrying amount of certain obligations recognised in the consolidated statement of financial position such as licence fees liabilities and asset retirement obligations to the present value of the estimated future cash flows expected to be required for their settlement in the future.

6 Taxation

	2014		
	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong	1	188	189
Outside Hong Kong	15	1	16
	16	189	205

	2013		
	Current taxation HK$ millions	Deferred taxation HK$ millions	Total HK$ millions
Hong Kong	-	65	65
Outside Hong Kong	12	-	12
	12	65	77

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits less available tax losses. Taxation outside Hong Kong has been provided at the applicable current rates of taxation ruling in the relevant countries on the estimated assessable profits less available tax losses.

7 Earnings Per Share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of approximately HK$833 million (2013: HK$916 million) and on the weighted average number of 4,818,896,208 (2013: Same) ordinary shares in issue during the year.

The diluted earnings per share for the year ended 31 December 2014 is calculated by adjusting the weighted average number of 4,818,896,208 (2013: Same) ordinary shares in issue with the weighted average number of 132,886 (2013: 145,355) ordinary shares deemed to be issued assuming the exercise of the share options.

8 Dividends

	2014 HK$ millions	2013 HK$ millions
Interim, paid of 4.25 HK cents per share (2013: 6.25 HK cents per share)	205	301
Final, proposed of 8.70 HK cents per share (2013: 8.00 HK cents per share)	419	386
	624	687

9 Cash and Cash Equivalents

	2014 HK$ millions	2013 HK$ millions
Cash at banks and in hand	117	115
Short-term bank deposits	242	94
	359	209

The effective interest rates on short-term bank deposits ranged from 0.01% to 0.02% per annum (2013: 0.01% to 0.02%). These deposits have an average maturity of 1 to 7 days (2013: 1 to 4 days).

The carrying values of cash and cash equivalents approximate their fair values.

10 Trade Receivables and Other Current Assets

	2014 HK$ millions	2013 HK$ millions
Trade receivables	1,756	1,792
Less: Provision for doubtful debts	(155)	(165)
Trade receivables, net of provision [(a)]	1,601	1,627
Other receivables	120	117
Prepayments and deposits	171	137
	1,892	1,881

(a) Trade receivables, net of provision

	2014 HK$ millions	2013 HK$ millions
The ageing analysis of trade receivables, net of provision for doubtful debts is as follows:		
0 - 30 days	958	1,088
31 - 60 days	220	197
61 - 90 days	105	118
Over 90 days	318	224
	1,601	1,627

The credit period granted by the Group to customers generally ranges from 14 to 45 days, or a longer period for corporate or carrier customers based on the individual commercial terms. The carrying values of trade receivables approximate their fair values.

11 Trade and Other Payables

	2014 HK$ millions	2013 HK$ millions
Trade payables [(a)]	714	654
Other payables and accruals	2,255	2,279
Deferred revenue	805	875
Current portion of licence fees liabilities	182	173
	3,956	3,981

The carrying values of trade and other payables approximate their fair values.

(a) Trade payables

	2014 HK$ millions	2013 HK$ millions
The ageing analysis of trade payables is as follows:		
0 - 30 days	388	306
31 - 60 days	48	59
61 - 90 days	39	80
Over 90 days	239	209
	714	654

GROUP CAPITAL RESOURCES AND OTHER INFORMATION

Treasury Management

The primary treasury and funding policies of the Group focus on liquidity management and maintaining an optimum level of liquidity, while funding subsidiary operations in a cost-efficient manner. The treasury function of the Group operates as a centralised service for managing group funding needs and monitoring financial risks, such as those relating to interest and foreign exchange rates, as well as counterparty risks.

The Group uses interest rate and foreign currency swaps and forward contracts as appropriate for risk management purposes only, for hedging transactions and managing the assets and liabilities of the Group. It is the policy of the Group not to enter into derivative transactions for speculative purposes. It is also the policy of the Group not to invest liquidity in financial products, including hedge funds or similar vehicles, as part of any speculative exercise.

Cash management and funding

In general, financing is raised mainly in the form of bank borrowings to meet funding requirements of the operating subsidiaries of the Group. Close monitoring of the overall debt position of the Group involves regular reviews of funding costs and maturity profile in order to facilitate refinancing.

