Strong Resilience in Challenging Times

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

Interim Report 2022

This interim report 2022 (both English and Chinese versions) ("Interim Report") has been posted on the Company's website at www.ckah.com. Shareholders who have chosen (or are deemed to have consented) to read the Company's corporate communications (including but not limited to the Interim Report) published on the Company's website in place of receiving printed copies thereof may request the printed copy of the Interim Report in writing to the Company c/o the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email to ckah.ecom@computershare.com.hk.

Shareholders who have chosen (or are deemed to have consented) to receive the corporate communications using electronic means through the Company's website and who for any reason have difficulty in receiving or gaining access to the Interim Report posted on the Company's website will upon request in writing to the Company c/o the Company's Hong Kong Share Registrar or by email to ckah.ecom@computershare.com.hk promptly be sent the Interim Report in printed form free of charge.

Shareholders may at any time choose to change their choice as to the means of receipt (i.e. in printed form or by electronic means through the Company's website) and/or the language of the Company's corporate communications by reasonable prior notice in writing to the Company c/o the Company's Hong Kong Share Registrar or sending a notice to ckah.ecom@computershare.com.hk.

Shareholders who have chosen to receive printed copy of the corporate communications in either English or Chinese version will receive both English and Chinese versions of the Interim Report since both language versions are bound together into one booklet.

CONTENTS

Corporate Information and Key Dates

Board of Directors

LI Tzar Kuoi, Victor *Chairman and Managing Director*
KAM Hing Lam *Deputy Managing Director*
IP Tak Chuen, Edmond *Deputy Managing Director*
CHUNG Sun Keung, Davy *Executive Director*
CHIU Kwok Hung, Justin *Executive Director*
CHOW Wai Kam, Raymond *Executive Director*
PAU Yee Wan, Ezra *Executive Director*
WOO Chia Ching, Grace *Executive Director*

CHEONG Ying Chew, Henry *Independent Non-executive Director*
CHOW Nin Mow, Albert *Independent Non-executive Director*
HUNG Siu-lin, Katherine *Independent Non-executive Director*
Colin Stevens RUSSEL *Independent Non-executive Director*
Donald Jeffrey ROBERTS *Independent Non-executive Director*
Stephen Edward BRADLEY *Independent Non-executive Director*
KWOK Eva Lee *Independent Non-executive Director*
SNG Sow-mei alias POON Sow Mei *Independent Non-executive Director*

Senior Advisor

LI Ka-shing

Audit Committee

CHEONG Ying Chew, Henry *(Chairman)*
CHOW Nin Mow, Albert
HUNG Siu-lin, Katherine
Colin Stevens RUSSEL
Donald Jeffrey ROBERTS
Stephen Edward BRADLEY

Remuneration Committee

HUNG Siu-lin, Katherine *(Chairperson)*
LI Tzar Kuoi, Victor
CHEONG Ying Chew, Henry

Nomination Committee

Stephen Edward BRADLEY *(Chairman)*
LI Tzar Kuoi, Victor
Donald Jeffrey ROBERTS

Sustainability Committee

IP Tak Chuen, Edmond *(Chairman)*
CHEONG Ying Chew, Henry
Eirene YEUNG

Stock Codes

The Stock Exchange of Hong Kong Limited: 1113
Bloomberg: 1113 HK
Reuters: 1113.HK

Website

www.ckah.com

Key Dates

Interim Results Announcement	4 August 2022
Record Date for Interim Dividend	6 September 2022
Payment of Interim Dividend	16 September 2022

Executive Committee

LI Tzar Kuoi, Victor *(Chairman)*

KAM Hing Lam
IP Tak Chuen, Edmond
CHUNG Sun Keung, Davy
CHIU Kwok Hung, Justin
CHOW Wai Kam, Raymond
PAU Yee Wan, Ezra
WOO Chia Ching, Grace
YIP Kin Ming, Emmanuel
MAN Ka Keung, Simon
SHEN Wai Yee, Grace
Eirene YEUNG
MA Lai Chee, Gerald
KOH Poh Chan

Company Secretary

Eirene YEUNG

Authorised Representatives

IP Tak Chuen, Edmond
Eirene YEUNG

General Manager, Accounts Department

MAN Ka Keung, Simon

Principal Bankers

MUFG Bank, Ltd.
Mizuho Bank, Ltd.
Bank of China (Hong Kong) Limited
Crédit Agricole Corporate and Investment Bank
DBS Bank Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
The Bank of Nova Scotia, Hong Kong Branch
Sumitomo Mitsui Banking Corporation
China Construction Bank (Asia) Corporation Limited
Citibank, N.A
Bank of America, N.A.

