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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1113)

INTERIM RESULTS FOR 2022

HIGHLIGHTS

Six months ended 30 June	2022 HK\$ million	2021 HK\$ million	2022 HK\$ per share	2021 HK\$ per share	Change
Profit attributable to shareholders	12,936	8,355	3.55	2.25	+58%
Interim dividend			0.43	0.41	+5%

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the period ended 30 June 2022 amounted to HK\$12,936 million (2021 – HK\$8,355 million). Earnings per share were HK\$3.55 (2021 – HK\$2.25), an increase of 58% when compared with the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2022 of HK\$0.43 per share (2021 - HK\$0.41 per share) to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 6 September 2022. The interim dividend will be paid on Friday, 16 September 2022.

PROSPECTS

Strong Resilience in Challenging Times

Business Review

Heading into the third year of the pandemic, countries across the world have begun to lift social distancing restrictions and relax border control measures following nationwide vaccination to facilitate resumption of economic activity, trade and production. COVID risks persist to date and the path to global economic recovery remains highly uncertain under the shadow of surging inflation and rising interest rates.

Despite a challenging business environment, the Group achieved a strong performance in the first half of the year through financial discipline and determination. The value and strength of our quality assets continued to reinforce the Group's solid foundation in an adverse market. With ample cash on hand in the midst of tightening financial conditions in the macro-economic environment, the Group has remained resilient and continued to source potential opportunities for growth and expansion to create long-term value for its shareholders.

Property Sales

The property market picked up pace to varying degrees in different segments as the fifth wave of pandemic subsided in May and the related anti-pandemic measures were eased. The property market was supported by continuing owner-occupier demand and the relaxation of the cap on the value of the properties under the mortgage insurance programme. The Group recorded an increase in contribution from property sales in Hong Kong as compared with the same period last year, as contracted sales were recognised during the period. In March, the Group won the tender for the combined residential and retail development in To Kwa Wan. The Group will continue to increase its land bank for quality property development by participating in tenders and exploring new opportunities.

The Central Government's long-term vision and the local governments' city-specific policies continued to steer the development of the real estate market in a steady and healthy manner. During the period, the Group completed the sale of City Link in Shanghai and the profit contribution was recognised. The Group recorded a decrease in contribution from property sales on the Mainland as compared with the same period last year.

Property Rental

The leasing market was challenging in the first half of the year due to the pandemic. The Group recorded a decrease in property rental contribution as compared with the same period last year, partly owing to the rental income loss from the disposal of 5 Broadgate in London in March 2022. The disposal enabled the Group to unlock the underlying value of its investment and allowed the proceeds to be reallocated to other strategic investment opportunities. The development of Cheung Kong Center II is on track and construction is anticipated to complete in 2023. It is well-positioned to become a landmark modern Grade A office building in Central and will strengthen the rental contribution to the Group in due course. We are confident of the demand for premium Grade A buildings. However, interest rate hikes and decline in rental rates are expected to put upward pressure on capitalisation rates, which may weigh on the valuation of some highly-valued properties in the market. The Group will continue to adopt a flexible leasing strategy to optimise its tenant mix, and enhance the portfolio with high-quality investment properties to strengthen its recurring income base and sustain long term growth.

Hotel and Serviced Suite Operation

The tourism sector was marked with challenges in the first half of the year. The sector is expected to gain momentum after travel restrictions are lifted. The Group's strategic focus on long term stay business showed proven success, and the serviced suite operation maintained a high occupancy rate with long stay guests and recorded a stable contribution. The Group continued to reposition its hospitality service to capture additional domestic market share. Some of the Group's hotels joined the designated quarantine hotels scheme and achieved an improvement in occupancy rate. An increase in contribution was recorded for the Group's overall hotel and serviced suite operation as compared with the same period last year.

Pub Operation

All COVID-related trading restrictions placed on the hospitality and pub industry in the UK were lifted in January for England and in April for Scotland and Wales. The pub operation recorded a positive contribution of HK\$866 million, an exceptional improvement as compared with the same period last year. The pace of recovery has been dampened by significant inflationary pressure, shortage of labour and supply chain disruptions which have caused a substantial rise in the cost of utilities, fuel, food and wages. Nevertheless, pub culture is an integral part of the British way of life and the sector has demonstrated its resilience to economic downturns in the past. With the backing of the Group and a significant high-quality freehold asset base, Greene King remains committed to delivering the best possible returns to the Group.

Infrastructure and Utility Asset Operation

The infrastructure and utility assets operation stayed resilient due to its stable nature, and recorded an increase in contribution as compared with the same period last year. CK William Group, Reliance Home Comfort and ista contributed HK\$804 million, HK\$700 million and HK\$830 million respectively. Other infrastructure and utility assets, including the infrastructure businesses under an economic benefits agreement and the assets acquired from Li Ka Shing Foundation Limited in 2021, made a total contribution of HK\$1,814 million. The Group will continue to source high-quality global infrastructure and utility assets and related investment opportunities.

