

Business Review

COMMUNICATIONS, MEDIA & ENTERTAINMENT & Other Investments

i-CABLE

A weaker local consumption depressed demand, while intense competition and product substitution increased supply. They combined to put significant pressure on both subscription and airtime sales revenue. TV customer base contraction continued on weaker sales in a shrinking market despite signs of stabilisation towards the end of the year. Broadband business reported a minor growth in revenue and operating margin. It has become more necessary than ever to invest prudently in programming and other initiatives to prepare for challenging times ahead. Past operating losses have weakened i-CABLE's financial position. Net cash totaled HK\$62 million (2013: HK\$182 million). To sustain this investment, i-CABLE will evaluate funding options from internal resources, external debt as well as fresh equity. Net loss for the year was HK\$139 million (2013: HK\$93 million).

WHARF T&T

The importance of ICT investment to business results and modus operandi continue to rise in the business sector. The market, therefore, enjoyed a robust demand for the best part of 2014. Underpinned by the solid growth in its telecom business, Wharf T&T achieved another record-breaking year in its growth journey.

Total revenue rose by 5% to HK\$1,950 million. Data business continued to deliver promising double-digit growth that reflected increased penetration in the market. EBITDA increased by 7% to HK\$755 million, with margin improving to 39%. Operating profit increased by 17% to set a record of HK\$352 million. Free cash flow improved to HK\$380 million. Over and above the strong financial performance, Wharf T&T's continuous effort in service excellence earned a two-point gain, from a year earlier, in the annual Customer Satisfaction Index (CSI), and set another new record in the company's service history.

Building on a solid growth trajectory with relentless product and service focus, Wharf T&T is very well positioned to challenge the incumbent and benefit from the increased adoption of cloud services in the business sector.



THE "STAR" FERRY

The "Star" Ferry, a franchised public-service ferry operator, serves the community by providing passengers with reliable ferry crossings. It is one of the best value-for-money sightseeing trips in the world. A notable increase in rental revenue boosted Star Ferry's revenue and operating profit in 2014.

HONG KONG AIR CARGO TERMINALS

Hong Kong is one of the world's busiest airports for international cargo. Hong Kong Air Cargo Terminals, a 20.8% associate of the Group. It is a leading air cargo terminal operator in Hong Kong handling 1.8 million tonnes in 2014.