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Advisers

Woo, Kwan, Lee & Lo

Registered Office

PO Box 309, Ugland House, Grand Cayman,
KY1-1104, Cayman Islands

Principal Place of Business

7th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square,
Grand Cayman, KY1-1102, Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Hong Kong

Chairman's Statement

Strong Resilience in Challenging Times

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

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 summarised 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:

	Schedule for Sale Recognition		
Location	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** Revenue HK$ Million	**2022** Profit Contribution HK$ Million	2021 Revenue HK$ Million	2021 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

Management Discussion and Analysis *(continued)*

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.

Directors' Biographical Information

LI Tzar Kuoi, Victor, aged 58, joined the CK Group in 1985, and has been the Chairman since May 2018, the Managing Director since February 2015, and the Chairman of the Executive Committee of the Company since June 2015. He has been a member of the Remuneration Committee of the Company since May 2018, and also a member of the Nomination Committee of the Company since January 2019. Mr. Li has been a Director since January 2015 and an Executive Director of the Company since February 2015. He acted as the Deputy Chairman of the Company from February 2015 to May 2018. Mr. Li is the Chairman and Group Co-Managing Director of CK Hutchison Holdings Limited. He is also the Chairman of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., a Non-executive Director of Power Assets Holdings Limited and HK Electric Investments Manager Limited ("HKEIM") as the trustee-manager of HK Electric Investments, and a Non-executive Director and the Deputy Chairman of HK Electric Investments Limited. Except for HKEIM, all the companies/investment trust mentioned above are listed in Hong Kong. Mr. Li is also the Deputy Chairman of Li Ka Shing Foundation Limited and Li Ka Shing (Global) Foundation, the Member Deputy Chairman of Li Ka Shing (Canada) Foundation, and a Director of The Hongkong and Shanghai Banking Corporation Limited. He serves as a member of the Standing Committee of the 13th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He is also Vice Chairman of the Hong Kong General Chamber of Commerce. Mr. Li is the Honorary Consul of Barbados in Hong Kong and is awarded the Grand Officer of the Order of the Star of Italy. He was previously a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development of the Hong Kong Special Administrative Region. He holds a Bachelor of Science degree in Civil Engineering, a Master of Science degree in Civil Engineering and a degree of Doctor of Laws, honoris causa (LL.D.). Mr. Li is the elder son of Mr. Li Ka-shing, the Senior Advisor of the Company and a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), and a nephew of Mr. Kam Hing Lam, Deputy Managing Director and an Executive Committee Member of the Company. Mr. Li is also a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

KAM Hing Lam, aged 75, joined the CK Group in 1993, and has been an Executive Director and Deputy Managing Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. He is Deputy Managing Director of CK Hutchison Holdings Limited, the Group Managing Director of CK Infrastructure Holdings Limited, and the President of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Kam is also the Chairman of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration. Mr. Kam is the brother-in-law of Mr. Li Ka-shing, the Senior Advisor of the Company and a substantial shareholder of the Company within the meaning of Part XV of the SFO, and an uncle of Mr. Li Tzar Kuoi, Victor, the Chairman and Managing Director of the Company and the Chairman of the Executive Committee of the Company.

IP Tak Chuen, Edmond, aged 70, joined the CK Group in 1993, and has been a Director since January 2015, Deputy Managing Director and an Executive Director of the Company since February 2015, an Executive Committee Member of the Company since June 2015 and the Chairman of the Sustainability Committee of the Company since December 2020. He is Deputy Managing Director of CK Hutchison Holdings Limited. He is also an Executive Director and Deputy Chairman of CK Infrastructure Holdings Limited, and the Senior Vice President and Chief Investment Officer of CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Ip is also a Non-executive Director of Hui Xian Asset Management Limited as the manager of Hui Xian REIT (listed in Hong Kong). He holds a Bachelor of Arts degree in Economics and a Master of Science degree in Business Administration. Mr. Ip is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