In July 2022, Kohlberg Kravis Roberts & Co. L.P. (“KKR”) agreed to invest in Northumbrian Water for a 25% shareholding. The transaction would allow the Group to bring in KKR as an experienced infrastructure investor, and realise a portion of its shareholding in Northumbrian Water at a reasonable level of capital gain and net proceeds. Completion of the transaction is subject to the fulfilment of certain conditions, details of which were stated in the Company’s announcement dated 14 July 2022.

Sustainability Initiatives and Counter-COVID Strategy

Decarbonisation is an imminent global issue. We are set to accelerate our pace in pursuing low-carbon transformation through efficient processes and effective use of resources. The Group has set environmental targets to reduce intensity of GHG emissions, electricity and water consumption and paper waste by 2030, and Greene King has made its pledge to become carbon net zero by 2040. We have always been committed to green building development. Twelve existing properties managed by the Group achieved “Excellent” rating for management aspect under BEAM Plus Existing Buildings during the period, and provisions for environmental performance have been included in the leases where appropriate to advance our green vision. The Group also takes an interest in projects that improve ecosystem performance and reduce carbon emissions such as regenerative soil management.

Behind our success is the tireless work of our employees who maintained the stability of our global operations notwithstanding the difficult and uncertain environment caused by the pandemic. The Group has adopted agile working arrangements and enhanced anti-pandemic procedures to bolster the health and safety of our staff, tenants, customers and visitors. Since the onset of the fifth wave in Hong Kong, additional air purifiers were added in offices to reduce the risk of virus transmission. Apart from providing special leave for vaccination, colleagues are also encouraged to wear masks, undergo regular rapid self-testing and make use of virtual meetings. The Group’s Annual General Meeting in May 2022 was held as a hybrid meeting in compliance with anti-pandemic regulations.

The Group is committed to giving back to the community through participation in various charitable activities to share with the underprivileged. The CK Group has been ranked as one of the top three donors of The Community Chest for 22 consecutive years. Whilst in the UK, Greene King celebrated 10 years of partnership with Macmillan Cancer Support, raising a total of over £11 million, the equivalent of 343,750 Macmillan professional nursing hours.

Outlook

Amid the global concerted efforts to control the COVID-19 public health crisis in the past years, the landscape of the economic recovery remains uncertain and challenging. Intensifying geopolitical risks, surging inflation, supply chain disruptions and China-US trade relations continue to hinder growth prospects, while central banks are expected to increase interest rates at a faster pace to guard against the growing risks.

Economic recovery on the Mainland is expected to continue. The Central Government's determination to strike a balance between economic development and COVID-19 prevention and control will be conducive to maintaining steady economic development.

Hong Kong's economic performance was affected by the pandemic in the first half of the year. Amid the deteriorating global economy, Hong Kong exports, consumption and investments will continue to be affected in the second half. Economic recovery is expected to resume as the situation stabilises and anti-pandemic measures relax. 2022 marks the 25th anniversary of Hong Kong's return to the Motherland. With the full support of the Mainland, Hong Kong is poised to revive its growth momentum by reinforcing its distinctive status as an international financial centre and a transportation and trade hub. In the past Hong Kong has shown remarkable resilience to economic pressure, and we are confident that it will continue to thrive and prosper in times of adversity by seizing the tremendous opportunities for development. Housing policies and interest rate movements will continue to be determining factors for the local property market, which is underpinned by constant solid demand.

The Group has demonstrated resilience and financial discipline in the face of unprecedented challenges and a fast-changing environment. The Group's portfolio is characterised by balance and breadth, and consists of geographically and sectoral diversified businesses and quality assets that provide multiple onshore and offshore income streams. As at 30 June 2022, the Group had a net cash position of HK\$13.9 billion, after deducting bank and other borrowings. With ample cash on hand and a solid foundation, the Group remains competitive at the forefront and is well-poised to capture new opportunities worldwide with agility and flexibility. The Group will actively pursue high-quality investments in accordance with its prudent strategy to sustain continuous growth and strengthen its recurring income base.

The Group has maintained "A/Stable" and "A2 Stable" credit ratings from Standard & Poor's and Moody's respectively, demonstrating its stable financial profile.

Acknowledgement

Our intelligent, creative, experienced and loyal employees are the Group's most valuable asset in this competitive and challenging global environment. My colleagues on the Board join me in thanking our team of diligent employees around the world for their hard work, adaptability, services and contributions during the period. Our employees strived to maintain the stability of our operations notwithstanding the difficult and uncertain environment. I also take this opportunity to express my sincere gratitude to our board members for their unwavering dedication and our stakeholders for their continued support.

