



HUTCHMED's new flagship manufacturing facility in Shanghai, China, commences operations.

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"), listed associate Cenovus Energy ("Cenovus") and listed subsidiary, Hutchison Telecommunications (Australia) Limited ("HTAL"), which has a 25.05% interest in TPG Telecom Limited ("TPG").

	2023 HK\$ million	2022 HK\$ million	Change	Local currencies change
Total Revenue	84,056	94,085	-11%	-8%
EBITDA ⁽¹⁾	19,532	18,469	+6%	+9%
EBIT ⁽¹⁾	12,913	12,009	+8%	+10%

Note 1: Under Post-IFRS 16 basis, EBITDA was HK\$20,769 million (2022: HK\$19,177 million); EBIT was HK\$13,143 million (2022: HK\$11,736 million).

Finance and Investments

Finance and investments mainly represents returns earned on the Group's holdings of cash and liquid investments, which totalled HK\$143,109 million as at 31 December 2023. Further information on the Group's treasury function can be found in the "Group Capital Resources and Liquidity" section of the 2023 Annual Report.

EBITDA and EBIT grew 6% and 8% respectively from 2022 primarily due to certain gains on non-core asset disposals, higher interest income from money market deposits and higher contribution from HWCL, which more than offset the Group's share of lower profit of the energy business.

Operations Review – Finance & Investments and Others

Other Operations

Hutchison Whampoa (China) Limited

HWCL is engaged in the businesses of manufacturing, service and distribution in the Mainland, Hong Kong and the United Kingdom, and also has 38.17% 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.

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. As at 31 December 2023, the Group held 16.9% interest in Cenovus Energy.

The Group's share of Cenovus Energy's Post-IFRS 16 EBITDA, EBIT and net earnings were HK\$10,094 million, HK\$5,564 million and HK\$3,963 million, a decrease of 27%, 41% and 37% compared to last year respectively. The lower contribution is primarily due to lower commodity benchmark pricing, as well as reduced upstream production volume impacted by wildfire in the second quarter of 2023. The operating results are further impacted by lower market crack spreads, higher repair and maintenance costs for turnarounds at certain facilities, as well as increased operating expenses for a number of refineries that are at the start-up phase.

TOM Group

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

Marionnaud

Marionnaud had over 720 stores in nine European markets as of 31 December 2023, providing luxury perfumery and cosmetic products.

CK Life Sciences Group

The Group has an approximate 45.32% interest in CKLS, a company listed on the 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 (also listed on the ASX).

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\$20,147 million, increased by 36% when compared to last year, driven mainly by the higher effective interest rates. The Group's weighted average cost of debt for 2023 was 3.2% (2022: 2.0%).

The Group recorded current and deferred tax charges of HK\$8,500 million in 2023, a decrease of 47% from HK\$16,091 million in 2022, primarily due to the higher deferred tax charges from the disposal of tower assets in 2022 and lower profit before tax in 2023.

Operations Review

Summary

Growth in major economies is expected to be weak and the outlook remains anaemic in 2024 as various headwinds have not fully subsided. Although headline inflation continues to stabilise, with the persistently strong US Dollars and elevated interest rates, the operating environment for the Group's businesses will remain challenging.

However, the Group will continue to stay vigilant in facing these headwinds and all core businesses are expecting its underlying operating performances to either be on par or improve against 2023. Notably, **3** Group Europe will contribute favourably with its margin improvement initiatives, Cenovus will grow next year as it resumes to full operating capacities, strong performances from the Retail division, in particular the Health and Beauty segments in Asia and Europe, as well as stable contribution from the Ports and Infrastructure divisions. The Group will continue to explore value accretive transactions for its shareholders, as well as maintaining its 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.

Fok Kin Ning, Canning

Group Co-Managing Director

Hong Kong, 21 March 2024