The Spruce Lake Central thermal project in Saskatchewan, Canada achieves first oil.

Energy

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1. Crude-by-rail cars are loaded at the Bruderheim Energy Terminal in Alberta, Canada.

2. The Wood River Refinery located in Illinois, US processes light low-sulphur and heavy high-sulphur crude oil.

3. Cenovus Energy's Deep Basin operations are located in a natural gas fairway in north-western Alberta and north-eastern British Columbia, Canada.

In January 2021, Cenovus Energy Inc. ("Cenovus Energy"), a Canadian integrated oil and natural gas company listed on the Toronto and New York stock exchanges, announced the completion to combine Cenovus Energy and Husky Energy ("Husky"). Post-completion, Husky was delisted from the Toronto Stock Exchange and the Group currently holds approximately 15.71% of Cenovus Energy, together with warrants representing a further 1.08% to 16.79% [1]. The results of the Energy division reported in 2020 represent the Group's 40.19% share of Husky's results for the year.

	2020 HK$ million	2019 HK$ million	Change	Local currency change
Total Revenue	**31,179**	47,618	-35%	-33%
EBITDA [2]	**(23,003)**	3,139	-833%	-835%
- Underlying	**1,906**	9,122	-79%	-80%
- Impairment and other charges [3]	**(24,909)**	(5,983)	-316%	-316%
EBIT [2]	**(28,096)**	(3,004)	-835%	-841%
- Underlying	**(3,187)**	2,979	-207%	-213%
- Impairment and other charges [3]	**(24,909)**	(5,983)	-316%	-316%
Production (mboe/day)	**272.0**	290.1	-6%	
	C$ million	C$ million		
Husky's reported net losses [4]	**(10,016)**	(1,370)	-631%	
- Underlying	**(1,451)**	970	-250%	
- Impairment and other charges [5]	**(8,565)**	(2,340)	-266%	

Note 1: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Note 2: Under Post-IFRS 16 basis, the Group's share of LBITDA was HK$22,746 million (2019: EBITDA of HK$3,480 million); LBIT was HK$28,020 million (2019: LBIT of HK$2,974 million).

Note 3: Represents the Group's share of non-cash impairment and other charges (before-tax) after consolidation adjustments.

Note 4: Net earnings for the year ended 31 December 2019 and 2020 are under Post-IFRS 16 basis.

Note 5: Represents non-cash impairment and other charges (after-tax) recognised by Husky in 2020 and 2019 respectively.

Husky announced Post-IFRS 16 net losses of C$(10,016) million for 2020, as compared to net loss of C$(1,370) million for 2019. The net losses for 2020 and 2019 included non-cash asset impairment and other charges (after-tax) of C$8,565 million and C$2,340 million respectively. Excluding the impairment and other charges, Husky reported a net loss of C$(1,451) million for 2020, worsened compared to net earnings of C$970 million reported for 2019, primarily due to:

- Lower earnings from the Lloyminster Heavy Oil Value Chain, Oil Sands and US Refining segments due to declines in crude oil benchmarks and refined product prices; and

- Lower insurance recoveries recognised for business interruption and incident costs associated with the Superior Refinery.

During 2020, Husky recognised non-cash asset impairment and other charges totalling C$11.2 billion (before-tax) or C$8.6 billion (after-tax), largely due to sustained market impact from the COVID-19 pandemic which has resulted in declines in forecasted long-term commodity prices, reductions in planned future capital investment, delayed future development plans, higher discount rates based on a number of factors, market indicators including the Cenovus Energy transaction. In 2019, Husky also recognised impairment and other charges of C$3.1 billion (before-tax) or C$2.3 billion (after-tax). The Group's share of these charges in EBITDA and EBIT results, after consolidation adjustments, was HK$24,909 million for 2020 and HK$5,983 million for 2019 respectively.

Including the aforementioned impairment and other charges, after translation into Hong Kong dollars and including consolidation adjustments based on Pre-IFRS 16, the Group's share of LBITDA and LBIT for 2020 were HK$(23,003) million and HK$(28,096) million respectively, compared to EBITDA and LBIT of HK$3,139 million and HK$(3,004) million for 2019 respectively.

Cash flow from operating activities was C$841 million for the year ended 31 December 2020, 72% lower than C$2,971 million in 2019, primarily attributed to the same factors noted above for the net earnings.

Capital expenditure was C$1,587 million for 2020 (2019: C$3,432 million) with approximately 73% invested in Integrated Corridor operations (primarily construction work at the Spruce Lake Central and Spruce Lake North thermal projects, Upgrader turnaround and Lima Refinery crude oil flexibility projects, as well as ongoing Superior Refinery rebuild) and 23% invested in Offshore operations (primarily for the development of Liuhua 29-1 and West White Rose Project).