Victor T K Li
Chairman

Hong Kong, 4 August 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2022:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Borrett Road Project Phase 2	Inland Lot No. 8949	149,123	100%
El Futuro	Sha Tin Town Lot No. 614	244,084	100%
#LYOS	Lot No. 4328 in D.D. 124	138,876	100%
Upper West Shanghai Phase 3 Tender 2 (T1) Phase 4 Tender 2 (T14)	Putuo District, Shanghai	1,648,685	60%
Regency Hills Land No. 11B	Yangjiashan, Nanan District, Chongqing	207,485	95%
Laguna Verona Phase G1b / G2a Zone 4 (1)	Hwang Gang Lake, Dongguan	422,709	99.8%
Noble Hills Phases 3B and 3C	Zengcheng, Guangzhou	346,587	100%
Emerald Cove Phases 1 and 2	Daya Bay, Huizhou	2,505,405	100%
Regency Cove Phase 2B	Caidian District, Wuhan	651,621	100%
Chelsea Waterfront The Rotunda, East Tower and Block KC2A	Chelsea / Fulham, London	140,431	95%

2. New Acquisitions and Joint Developments and Other Major Events:

- (1) March 2022: A wholly owned subsidiary of the Group was awarded a tender by the Urban Renewal Authority for the combined development of four projects covering two adjoining sites at Hung Fook Street/Kai Ming Street and Wing Kwong Street/Kai Ming Street, To Kwa Wan, Kowloon. With a total area of approximately 58,534 sq.ft. (approximately 5,438 sq.m.), the sites are designated for residential/retail development and estimated to have a total developable gross floor area of approximately 526,807 sq.ft. (approximately 48,942 sq.m.).
- (2) March 2022: An indirect wholly owned subsidiary of the Group agreed and completed the sale to an independent third party the entire issued share capital of Bluebutton Holdco 5 Broadgate (Jersey) Limited (the “Broadgate Target”) which holds 100% beneficial interest in the Grade-A office building, 5 Broadgate in London, the United Kingdom (the “Property”) at the consideration of GBP729.17 million (equivalent to approximately HK\$7,466.70 million) in cash, which has taken into account the value ascribed to the Property of GBP1,210 million (equivalent to approximately HK\$12,390 million) and the other assets and liabilities of the Broadgate Target and its subsidiaries. Details of the sale were set out in the announcement of 11 March 2022.
- (3) April 2022: An indirect wholly owned subsidiary of the Group and an indirect 90% owned subsidiary of the Group (the “Aircraft Sellers”) entered into a sale and purchase agreement (the “SPA”) in December 2021 with Maverick Aviation Holdings Ltd. (as purchaser) and the Company (as guarantor for each of the Aircraft Sellers) in relation to the disposals of all of the issued ordinary shares in the capital of Accipiter Finance S.à r.l. and Manchester Aviation Finance S.à r.l. at the respective total consideration of approximately US\$2,441 million (equivalent to approximately HK\$18,921 million) and US\$1,840 million (equivalent to approximately HK\$14,258 million) in cash (subject to adjustments). The said disposals involved the sale of aircraft together with the leases with respect to such aircraft, and other aircraft in the order book. Details of the disposals were set out in the announcement of 24 December 2021. The transaction was completed on 12 April 2022.
- (4) May to June 2022: The Company bought back a total of 6,561,500 Shares in May and June 2022 on The Stock Exchange of Hong Kong Limited with the aggregate consideration paid (before expenses) amounting to HK\$341,382,850. All the Shares bought back were not yet cancelled.

- (5) July 2022: An indirect wholly owned subsidiary of the Company (“CKA Sub”), an indirect wholly owned subsidiary of CK Infrastructure Holdings Limited (“CKI”) (“CKI Sub”) and Brockhill Investments Corporation (the “Brockhill”, together with CKA Sub and CKI Sub, the “Northumbrian Sellers”) entered into a share purchase agreement (the “Share Purchase Agreement”) in July 2022 with Nimbus UK Bidco Limited (as purchaser, owned and controlled by Kohlberg Kravis Roberts & Co. L.P.) in relation to the purchaser’s acquisition from each Northumbrian Seller, on a several basis, such Northumbrian Seller’s pro rata share in 25% of the fully diluted ordinary share capital of each of Northumbrian Water Group Limited (“NWG”) and Northumbrian Services Limited (“NSL”) (the “KKR Investment”) at an aggregate consideration of GBP867 million (equivalent to approximately HK\$8,072.8 million) in cash (subject to adjustments). The issued share capital of each of NWG and NSL is owned as to 20%, 40% and 40% by CKA Sub, CKI Sub and Brockhill. Upon the completion of the KKR Investment, the issued share capital of each of NWG and NSL will be owned as to 15%, 30%, 30% and 25% by CKA Sub, CKI Sub, Brockhill and the purchaser, respectively.

In respect of the 30% of the issued share capital of each of NWG and NSL which will be owned by Brockhill upon completion of the KKR Investment, pursuant to the economic benefits agreements dated 31 August 2018 (as amended and supplemented from time to time) entered into between CK Hutchison Holdings Limited (“CKHH”) and Henley Riches Limited (a wholly owned subsidiary of CKHH) on one hand and the relevant subsidiaries of the Company, CKI and Power Assets Holdings Limited (“PAH”) on the other hand, the Group, the CKI group, the PAH group and the CKHH group (other than the CKI group which is part of the CKHH group) will respectively have effective economic benefits of 12%, 9%, 6% and 3% in NWG and NSL. The aggregate economic benefits of the Group, the CKI group, the PAH group and the CKHH group (other than the CKI group which is part of the CKHH group) respectively in NWG and NSL will become 27%, 39%, 6% and 3%.