CHUNG Sun Keung, Davy, aged 71, joined the CK Group in 1978, and has been an Executive Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. Mr. Chung is a Registered Architect. He was a member of the 11th Guangzhou Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. Mr. Chung is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Directors' Biographical Information *(continued)*

CHIU Kwok Hung, Justin, aged 72, joined the CK Group in 1997, and has been an Executive Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. Dr. Chiu is the Chairman of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong); a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (listed in Hong Kong); and a Non-executive Director of ESR Group Limited (formerly known as ESR Cayman Limited) (listed in Hong Kong). Dr. Chiu has more than 40 years of international experience in real estate in Hong Kong and overseas. He is a Fellow of The Royal Institution of Chartered Surveyors, a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a Vice Chairman of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a member of the Singapore Management University International Advisory Council in China, an Adjunct Professor and a member of the Advisory Committee of the School of Business of Hong Kong Baptist University and a Senior Departmental Fellow of the Department of Land Economy at University of Cambridge, the United Kingdom. Dr. Chiu was previously an Honorary Professor of School of Pharmaceutical Sciences of Sun Yat-sen University and a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Arts degree in Sociology and Economics from Trent University, Canada and a degree of Doctor of Business Administration from Hong Kong Baptist University, and was conferred with the degree of Doctor of Social Sciences, honoris causa by Hong Kong Baptist University and the degree of Doctor of Laws, honoris causa by Trent University, Canada. Dr. Chiu is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

CHOW Wai Kam, Raymond, JP, aged 74, has been an Executive Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. He joined the Hutchison Group in July 1995 and before his appointment on the Board, he was previously the Group Managing Director of the property and hotels divisions of the Hutchison Group. Mr. Chow is currently the Group Managing Director of Hutchison Property Group Limited, a wholly owned subsidiary of the Company. He is also a Non-executive Director of Continental Aerospace Technologies Holding Limited, a listed company. He has over 40 years of experience in project management and architectural design for various developments, including hotel, residential, commercial, industrial and school projects in Hong Kong, the Mainland and overseas. He holds a Bachelor of Arts degree in Architectural Studies and a Bachelor of Architecture degree from the University of Hong Kong. He is an Authorised Person (List of Architects) and a Registered Architect. He was also admitted as a Fellow of The Hong Kong Institute of Architects since August 2001.

PAU Yee Wan, Ezra, aged 66, joined the CK Group in 1982, and has been an Executive Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. Ms. Pau is a director of certain substantial shareholders of the Company within the meaning of Part XV of the SFO, and a director of certain companies controlled by certain substantial shareholders of the Company.

WOO Chia Ching, Grace, aged 65, joined the CK Group in 1987, and has been an Executive Director of the Company since February 2015, and an Executive Committee Member of the Company since June 2015. She holds a Bachelor of Arts degree from the University of Pennsylvania, U.S.A. and a Master's degree in City and Regional Planning from Harvard University, U.S.A. Ms. Woo is a director of certain companies controlled by certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

CHEONG Ying Chew, Henry, aged 74, has been an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company since February 2015, and a member of the Sustainability Committee of the Company since December 2020. Mr. Cheong is also an Independent Non-executive Director of CK Infrastructure Holdings Limited, New World Department Store China Limited and Skyworth Group Limited, and an Independent Director of BTS Group Holdings Public Company Limited. Mr. Cheong is an Executive Director and Deputy Chairman of Worldsec Limited. All companies mentioned above are listed companies. Mr. Cheong holds a Bachelor of Science degree in Mathematics and a Master of Science degree in Operational Research and Management.

CHOW Nin Mow, Albert, aged 73, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since February 2015. Mr. Chow is the Chairman and Managing Director of Wah Yip (Holdings) Limited.

HUNG Siu-lin, Katherine, aged 74, joined the CK Group in March 1972, and has been an Independent Non-executive Director, the Chairperson of the Remuneration Committee and a member of the Audit Committee of the Company since February 2015. Ms. Hung is a Governing Committee Member of The Hong Kong Polytechnic University Foundation, an Honorary Court Member of The Hong Kong Polytechnic University, an Honorary Court Member of Lingnan University, President Consultant of Tianjin University and Honorary Vice Chairman of Chinese Academy of Governance (Hong Kong) Industrial and Commercial Professionals Alumni Association Limited. She was a member of the Tianjin Committee of the 12th and 13th Chinese People's Political Consultative Conference of the People's Republic of China from January 2008 to January 2018, a Court Member of The Hong Kong University of Science and Technology from 2011 to May 2016, an Executive Committee Member of Hong Kong Housing Society from September 2008 to August 2014 and a member of the Supervisory Board of Hong Kong Housing Society from September 2014 to August 2020, a Member of Estate Agents Authority from November 2006 to October 2012, and a Steering Committee Member of the Institute for Enterprise of The Hong Kong Polytechnic University from April 2000 to August 2011. Ms. Hung is a University Fellow of The Hong Kong Polytechnic University.

