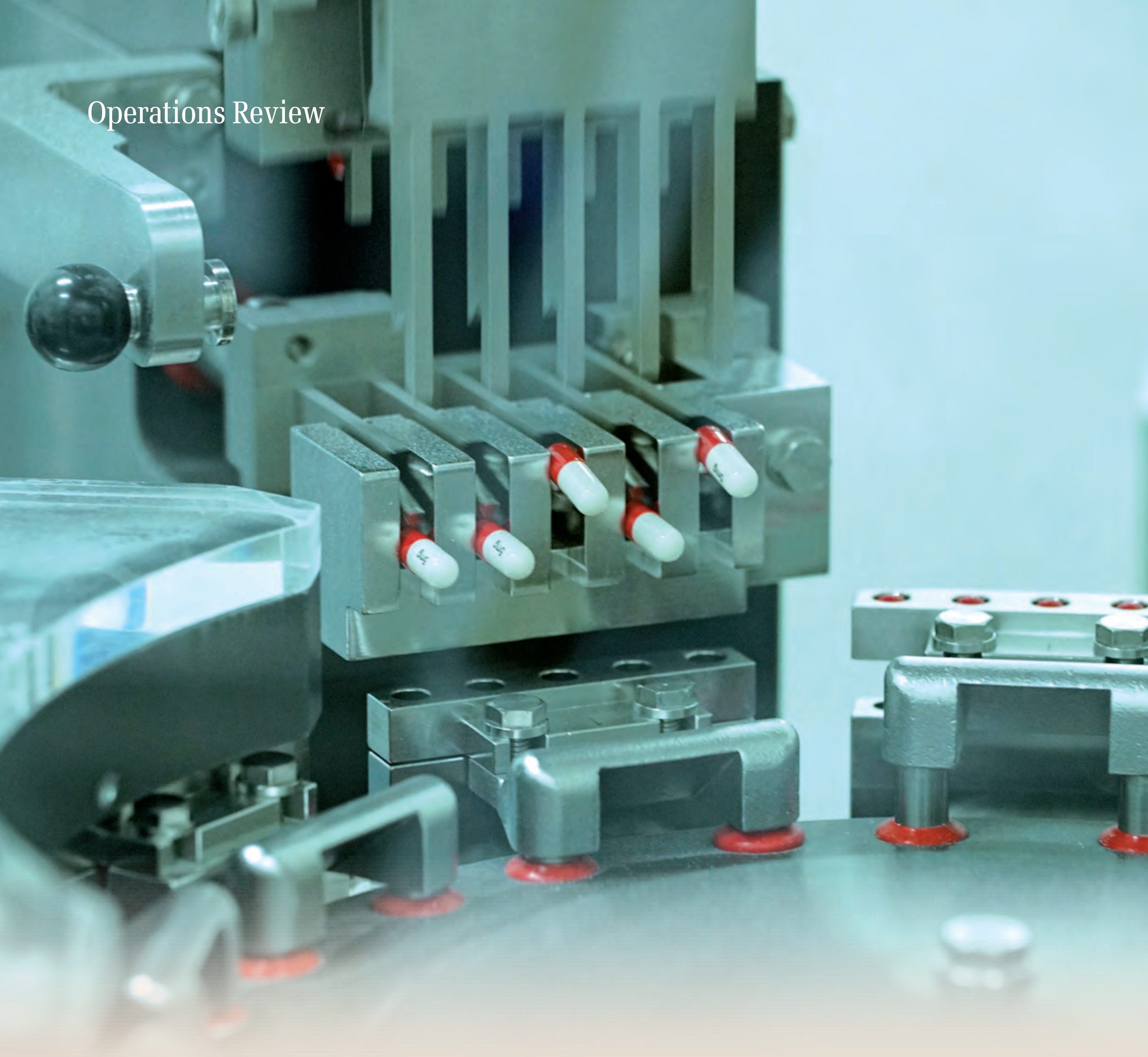

Finance & Investments and Others

Chi-Med's first home-grown drug for cancer, Elunate®, is included in the National Reimbursement Drug List in China.

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"), the Marionnaud businesses, listed associate CK Life Sciences Group ("CKLS") and listed subsidiary, HTAL, which has a 50% interest in Vodafone Hutchison Australia Pty Limited ("VHA").

	2019 HK$ million	2018 [1] HK$ million	Change	Local currencies change
Total Revenue	**33,946**	35,136	-3%	+1%
EBITDA [2]	**12,637**	5,111	+147%	+152%
EBIT [2]	**9,974**	2,571	+288%	+289%

Note 1: Revenue of HK$410 million, EBITDA of HK$225 million and EBIT of HK$193 million in 2018 were reclassified from finance & investments and others segment to CKH Group Telecom segment to conform with the 2019 presentation.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$13,958 million; EBIT was HK$10,119 million.

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$144,849 million at 31 December 2019. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2019 Annual Report.