Details of KKR Investment were set out in the joint announcement of 14 July 2022.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK\$20,397 million (2021 – HK\$14,789 million), comprising mainly (i) sales of residential units of Sea to Sky completed in Hong Kong last year; and (ii) sale of City Link developed in Shanghai on the Mainland, and is summarised by location as follows:

Location	2022 HK\$ Million	2021 HK\$ Million
Hong Kong	12,748	609
The Mainland	7,436	14,036
Overseas	213	144
	20,397	14,789

Contribution for the period was HK\$8,054 million (2021 – HK\$7,917 million) and is summarized by location as follows:

Location	2022 HK\$ Million	2021 HK\$ Million
Hong Kong	5,422	112
The Mainland	2,563	7,787
Overseas	69	18
	8,054	7,917

For development projects in Hong Kong, the presale of residential units of Grand Jeté Phase 1 has been launched and the presales of residential units of El Futuro and #LYOS are ongoing. On the Mainland, sales of properties slow down in the circumstances of tight pandemic curbs and weak demand for properties.

Property sales contracted but not yet recognised at 30 June 2022 are as follows:

Location	Schedule for Sale Recognition		
	2022 HK\$ Million	After 2022 HK\$ Million	Total HK\$ Million
Hong Kong	3,266	5,073	8,339
The Mainland	2,199	2,380	4,579
Overseas	114	845	959
	5,579	8,298	13,877

At the interim period end date, the Group had a development land bank (including developers' interests in joint development projects but excluding agricultural land and completed properties) of approximately 76 million sq.ft., of which 5 million sq.ft., 67 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively.

Property Rental

Revenue of property rental (including share of joint ventures) for the period was HK\$2,993 million (2021 – HK\$3,353 million) and comprised rental income derived from leasing of retail, office, industrial and other properties as follows:

Use of Property	2022 HK\$ Million	2021 HK\$ Million
Retail	1,121	1,319
Office	1,130	1,339
Industrial	374	358
Others	368	337
	2,993	3,353

The Group's investment properties are primarily located in Hong Kong including Cheung Kong Center, Cheung Kong Center II (under redevelopment) and China Building in Central, 1881 Heritage in Tsimshatsui, The Whampoa in Hunghom, OP Mall in Tsuen Wan, Hutchison Logistics Centre in Kwai Chung and others.

Contribution for the period was HK\$2,426 million (2021 – HK\$2,894 million), and is summarised by location as follows:

Location	2022 HK\$ Million	2021 HK\$ Million
Hong Kong	1,995	2,241
The Mainland	195	295
Overseas	236	358
	2,426	2,894

Rental contribution from overseas decreased, when compared with the same period last year, as the office building at 5 Broadgate in London was divested in March 2022. A surplus of HK\$738 million was recognised during the period on the disposal of the investment property.

At the interim period end date, the Group had an investment property portfolio of approximately 16.6 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

Location	Retail Million sq.ft.	Office Million sq.ft.	Industrial Million sq.ft.	Others Million sq.ft.	Total Million sq.ft.
Hong Kong	3.2	3.9	5.9	-	13.0
The Mainland	1.5	0.4	-	-	1.9
Overseas	0.1	0.2	-	1.4	1.7
	4.8	4.5	5.9	1.4	16.6

A decrease of HK\$659 million (2021 – increase of HK\$121 million) in fair value of investment properties was recorded at 30 June 2022 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

Hotel and Serviced Suite Operation

The Group's hotel and serviced suite properties are mostly located in Hong Kong including Harbour Grand Hotels, Harbour Plaza Hotels & Resorts, Horizon Hotels & Suites, Sheraton Hong Kong Hotel & Towers, Hotel Alexandra and a few others.

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK\$1,533 million (2021 – HK\$1,190 million), an increase of HK\$343 million when compared with the same period last year. During the period, the hotel business in Hong Kong continued to be impacted by stringent quarantine measures and border restrictions. Some of the Group’s hotel properties were engaged as designated quarantine hotels which helped to uplift the hotel occupancy. The overall hotel operation reported an average occupancy rate of 65%, whereas the serviced suite operation achieved an average occupancy rate of 88% with long stay guests.

Contribution for the period was HK\$315 million (2021 – HK\$124 million) and is summarised by location as follows:

Location	2022 HK\$ Million	2021
		HK\$ Million
Hong Kong	392	162
The Mainland	(77)	(38)
	315	124

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK\$440 million (2021 – HK\$432 million) and mainly comprised management fees received for provision of property management and related services to properties developed by the Group.