Colin Stevens RUSSEL, aged 81, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017. He is also an Independent Non-executive Director of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc. All the companies mentioned above are listed companies. Mr. Russel is the founder and Managing Director of Emerging Markets Advisory Services Limited, a company which provides advisory services to organisations on business strategy and planning, market development, competitive positioning and risk management. He was previously Managing Director of EMAS (HK) Limited. He was the Canadian Ambassador to Venezuela, Consul General for Canada in Hong Kong, Director for China of the Department of Foreign Affairs, Ottawa, Director for East Asia Trade in Ottawa, Senior Trade Commissioner for Canada in Hong Kong, Director for Japan Trade in Ottawa, and was in the Trade Commissioner Service for Canada in Spain, Hong Kong, Morocco, the Philippines, London and India. He was also Project Manager for RCA Ltd in Liberia, Nigeria, Mexico and India and electronic equipment development engineer in Canada with RCA Ltd and in Britain with Associated Electrical Industries. Mr. Russel received his Bachelor's degree in electronics engineering and Master's degree in Business Administration from McGill University, Canada. He is a Qualified Commercial Mediator.

Donald Jeffrey ROBERTS, aged 71, has been an Independent Non-executive Director and a member of the Audit Committee of the Company since March 2017, and a member of the Nomination Committee of the Company since January 2019. He is also an Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc. (listed in Hong Kong); an Independent Non-executive Director of HK Electric Investments Manager Limited, which is the trustee-manager of HK Electric Investments ("HKEI"), and HK Electric Investments Limited, a company listed together with HKEI in Hong Kong; an Independent Non-executive Director of Queen's Road Capital Investment Ltd. (listed in Canada); and an Independent Non-executive Director of NexGen Energy Ltd. (listed in U.S.A., Canada and Australia). He is also a Director of The Hongkong Electric Company, Limited, and an Independent Non-executive Director of Welab Bank Limited and Welab Capital Limited. He joined the Hutchison Whampoa Limited ("HWL") Group in 1988 and was the Group Deputy Chief Financial Officer of HWL from 2000 until his retirement in 2011. Mr. Roberts was a Member of the Listing Committee of the Main Board and GEM of The Stock Exchange of Hong Kong Limited from July 2015 to July 2020. He was previously a member of the Executive Committee of The Canadian Chamber of Commerce (the "Chamber") in Hong Kong and is currently Governor of the Chamber. He previously served as a Governor of the Canadian International School of Hong Kong for the periods between 1998 to 2004, and between 2006 to 2012 and also a member on its Finance & Administration Committee. Mr. Roberts served as a member, including as the Deputy Chairman, of the Professional Conduct Committee of the Hong Kong Institute of Certified Public Accountants ("HKICPA") for 9 years. Mr. Roberts holds a Bachelor of Commerce degree. He is a Chartered Accountant with the Chartered Professional Accountants of Canada, Alberta and British Columbia, and also a Fellow of the HKICPA.

Stephen Edward BRADLEY, aged 64, has been an Independent Non-executive Director, a member of the Audit Committee and a member of the Nomination Committee of the Company since November 2020, and the Chairman of the Nomination Committee of the Company since December 2020. He is also an Independent Non-executive Director of Power Assets Holdings Limited, a listed company, a Director of CNEX (Shanghai CFETS-NEX International Money Broking Co., Ltd.) and Broad Lea Group Ltd; and Senior Consultant of NEX Group Limited (which was acquired by CME Group in 2018). Mr. Bradley entered the British Diplomatic Service in 1981 and retired from the British Diplomatic Service in 2009. He served in various capacities including: Director of Trade & Investment Promotion (Paris) from 1999 to 2002; Minister, Deputy Head of Mission & Consul-General (Beijing) from 2002 to 2003; and HM Consul-General (Hong Kong) from 2003 to 2008. Mr. Bradley also worked in the private sector as Marketing Director, Guinness Peat Aviation (Asia) and Associate Director, Lloyd George Management (a part of BMO Global Asset Management). Mr. Bradley holds a Bachelor of Arts degree from Balliol College, University of Oxford, England and a post-graduate diploma from Fudan University, Shanghai.