Interest rate exposure

The Group is exposed to interest rate changes that affect Hong Kong dollar borrowings which are at floating rates. The Group manages its interest rate exposure with a focus on reducing its overall cost of debt.

Foreign currency exposure

The Group runs telecommunications operations principally in Hong Kong, with transactions denominated in Hong Kong dollars. The Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currency. The Group is exposed to other currency movements, primarily in terms of certain trade receivables or payables and bank deposits denominated in United States dollars, Macau Patacas, Renminbi, Euros and British pounds.

Credit exposure

The Group operates a central cash-management system for all subsidiaries. The Group’s holding of surplus funds are managed in a prudent manner, usually in the form of deposits with banks or financial institutions, which exposes the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share prices movements, credit ratings and setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities, which is continuously monitored by management.

Liquidity and Capital Resources

The Group is financed by share capital, internally-generated funds and external borrowings. As at 31 December 2014, the Group recorded share capital of HK$1,205 million and total equity of HK$11,709 million.

The cash and cash equivalents amounted to HK$359 million as at 31 December 2014 (2013: HK$209 million), 74% of which were denominated in Hong Kong dollars, 7% in Macau Patacas, 6% in Renminbi, 5% in United States dollars with remaining in various other currencies. As at 31 December 2014, the Group had bank borrowings of HK$3,952 million (2013: HK$4,571 million) which were denominated in Hong Kong dollars and repayable in November 2019. The gearing ratio, calculated by dividing net debt by net total capital, was 23% (2013: 28%) as at 31 December 2014, while the net debt to EBITDA was 1.3 times (2013: 1.6 times) as a result of net repayment of borrowings of HK$650 million during the year with better operating cashflow.

Cash Flows

The Group maintains a healthy financial position, benefiting from solid operating cash inflows. During the year ended 31 December 2014, net cash generated from operating activities and used in investing activities of the Group amounted to HK$2,483 million (2013: HK$1,735 million) and HK$1,083 million (2013: HK$1,571 million) respectively. Other than operating activities, major net outflow of funds under investing and financing activities during 2014 included payments for capital expenditure, investments in joint ventures, repayment of borrowings and dividends.

Charges on Group Assets

As at 31 December 2014, same as prior year, except for all of the shares of a joint venture owned by the Group which were pledged as security in favour of the joint venture partner under a cross share pledge arrangement, no material asset of the Group was under any charge.

Capital Expenditure

Capital expenditure on property, plant and equipment for the year ended 31 December 2014 was HK$1,198 million (2013: HK$1,280 million), of which mobile and fixed-line businesses accounted for HK$664 million (2013: HK$657 million) and HK$534 million (2013: HK$623 million) respectively, reflecting continuation of a disciplined approach to investment in network modernisation and expansion to support long-term business growth while implementing efficient cost management.

Acquisition of Radio Spectrum

During the year ended 31 December 2014, Hutchison Telephone Company Limited, a subsidiary of the Group, acquired 9.8 MHz spectrum in the 1.9 - 2.2 GHz band with a consideration of HK$470.4 million through re-auction. Together with a total of 19.8 MHz spectrum obtained by exercising a right of first refusal offered by the Communications Authority with a consideration of HK$1,306.8 million, the Group has a total of 29.6 MHz spectrum in the 1.9 - 2.2 GHz band for the provision of mobile telecommunications services in Hong Kong for a period of 15 years from 2016.

Contingent Liabilities

As at 31 December 2014, the Group had contingent liabilities in respect of performance guarantees, financial guarantees and others amounting to HK$520 million (2013: HK$649 million). Included in these contingent liabilities were mainly performance bonds issued to the Office of the Communications Authority of Hong Kong in respect of the spectrum licence obligations.

Commitments

As at 31 December 2014, the Group had total capital commitments of property, plant and equipment and investments in joint ventures amounting to HK$1,568 million (2013: HK$1,626 million) and telecommunications licences of HK$1,777 million (2013: Nil).

As at 31 December 2014, the Group had total operating lease commitments for buildings and other assets amounting to HK$760 million (2013: HK$647 million).

A subsidiary of the Group has a unified carrier licence for the provision of telecommunications services in Hong Kong over various periods of time up to year 2021 (the "Licence") and variable licence fees are payable based on 5% of the network turnover or the Appropriate Fee (as defined in the Licence) in respect of the relevant year whichever is greater. The net present value of the Appropriate Fees has already been recorded as licence fee liabilities.