Contribution for the period was HK\$182 million (2021 – HK\$186 million) and is summarised by location as follows:

Location	2022 HK\$ Million	2021
		HK\$ Million
Hong Kong	137	137
The Mainland	27	36
Overseas	18	13
	182	186

At the interim period end date, approximately 267 million sq.ft. of completed properties were managed by the Group and this is expected to grow steadily following gradual completion of property development projects in the years ahead. The Group is committed to providing high quality services to the properties under its management.

Pub Operation

The Group's pub businesses comprise 2 breweries and about 2,700 pubs, restaurants and hotels operated by Greene King across England, Wales and Scotland. Local pub businesses in the United Kingdom are gradually back to normal following the lifting of all Covid restrictions. The performance of the Group's pub operation bounced back during the period. Sales recovered almost to pre-Covid-19 level and profit contribution was reported by all divisions.

Profit contribution for the period amounted to HK\$866 million (2021 – operating loss of HK\$1,072 million), a remarkable improvement when compared with the same period last year, and results by division of pub operation is as follows:

Division	2022		2021	
	Revenue HK\$ Million	Profit Contribution HK\$ Million	Revenue HK\$ Million	Operating Loss HK\$ Million
Pub Company - operates food-led and drink-led destination pubs and restaurants and community-focused local pubs	8,681	478	2,724	(922)
Pub Partners - owns a portfolio of mainly drink-led pubs which are run as franchised or leased pubs	846	226	349	4
Brewing & Brands - sells and distributes a wide range of beers including ale brands brewed in own breweries	1,000	162	562	(154)
	10,527	866	3,635	(1,072)

Infrastructure and Utility Asset Operation

Infrastructure and utility asset businesses are operated through joint ventures as follows:

	Principal Activity	Interest in Joint Venture
CK William JV	An owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom	40%
CKP (Canada) JV	A building equipment and service provider under the consumer brand identity of “Reliance Home Comfort” in Canada	75%
Sarvana JV	A fully integrated energy management service provider operated by ista Group in Europe	65%
UK Power Networks JV	A power distributor that serves London, the South East and East of England	20%
Northumbrian Water JV	A regulated water and sewerage company in England and Wales	36%
Dutch Enviro Energy JV	An operator of energy-from-waste business in the Netherlands	24%
Wales & West Utilities JV	A gas distributor that serves Wales and the South West of England	22%

Revenue of the joint venture operations was shared by the Group for the period as follows:

	2022 HK\$ Million	2021 HK\$ Million
CK William JV	2,185	2,048
CKP (Canada) JV	2,243	2,063
Sarvana JV	3,006	3,146
UK Power Networks JV	1,760	962
Northumbrian Water JV	1,609	936
Dutch Enviro Energy JV	354	193
Wales & West Utilities JV	573	316
	11,730	9,664

Furthermore, the Group has interests in the economic benefits of the following infrastructure and utility asset businesses:

	Principal Activity	Interest in Economic Benefit
Park’N Fly	An off-airport car park provider in Canada	20%
UK Rails	A rolling stock operating company in the United Kingdom	20%
Australian Gas Networks	A distributor of natural gas in Australia	11%

Profit contribution for the period amounted to HK\$4,148 million (2021 – HK\$3,320 million), an increase of HK\$828 million when compared with the same period last year, mainly attributable to the acquisition of interests in four infrastructure and utility asset businesses last year, and is summarised by location as follows:

	Australia HK\$ Million	Europe HK\$ Million	North America HK\$ Million	2022 Total HK\$ Million	2021 Total HK\$ Million
CK William JV	777	24	3	804	629
CKP (Canada) JV	-	-	700	700	638
Sarvana JV	-	830	-	830	863
UK Power Networks JV	-	1,039	-	1,039	521
Northumbrian Water JV	-	362	-	362	246
Dutch Enviro Energy JV	-	64	-	64	46
Wales & West Utilities JV	-	197	-	197	142
Others	69	83	-	152	235
	846	2,599	703	4,148	3,320

Interests in Real Estate Investment Trusts

The Group's interests in listed real estate investment trusts at the interim period end date were as follows:

	Principal Activity	Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	33.1%
Fortune REIT	Investment in retail properties in Hong Kong	26.6%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.4%

Hui Xian REIT is an associate. The Group shared a net rental for the period of HK\$113 million (2021 – HK\$153 million) and received distributions in the amount of HK\$60 million (2021 – HK\$152 million).

Distributions received from Fortune REIT and Prosperity REIT during the period amounted to HK\$128 million (2021 – HK\$154 million) and were recognised as investment income. A decrease of HK\$981 million (2021 – increase of HK\$640 million) in fair value of the Group's investments in Fortune REIT and Prosperity REIT was recorded based on the market closing price at 30 June 2022.

Discontinued Operation

In April 2022, the Group completed the disposal of its investment in aircraft assets and discontinued the operation of aircraft leasing business. During the period, a post-tax profit of HK\$2,005 million was recognised for aircraft leasing, including a gain of HK\$1,417 million on the disposal of aircraft assets.