Directors' Biographical Information *(continued)*

KWOK Eva Lee, aged 80, has been an Independent Non-executive Director of the Company since May 2022. She is also an Independent Non-executive Director of CK Infrastructure Holdings Limited and CK Life Sciences Int'l., (Holdings) Inc., and a Director of Li Ka Shing (Canada) Foundation ("LKS Canada Foundation"). She currently serves as the Chair and Chief Executive Officer of Amara Holdings Inc. ("Amara"). Mrs. Kwok also acts as a Director of Cenovus Energy Inc. Except for LKS Canada Foundation and Amara, all the companies mentioned above are listed companies. She is a director of a company controlled by a substantial shareholder of the Company within the meaning of Part XV of the SFO. In addition, she was an Independent Director of Bank of Montreal, a listed company, and previously sat on the Compensation Committee, Corporate Governance Committee and the Audit Committee of Husky Energy Inc., the Nominating and Governance Committee of Shoppers Drug Mart Corporation, the Independent Committee of Directors and Human Resources Committee of Telesystems International Wireless (TIW) Inc., the Independent Committee of Directors and the Corporate Governance Committee of Fletcher Challenge Canada Ltd., the Audit and Corporate Governance Committees of Clarica Life Insurance Company, the Corporate Governance Committee of Air Canada, the Innovation Saskatchewan (IS) Board of Directors and the Saskatchewan-Asia Advisory Council of Saskatchewan.

SNG Sow-mei alias POON Sow Mei, aged 81, has been an Independent Non-executive Director of the Company since May 2022. She is an Independent Non-executive Director of CK Infrastructure Holdings Limited (listed in Hong Kong). She is also an Independent Non-executive Director and the Lead Independent Director of Hutchison Port Holdings Management Pte. Limited as the trustee-manager of Hutchison Port Holdings Trust, a business trust listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), and an Independent Non-executive Director of ARA Asset Management (Prosperity) Limited, which manages Prosperity Real Estate Investment Trust, a real estate investment trust listed in Hong Kong. Mrs. Sng was previously an Independent Director and a member of the Audit Committee of ARA Trust Management (Suntec) Limited, which manages Suntec Real Estate Investment Trust, a real estate investment trust listed on SGX-ST, and an Independent Non-executive Director and a member of the Audit Committee of ARA Asset Management (Fortune) Limited, which manages Fortune Real Estate Investment Trust, a real estate investment trust listed in Hong Kong. Mrs. Sng was also previously a Director of INFA Systems Ltd. and the Senior Consultant (International Business) of Singapore Technologies Electronics Ltd. Prior to her appointment with Singapore Technologies Pte Ltd. where Mrs. Sng was the Director, Special Projects (North East Asia) in 2000 and a Consultant in 2001, Mrs. Sng was the Managing Director of CapitaLand Hong Kong Ltd. for investments in Hong Kong and the region including Japan and Taiwan. In Hong Kong from 1983 to 1997, Mrs. Sng was the Centre Director and then as Regional Director of the Singapore Economic Development Board and Trade Development Board respectively. Mrs. Sng was Singapore's Trade Commissioner in Hong Kong from 1990 to 1997. Mrs. Sng holds a Bachelor of Arts degree from the Nanyang University in Singapore and has wide experience in various fields of industrial investment, business development, strategic and financial management, especially in property investment and management. In 1996, Mrs. Sng was conferred the title of PPA(P) – Pingat Pentadbiran Awam (Perak), the Singapore Public Administration Medal (Silver) by the Republic of Singapore.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

(a) The Company

		Number of Ordinary Shares					
Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding
Li Tzar Kuoi, Victor	Beneficial owner, interest of child or spouse, interest of controlled corporations & beneficiary of trusts	220,000	405,200	527,920,183 (Note 1)	1,160,195,710 (Note 2)	1,688,741,093	46.34%
Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.00297%
Ip Tak Chuen, Edmond	Beneficial owner	600,000	–	–	–	600,000	0.01%
Chow Nin Mow, Albert	Beneficial owner	66	–	–	–	66	≃0%
Hung Siu-lin, Katherine	Beneficial owner	43,256	–	–	–	43,256	0.0012%
Donald Jeffrey Roberts	Interests held jointly	–	–	–	167,396 (Note 3)	167,396	0.00459%

