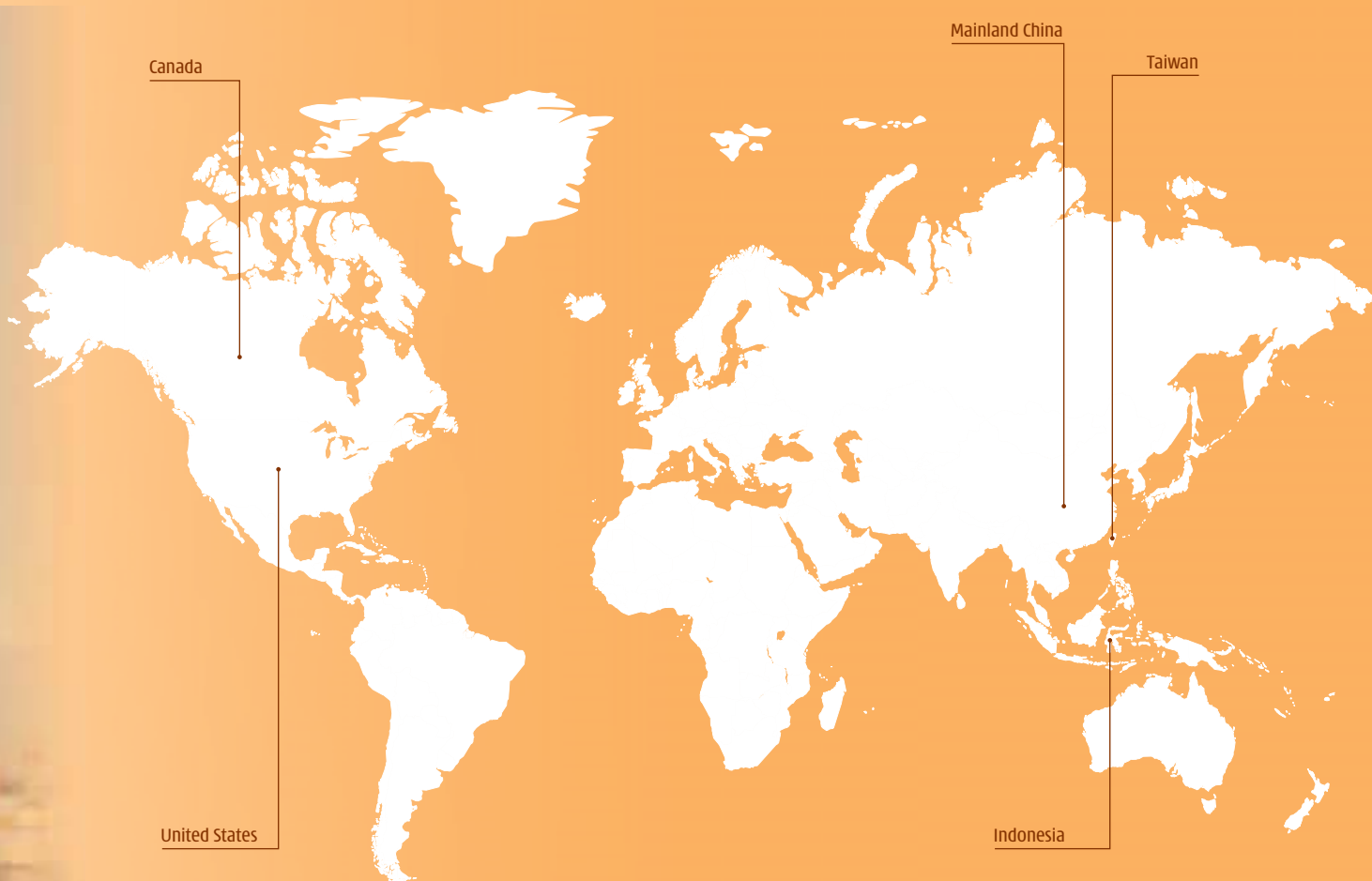


Energy



The Sunrise Energy Project commences steam operations.