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly.

At the interim period end date, the Group's bank and other loans amounted to HK\$45.9 billion, a decrease of HK\$50.6 billion when compared with bank and other loans at 31 December 2021. The maturity profile was spread over a period of 14 years, with HK\$5.2 billion repayable within 1 year, HK\$28.0 billion within 2 to 5 years and HK\$12.7 billion beyond 5 years.

Taking into account the bank balances and deposits of HK\$59.8 billion at 30 June 2022, the Group had a net cash surplus of HK\$13.9 billion at the interim period end date.

With plenty of cash on hand as well as available banking facilities, the Group's liquidity position remains strong and the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Treasury Policies

The Group maintains a conservative approach on foreign exchange exposure management and borrows principally on a floating rate basis. The Group manages and reviews its exposure to foreign exchange rates and interest rates regularly. For investment overseas and at times of financial uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange rate and interest rate fluctuations.

At the interim period end date, the Group's borrowings were 47% in HK\$ and US\$, and 53% in other currencies (including AUD, GBP and RMB) which had been arranged for investments and operations in Australia, the United Kingdom and on the Mainland. The Group derives its revenue mainly from property businesses in HK\$ and RMB, and maintains bank balances and deposits substantially in HK\$, RMB and US\$. Income in foreign currencies is generated by overseas investments and operations, and cash in local currencies is maintained for operational requirements.

Charges on Assets

At the interim period end date, (i) properties amounting to HK\$1,103 million (31 December 2021 – HK\$6,159 million) were charged to secure bank loans arranged for property projects; and (ii) properties amounting to HK\$29,785 million (31 December 2021 – HK\$32,754 million) were charged to secure other loans arranged for pub operation in the United Kingdom.

Contingent Liabilities

At the interim period end date, the Group provided guarantees for (i) revenue shared by land owner of a hotel project amounting to HK\$474 million (31 December 2021 – HK\$490 million); and (ii) mortgage loans provided by banks to purchasers of properties developed by the Group on the Mainland amounting to HK\$1,179 million (31 December 2021 – HK\$1,528 million).

Employees

At the interim period end date, the Group employed approximately 55,000 employees. The related employees' costs for the period (excluding directors' emoluments), before employment support subsidies from governments and other reimbursements, amounted to approximately HK\$6,343 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, the Company bought back a total of 6,561,500 Shares on the Stock Exchange for an aggregate consideration of HK\$341,382,850 (before expenses). All the Shares bought back are not yet cancelled. As at 30 June 2022 and the date of this announcement, the total number of Shares in issue is 3,643,583,833.

Particulars of the share buy-backs are as follows:

Month	Number of Shares bought back	Purchase price per Share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May 2022	1,025,000	53.80	50.50	53,486,250
June 2022	5,536,500	53.25	50.95	287,896,600
	<u>6,561,500</u>			<u>341,382,850</u>

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board of Directors (“Board”) and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) throughout the six months ended 30 June 2022. In respect of code provision C.2.1 of the CG Code, the positions of the Chairman of the Board and the Managing Director are held by the same individual, namely, Mr. Victor T K Li. Although the positions of the Chairman and the Managing Director are not separately held, the Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present. All major decisions will, in accordance with current practice, be continued to be made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions. The Board comprises eight Independent Non-executive Directors who will continue to provide their views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so previously. Furthermore, Mr. Li Ka-shing has been the Senior Advisor of the Company following his retirement as Chairman, and has in that capacity continued to contribute to the Group on significant matters.

The Group is committed to achieving and maintaining standards of openness, probity and accountability. In line with this commitment and in compliance with the CG Code, the Company has established the Whistleblowing Policy - Procedures for Reporting Possible Improprieties, which has been revised from time to time. In addition, the Company has also established the Anti-Fraud and Anti-Bribery Policy and the Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing for compliance by the Company’s employees.

AUDIT COMMITTEE

The Company established the Audit Committee on 26 February 2015 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises six Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Colin Stevens Russel, Mr. Donald Jeffrey Roberts and Mr. Stephen Edward Bradley. The principal duties of the Audit Committee include: the review and supervision of the Group’s financial reporting system, risk management and internal control systems; review of the Group’s financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

The Group’s interim report for the six months ended 30 June 2022 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its remuneration committee (“Remuneration Committee”) on 26 February 2015 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises an Independent Non-executive Director, Ms. Hung Siu-lin, Katherine (Chairperson of the Remuneration Committee), the Chairman and Managing Director, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Cheong Ying Chew, Henry.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and senior management, and reviewing the remuneration packages of all Executive Directors and senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

The Company established its nomination committee (“Nomination Committee”) on 1 January 2019 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises an Independent Non-executive Director, Mr. Stephen Edward Bradley (Chairman of the Nomination Committee), the Chairman and Managing Director, Mr. Victor T K Li, and an Independent Non-executive Director, Mr. Donald Jeffrey Roberts.