Corporate Strategy

The strategy of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for shareholders. Please refer to the Chairman's Statement and Management Discussion and Analysis for discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained within this announcement 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 within this announcement; 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.

Human Resources

As at 31 December 2014, the Group employed 1,909 (2013: 1,934) full-time staff members. Staff costs during the year ended 31 December 2014, including directors' emoluments, totalled HK$734 million (2013: HK$783 million).

The Group fully recognises the importance of high-quality human resources in sustaining market leadership. Salary and benefits are kept at competitive levels, while individual performance is rewarded within the general framework of the salary, bonus and incentive system of the Group, which is reviewed annually. Employees are provided with a wide range of benefits that include medical coverage, provident funds and retirement plans, long-service awards and a share option plan. The Group stresses the importance of staff development and provides training programmes on an ongoing basis. Employees are also encouraged to play an active role in community care activities arranged by the Group.

Environmental, Social and Governance Responsibility

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. The Group delivers quality products and services to its customers by managing its businesses prudently, while executing management decisions with due care and attention. The Group demonstrates a strong sense of corporate social responsibility and believes such a commitment helps strengthen its relationship with the community. Operating as a sound corporate citizen via sponsorship and supporting socially-responsible projects at company level, the Group is committed to bringing positive impact to the general welfare of the community.

Review of Financial Statements

The consolidated financial statements of the Group for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company and audited by the independent auditor of the Company, PricewaterhouseCoopers. The unqualified independent auditor's report will be included in the Annual Report to shareholders.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 6 May 2015 to Monday, 11 May 2015, both days inclusive, for the purpose of determining shareholders' entitlement to attend and vote at the 2015 Annual General Meeting.

In order to be eligible to attend and vote at the 2015 Annual General Meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Share Registrar of the Company (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 p.m. on Tuesday, 5 May 2015.

Record Date for Proposed Final Dividend

The record date for the purpose of determining shareholders' entitlement to the proposed final dividend is Friday, 15 May 2015.

In order to qualify for the entitlement to the proposed final dividend payable on Wednesday, 27 May 2015, all transfers, accompanied by the relevant share certificates, must be lodged with the Hong Kong Share Registrar of the Company (Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) for registration no later than 4:30 p.m. on Friday, 15 May 2015.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company. In addition, the Company has not redeemed any of its listed securities during the year.

Compliance with the Corporate Governance Code

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value.

The Company has complied throughout the year ended 31 December 2014 with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), other than those in respect of the nomination committee. The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board as well as the appointment of any new Director, as and when appropriate. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors. In addition, the Board as a whole is responsible for reviewing the succession plan for Directors, including the Chairman of the Board and the Chief Executive Officer & Group Managing Director.

Compliance with the Model Code for Securities Transactions by Directors of the Company

The Board has adopted its own Model Code for Securities Transactions by Directors (the "HTHKH Securities Code") regulating Directors' dealings in securities (Group and otherwise), on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. The HTHKH Securities Code has been updated to reflect the amendments to the Listing Rules which took effect in July 2014. In response to specific enquiries made, all Directors confirmed that they have complied with the HTHKH Securities Code in their securities transactions throughout 2014.

Annual General Meeting

The Annual General Meeting of the Company will be held on Monday, 11 May 2015. Notice of the Annual General Meeting will be published and issued to shareholders in due course.

As at the date of this announcement, the Directors of the Company are:

Chairman and Non-executive Director:
Mr FOK Kin Ning, Canning
(also Alternate to Mrs CHOW WOO Mo Fong, Susan)

Deputy Chairman and Non-executive Director:
Mr LUI Dennis Pok Man

Executive Director:
Mr WONG King Fai, Peter

Non-executive Directors:
Mrs CHOW WOO Mo Fong, Susan
Mr Frank John SIXT
Mr LAI Kai Ming, Dominic
(also Alternate to Mr Frank John SIXT)
Mr MA Lai Chee, Gerald
(Alternate to Mr LAI Kai Ming, Dominic)

Independent Non-executive Directors:
Mr CHEONG Ying Chew, Henry
(also Alternate to Dr WONG Yick Ming, Rosanna)
Dr LAN Hong Tsung, David
Dr WONG Yick Ming, Rosanna