- Husky Energy announced revenues, net of royalties, increased 3% to C\$24,092 million.
- Profit attributable to shareholders, before after tax impairment charges, decreased 8% to C\$1,880 million.
- Husky Energy's production increased 9% to an average of approximately 340,100 barrels of oil equivalent per day.



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1. Liwan Gas Project in the South China Sea commences first production.
2. Husky Energy's employee inspects pumpjack at the Pikes Peak Thermal Plant.
3. The offshore Liwan Central Platform.
4. The Sandall heavy oil thermal project in northern Alberta achieves first oil.
5. Truck loading oil at Tangleflags Oil Battery facility in Western Canada.



Operations Review – Energy

The energy division comprises of the Group's 33.97% interest in Husky Energy, an integrated energy company listed on the Toronto Stock Exchange.

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

The energy division contributed 14%, 14% and 10% respectively to the total revenue, EBITDA and EBIT of the Group's businesses.

Husky Energy announced revenues, net of royalties, increased 3% to C\$24,092 million. Profit from operations attributable to shareholders 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, profit from operations attributable to shareholders decreased 8% to C\$1,880 million.

EBITDA of Husky Energy 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 as well as higher averaged 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 in 2014.

The Group's share of EBITDA and EBIT, after translation into Hong Kong dollars and consolidation adjustments, but before the impairment charges mentioned above, decreased 2% and 12% respectively due to adverse foreign exchange movement.

In 2014, Husky Energy's production averaged approximately 340,100 barrels of oil equivalent ("BOEs") per day, a 9% increase when compared to approximately 312,000 BOEs per day in 2013, primarily 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 the first quarter of the year) and increased production from the Ansell multi-zone liquids-rich resource play.

Aggregated dividends on common shares of C\$1,180 million relating to the fourth quarter of 2013 and the first three quarters of 2014 were declared during the year, of which C\$1,169 million and C\$11 million were paid in cash and common shares respectively. Cash received and receivable by the Group from Husky Energy's dividend amounted to C\$401 million or HK\$2,802 million in 2014.

Husky Energy has delivered steady performance with its balanced growth and focused integration strategy in 2014. First gas from the Liwan 3-1 field of the Liwan Gas Project in the South China Sea achieved in March 2014 and the second gas field at Liuhua 34-2 was brought online in December 2014. Steam operations at Phase 1 of the Sunrise Energy Project commenced in December 2014. The first 30,000 barrels per day plant is expected to begin production towards the end of the first quarter of 2015 and the second 30,000 barrels per day plant is expected to commence production in late 2015. Production from Phase 1 of Sunrise Energy Project is expected to ramp up over a two-year period reaching peak production to 60,000 barrels per day (30,000 barrels per day net to Husky Energy). The 3,500 barrels per day Sandall heavy oil thermal development commenced production in the first quarter of 2014 with strong production averaging 5,700 barrels per day in 2014.

The following projects which are currently in development will add about 85,000 net barrels per day by the end of 2016.

Near-Term Projects	Business	First Production	Forecast Net Peak Production (barrels per day)
Sunrise Energy Project Plant 1A	Oil Sands	Q1-2015	15,000 (mid-2016)
Sunrise Energy Project Plant 1B	Oil Sands	Q3-2015	15,000 (late 2016)
South White Rose Extension	Atlantic Region	Mid-2015	15,000
North Amethyst Hibernia well	Atlantic Region	Q3-2015	5,000
Rush Lake	Heavy Oil Thermal	Q3-2015	10,000
Edam East	Heavy Oil Thermal	Q3-2016	10,000
Edam West	Heavy Oil Thermal	Q4-2016	3,500
Vawn	Heavy Oil Thermal	Q4-2016	10,000

Proved and Probable Reserves & Production