The principal responsibilities of the Nomination Committee include reviewing the structure, size, diversity profile and skills matrix of the Board and independence of the Independent Non-executive Directors and making recommendation on the re-election of Directors for the Board’s consideration.

SUSTAINABILITY COMMITTEE

The Company established its sustainability committee (“Sustainability Committee”) on 1 December 2020 with members comprised of an Executive Director, an Independent Non-executive Director and the Company Secretary to oversee management and advise the Board on the development and implementation of the sustainability initiatives of the Group, including reviewing the related ESG policies and practices, and assessing and making recommendations on matters concerning the Group’s sustainability development and ESG risks. The Sustainability Committee comprises an Executive Director, Mr. Ip Tak Chuen, Edmond (Chairman of the Sustainability Committee), an Independent Non-executive Director, Mr. Cheong Ying Chew, Henry, and the Company Secretary, Ms. Eirene Yeung.



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

**NOTICE OF PAYMENT
OF INTERIM DIVIDEND, 2022**

The Board of Directors of CK Asset Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30 June 2022 amounted to HK\$12,936 million which represents earnings of HK\$3.55 per share. The Directors have declared an interim dividend for 2022 of HK\$0.43 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 6 September 2022, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Friday, 16 September 2022.

In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 September 2022.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
*Executive Committee Member
& Company Secretary*

Hong Kong, 4 August 2022

The Directors of the Company as at the date of this document are Mr. LI Tzar Kuoi, Victor (*Chairman and Managing Director*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Dr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Raymond, Ms. PAU Yee Wan, Ezra and Ms. WOO Chia Ching, Grace as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, Ms. HUNG Siu-lin, Katherine, Mr. Colin Stevens RUSSEL, Mr. Donald Jeffrey ROBERTS, Mr. Stephen Edward BRADLEY, Mrs. KWOK Eva Lee and Mrs. SNG Sow-mei alias Poon Sow Mei as Independent Non-executive Directors.

Consolidated Income Statement
For the six months ended 30 June 2022

	(Unaudited)	
	2022	2021 (Restated)
	HK\$ Million	HK\$ Million
Continuing operations		
Group revenue	35,715	23,262
Share of revenue of joint ventures	11,905	9,801
	<u>47,620</u>	<u>33,063</u>
Group revenue	35,715	23,262
Interest from joint ventures	1,005	1,049
Investment and other income	88	900
Operating costs		
Property and related costs	(12,491)	(6,911)
Pub product and operating costs	(5,394)	(2,172)
Salaries and related expenses	(4,959)	(2,908)
Interest and other finance costs	(624)	(587)
Depreciation	(1,052)	(1,126)
Other expenses	(265)	(251)
	<u>(24,785)</u>	<u>(13,955)</u>
Gain (loss) on financial instruments	(546)	1,460
Change in fair value of investment properties	(659)	121
Surplus on disposal of investment properties	738	-
Share of profit of joint ventures	1,567	717
Share of profit of associates	113	153
	<u>13,236</u>	<u>13,707</u>
Taxation	(2,226)	(5,078)
Profit for the period	<u>11,010</u>	<u>8,629</u>
Discontinued operation		
Profit for the period	<u>2,081</u>	<u>215</u>
Profit for the period	<u>13,091</u>	<u>8,844</u>
Non-controlling interests - continuing operations	62	(377)
- discontinued operation	(76)	-
Perpetual capital securities - continuing operations	(141)	(112)
Profit attributable to shareholders	<u>12,936</u>	<u>8,355</u>
Profit attributable to shareholders		
Continuing operations	10,931	8,140
Discontinued operation	2,005	215
	<u>12,936</u>	<u>8,355</u>
Earnings per share		
Continuing operations	HK\$3.00	HK\$2.19
Discontinued operation	HK\$0.55	HK\$0.06
	<u>HK\$3.55</u>	<u>HK\$2.25</u>

	2022	2021
	HK\$ Million	HK\$ Million
Interim dividend	<u>1,564</u>	<u>1,494</u>
Dividend per share	HK\$0.43	HK\$0.41

Consolidated Statement of Financial Position

As at 30 June 2022

	(Unaudited) 30/6/2022 HK\$ Million	(Audited) 31/12/2021 HK\$ Million
Non-current assets		
Fixed assets	70,700	76,444
Investment properties	119,641	132,324
Joint ventures	77,716	80,752
Associates	7,107	7,054
Investments	10,430	12,104
Goodwill	4,176	4,609
Deferred tax assets	2,924	2,853
Other non-current assets	10,162	6,450
	<u>302,856</u>	<u>322,590</u>
Current assets		
Properties for sale	122,529	127,482
Aircraft assets for sale	-	31,748
Debtors, prepayments and others	9,636	8,086
Loan receivables	2,872	3,440
Bank balances and deposits	59,793	63,365
	<u>194,830</u>	<u>234,121</u>
Current liabilities		
Creditors, accruals and others	26,657	24,612
Bank and other loans	5,160	28,812
Customers' deposits received	7,001	17,613
Liabilities associated with aircraft for sale	-	2,482
Provision for taxation	6,516	4,996
	<u>45,334</u>	<u>78,515</u>
Net current assets	<u>149,496</u>	<u>155,606</u>
Non-current liabilities		
Bank and other loans	40,692	67,656
Deferred tax liabilities	15,038	15,974
Lease liabilities	5,205	6,099
Derivative financial instruments	579	2,152
Pension liabilities	43	40
	<u>61,557</u>	<u>91,921</u>
Net assets	<u>390,795</u>	<u>386,275</u>
Representing:		
Share capital and share premium	242,277	242,619
Reserves	133,775	128,609
Shareholders' funds	376,052	371,228
Perpetual capital securities	7,929	7,929
Non-controlling interests	6,814	7,118
Total equity	<u>390,795</u>	<u>386,275</u>

