Husky Energy and Cenovus Energy combine their businesses on 1 January 2021.

Finance & Investments and Others

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, Hutchison Telecommunications (Australia) Limited ("HTAL"), which has a 25.05% interest in TPG Telecom Limited ("TPG"). Following the merger of the Group's energy business with Cenovus Energy in January 2021, the Group's 15.8% interest in Cenovus Energy is included under Finance Investments and Others segment. The share of Husky's results for 2020 were also reclassified to this segment to conform with the 2021 presentation.

	2021 (1) HK$ million	2020 (1) HK$ million	Change	Local currencies change
Total Revenue	**72,036**	58,760	+23%	+20%
EBITDA (2)	**5,312**	(8,007)	+166%	+165%
- Underlying	**10,320**	6,797	+52%	+52%
- One-off items	**(5,008)**	(14,804)	+66%	+66%
EBIT (2)	**(1,219)**	(15,409)	+92%	+92%
- Underlying	**3,789**	(605)	+726%	+732%
- One-off items	**(5,008)**	(14,804)	+66%	+66%

Note 1: The share of Husky's results for 2020 were reclassified from Energy division to Finance & Investments and Others segment to conform with 2021 presentation, which included the Group's share of Cenovus Energy Post-IFRS 16 results.

Note 2: Under Post-IFRS 16 basis, EBITDA was HK$6,464 million (2020: HK$(6,392) million); EBIT was HK$(1,146) million (2020: HK$(15,141) million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK$161,360 million at 31 December 2021. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2021 Annual Report.

In 2021, EBITDA and EBIT in this segment included a one-off net loss of HK$5.0 billion, which comprised a non-cash foreign exchange reserve loss following the energy business merger of HK$3.5 billion and the Group's share of non-cash pre-tax impairment on the energy business' US refinery assets of HK$1.5 billion. This is compared to the one-off net loss of HK$14.8 billion in last year, which comprised the share of impairment and write-downs of the energy business, partly offset by a net dilution gain of HK$10.1 billion arising from the merger of the Australian Telecommunication businesses.

Excluding the one-off items, underlying EBITDA and EBIT grew 52% and 726% respectively from 2020 primarily due to the turnaround contribution from the energy business' underlying operations.

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 38.46% interest in HUTCHMED (China) Limited ("HUTCHMED"), which is currently listed on the SEHK, the AIM market of the London Stock Exchange in the UK and the Nasdaq Global Select Market in the US. HUTCHMED is an innovative, commercial-stage, biopharmaceutical company committed to the discovery and global development and commercialisation of targeted therapies and immunotherapies for the treatment of cancer and immunological diseases. HUTCHMED raised additional equity through a private placement in April 2021 and HK IPO listing in June 2021. Correspondingly, CKHH's shareholding was further diluted to 38.46%.

Cenovus Energy

Cenovus Energy is a Canadian-based integrated energy company with shares listed on the Toronto and New York stock exchanges. It operates in Canada, the United States and Asia Pacific region, and is the third largest Canadian oil and natural gas producer, as well as the second largest Canadian-based refiner and upgrader. Following the completion of the merger of Cenovus Energy and Husky Energy in January 2021, Cenovus Energy becomes an associated company of the Group. As at 31 December 2021, the Group held 15.8% interest in Cenovus Energy, together with warrants representing a further 1.1% to 16.9% (3).

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, mobile internet, and investments in fintech and advanced data analytics sectors. In addition, its media businesses cover both publishing and advertising segments.

Marionnaud

Marionnaud had over 780 stores in 9 European markets as of 31 December 2021, 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 TPG Telecom Limited

HTAL, an 87.87% owned subsidiary listed on the Australian Securities Exchange ("ASX"), has 25.05% interest of TPG Telecom Limited (formerly known as Vodafone Hutchison Australia or "VHA"), a 50-50 joint venture with Vodafone Group Plc before its merger with TPG Corporation Limited (formerly named TPG Telecom Limited) which became effective on 26 June 2020. Post-merger, TPG Telecom Limited was listed on the ASX on 30 June 2020 and is held 25.05% by HTAL, 25.05% by Vodafone Group Plc and 49.9% by other shareholders.

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$14,659 million, decreased by 3% when compared to last year. The Group's weighted average cost of debt for 2021 was 1.6% (2020: 1.7%).

The Group recorded current and deferred tax charges of HK$9,578 million in 2021, an increase from HK$1,470 million in 2020, primarily reflecting the adverse variance arising from the significant deferred tax credit arising from impairment and other charges of Husky recognised in 2020, as well as higher profit before tax for 2021, partly offset by the favourable net impact from the revaluation of deferred tax assets and liabilities following the revision of the UK corporate tax rates in 2021.

Note 3: On a partially-diluted basis assuming the exercise of the Cenovus Energy common share purchase warrants held by the Group.

Summary

New headwinds to the global economic recovery are emerging with the renewed threat of new variants and movement restrictions, global supply shortages and inflationary pressures. All of which poses operational challenges for the Group's businesses globally. Despite these uncertainties, the Group has proven its strength in adapting to various changes in market conditions during the pandemic, as well as ensuring agility in facing new operational challenges ahead. The Group has continued to successfully execute various transactions aimed at creating value for shareholders, as well as providing strong liquidity and strengthening the Group's overall financial profile. The Group as a matter of policy will maintain its strong financial profile and ensure that all investment activities are consistent with maintaining our current investment grade ratings. I remain confident that our management team will achieve these objectives in the year ahead.

Fok Kin Ning, Canning
Group Co-Managing Director

Hong Kong, 17 March 2022