During 2019, the Group partially disposed of its interest in Hutchison China MediTech Limited ("Chi-Med") for cash proceeds totalling US$310 million (approximately HK$2,400 million), reducing the Group's shareholding from 60.15% to 49.86%. This resulted in a one-off disposal gain of approximately HK$6,885 million recognised within this segment arising from the derecognition of Chi-Med as a subsidiary to an associated company. Chi-Med raised additional equity through an offering of ADS in early 2020. Correspondingly, the Group's shareholding was further diluted to 48.15%.

Other Operations

Hutchison Whampoa (China) Limited

HWCL operates various manufacturing, service and distribution joint ventures in the Mainland, Hong Kong and the United Kingdom, and also has 48.15% interest in Chi-Med, which is dual-listed on the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. Chi-Med is an innovative biopharmaceutical company committed to the discovery and global development of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases, as well as manufactures and sells pharmaceuticals and healthcare products.

TOM Group

TOM, a 36.1% associate, is a technology and media company listed on SEHK. TOM has technology operations in e-commerce, social network and mobile internet, and investments in fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments.

Marionnaud

Marionnaud operated approximately 900 stores in 11 European markets in 2019, providing luxury perfumery and cosmetic 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, manufacturing, commercialisation, marketing, sale of, and investment in, products and assets which are nutraceuticals, pharmaceuticals and agriculture-related.

HTAL, share of VHA

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange, has 50% interest of VHA, a mobile telecommunication joint venture with Vodafone Group Plc in Australia. VHA's active customer base decreased 4.6% to approximately 5.7 million (including MVNOs) at 31 December 2019 due to intense competition in the market. VHA's EBITDA [3] decreased 5.9% to A$1,036.6 million for the year and its loss attributable to shareholders [3] increased from A$124.4 million in 2018 to A$231.3 million in 2019 due to decline in revenue and higher depreciation and amortisation charges from an enlarged asset base, partly mitigated by continued focus on managing costs.

In August 2018, VHA entered into an agreement with TPG Telecom Limited ("TPG") for a proposed merger of equals to establish a fully integrated telecommunications operator in Australia (the "Merged Group"). In February 2020, the Australian Federal Court has ruled to approve the merger and rejected the opposition from the Australian Competition and Consumer Commission ("ACCC"). The ACCC has not appealed the court's decision and the merger is now expected to complete in mid-2020, subject to the remaining regulatory approvals. Following completion, VHA shareholders will own 50.1% of the equity of the Merged Group and TPG shareholders will own the remaining 49.9%. In addition, VHA and TPG have signed a separate joint venture agreement, whereby the joint venture has acquired 60 MHz of 3600 MHz spectrum for a total of A$263 million in December 2018.

Interest Expense, Finance Costs and Tax

The Group's consolidated interest expenses and other finance costs for the year, 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$15,657 million, decreased by 13% when compared to last year. The Group's weighted average cost of debt for 2019 was 2.1%, decreased from 2.4% in 2018, mainly due to the deconsolidation of the co-owned infrastructure subsidiaries, the refinancing of Wind Tre external debt with CKH Group Telecom debt in August 2019, as well as interest costs savings from loan refinancing at lower interest rates.

The Group recorded current and deferred tax charges of HK$7,701 million in 2019, a decrease of 5% compared to 2018.

Note 3: Under Post-IFRS 16 basis, EBITDA was A$1,178.7 million; net loss attributable to shareholders was A$279.3 million.

Operations Review

Summary

In light of the increasingly volatile and uncertain conditions in financial markets, and the significant disruptions to the movement of people, goods and supply chains resulting from the COVID-19 outbreak, as well as the significant drop and volatility of crude oil prices, the Group will adopt strongly prudential measures and will prioritise financial strength over investment and growth.

The COVID-19 pandemic is expected to mostly impact the Group's retail operations in the Mainland and Europe. Encouragingly, the Group has experienced strong recovery in retail operations in the Mainland and key European Health and Beauty operations. In Mainland, we are very well placed to manage and deliver a strong bounce-back in performance when the COVID-19 situation normalises. Our 3,900+ stores are already re-opened with only less than 5% closed. Market footfall reduction improved from 90% to 50% and Watsons sales reduction is significantly better than market at -25% due to our early years investment digital capabilities to serve customers via click & deliver within one hour across our 3,900+ distribution points. In Europe, COVID-19 has thus far not disrupted our operations. In the past few weeks, our major operations experienced double-digit sales growth in the Netherlands, Poland, Germany and the UK as we are in "mass essential" business selling high demand products, such as hand sanitisers, personal wash, vitamins and other health lines and also household cleaning. As the Group's stores are in the pharmacy and drugstore format, stores in the main markets will remain open.

The Ports division will experience some slowness in throughput due to factory closure in the Mainland, which is now gradually resuming production in early March 2020 with only single-digit decline in throughput for 2020 thus far. The Infrastructure division is expected to have minimal impact from the COVID-19 pandemic.

The Telecommunications division in Europe is currently not affected and is experiencing much reduced churn and much higher voice and data usage. The operations will focus on maintaining network quality and services for customers, and at the same time keeping employees safe.

The Group will prioritise maintenance of the health and safety of our personnel and staff, as well as on customers around the world and will take all available precautionary steps available to us to achieve these objectives.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 19 March 2020