Notes:

- (1) The principal activities of the Group are property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation. The operation of aircraft leasing was discontinued during the period.

Revenue by principal activities (continuing operations) is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2022 HK\$ Million	2021 HK\$ Million	2022 HK\$ Million	2021 HK\$ Million	2022 HK\$ Million	2021 HK\$ Million
Property sales	20,349	14,759	48	30	20,397	14,789
Property rental	2,919	3,280	74	73	2,993	3,353
Hotel and serviced suite operation	1,527	1,180	6	10	1,533	1,190
Property and project management	393	408	47	24	440	432
Pub operation	10,527	3,635	-	-	10,527	3,635
Infrastructure and utility asset operation	-	-	11,730	9,664	11,730	9,664
	35,715	23,262	11,905	9,801	47,620	33,063

and is summarised by location as follows:

	Six months ended 30 June	
	2022 HK\$ Million	2021 HK\$ Million
Hong Kong	16,811	4,509
The Mainland	7,934	14,631
The United Kingdom	14,965	6,404
Others	7,910	7,519
	47,620	33,063

Profit contribution by principal activities after allocation of operating costs and other income is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2022 HK\$ Million	2021 (Restated) HK\$ Million	2022 HK\$ Million	2021 (Restated) HK\$ Million	2022 HK\$ Million	2021 (Restated) HK\$ Million
Property sales	8,012	7,896	42	21	8,054	7,917
Property rental	2,369	2,830	57	64	2,426	2,894
Hotel and serviced suite operation	318	135	(3)	(11)	315	124
Property and project management	164	173	18	13	182	186
Pub operation	866	(1,072)	-	-	866	(1,072)
Infrastructure and utility asset operation	152	235	3,996	3,085	4,148	3,320
	11,881	10,197	4,110	3,172	15,991	13,369
Bank and other loan finance costs	(530)	(462)	(1,153)	(773)	(1,683)	(1,235)
	11,351	9,735	2,957	2,399	14,308	12,134
Gain on financial instruments					736	632
Interests in real estate investment trusts					241	307
Change in fair values						
Real estate investment trusts					(981)	640
Investment properties					(659)	121
Surplus on disposal of investment properties					738	-
Others					(466)	318
Taxation						
Group					(2,226)	(5,078)
Joint ventures					(681)	(445)
Profit attributable to non-controlling interests and perpetual capital securities					(79)	(489)
Continuing operations					10,931	8,140
Discontinued operation						
Aircraft leasing - post tax profit contribution					588	215
- post tax gain on disposal of assets					1,417	-
Profit attributable to shareholders					12,936	8,355

(2) Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022	2021 (Restated)
	HK\$ Million	HK\$ Million
Interest and other finance costs		
Bank and other loans	613	616
Less: amount capitalised	(83)	(154)
	530	462
Lease liabilities	94	125
Costs of properties sold	10,773	5,696
Costs of pub products sold	2,978	1,106

(3) Taxation

	Six months ended 30 June	
	2022	2021 (Restated)
	HK\$ Million	HK\$ Million
Current tax		
Hong Kong	1,175	315
Outside Hong Kong	1,727	3,332
Deferred tax	(676)	1,431
	2,226	5,078

(4) During the period, the Company bought back 6,561,500 shares on The Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$341 million.

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,642,739,678 shares (2021 – 3,712,221,863 shares) in issue during the period.

(5) Ageing analysis of debtors with reference to terms of agreements is as follows:

	30/6/2022	31/12/2021
	HK\$ Million	HK\$ Million
Current to one month	1,426	1,240
Two to three months	168	125
Over three months	121	186
	1,715	1,551

Ageing analysis of creditors with reference to invoice dates and credit terms is as follows:

	30/6/2022	31/12/2021
	HK\$ Million	HK\$ Million
Current to one month	4,092	5,156
Two to three months	39	17
Over three months	39	28
	4,170	5,201

(6) The principal accounting policies used in the preparation of the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021.

The application of revised International Financial Reporting Standards ("IFRSs") effective for annual accounting periods beginning on 1 January 2022 has no significant impact on the Group's results and financial position. For the new and revised IFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

(7) The unaudited interim financial statements have been reviewed by the Audit Committee.