Disclosure of Interests *(continued)*

Long Positions in Shares *(continued)*

(b) Associated Corporations

			Number of Ordinary Shares					
Name of Company	Name of Director	Capacity	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total	Approximate % of Shareholding
Precise Result Global Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	15 (Note 4)	15	15%
Jabrin Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	2,000 (Note 4)	2,000	20%
Mightycity Company Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	168,375 (Note 4)	168,375	1.53%

Notes:

(1) The 527,920,183 shares of the Company comprise:

(a) 56,177,350 shares held by certain companies of which Mr. Li Tzar Kuoi, Victor is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings.

(b) 366,195,098 shares held by Li Ka Shing Foundation Limited ("LKSF"). By virtue of the terms of the constituent documents of LKSF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(c) 105,547,735 shares held by a wholly-owned subsidiary of Li Ka Shing (Global) Foundation ("LKSGF"). By virtue of the terms of the constituent documents of LKSGF, Mr. Li Tzar Kuoi, Victor may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

(2) The 1,160,195,710 shares of the Company comprise:

(a) 1,003,380,744 shares of the Company held by Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of The Li Ka-Shing Unity Trust ("UT1") and its related companies in which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT1 related companies"). Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in UT1 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT1 and DT2, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT1 as trustee of UT1 and TUT1 related companies under the SFO as a Director of the Company.

(b) 72,387,720 shares of the Company held by Li Ka-Shing Castle Trustee Company Limited ("TUT3") as trustee of The Li Ka-Shing Castle Trust ("UT3") and its related companies in which TUT3 as trustee of UT3 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings ("TUT3 related companies"). Mr. Li Ka-shing is the settlor of each of the two discretionary trusts ("DT3" and "DT4"). Each of Li Ka-Shing Castle Trustee Corporation Limited ("TDT3", which is the trustee of DT3) and Li Ka-Shing Castle Trustcorp Limited ("TDT4", which is the trustee of DT4) holds units in UT3 but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT3 and DT4 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard.

The entire issued share capital of TUT3, TDT3 and TDT4 are owned by Li Ka-Shing Castle Holdings Limited ("Castle Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-thirds of the entire issued share capital of Castle Holdco. TUT3 is only interested in the shares of the Company by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of the Company independently without any reference to Castle Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Castle Holdco as aforesaid.

As Mr. Li Tzar Kuoi, Victor is a discretionary beneficiary of each of DT3 and DT4, and by virtue of the above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to the said shares of the Company held by TUT3 as trustee of UT3 and TUT3 related companies under the SFO as a Director of the Company.

(c) 84,427,246 shares of the Company held by a company controlled by TDT3 as trustee of DT3.

(3) Such 167,396 shares are jointly held by Mr. Donald Jeffrey Roberts and his wife.

(4) These companies are subsidiaries of the Company and such shares are held through TUT1 as trustee of UT1. By virtue of Mr. Li Tzar Kuoi, Victor's deemed interests as described in Note (2)(a) above, Mr. Li Tzar Kuoi, Victor is taken to have a duty of disclosure in relation to such shares under the SFO as a Director of the Company.

Disclosure of Interests *(continued)*

Save as disclosed above, none of the Directors or chief executives of the Company had, as at 30 June 2022, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2022, shareholders of the Company (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions of Substantial Shareholders in the Shares of the Company

Name of Shareholder	Capacity	Number of Ordinary Shares	Total	Approximate % of Shareholding
Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust	Trustee	1,003,380,744	1,003,380,744 (Note 1)	27.53% (Note 3)
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.53% (Note 3)
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,003,380,744	1,003,380,744 (Note 1)	27.53% (Note 3)
Li Ka-shing	(i) Interest of controlled corporations	534,696,133		
	(ii) Founder of discretionary trusts	1,160,195,710	1,694,891,843 (Note 2)	46.51% (Note 3)
Li Ka Shing Foundation Limited	Beneficial owner	366,195,098	366,195,098	10.05% (Note 3)

Notes:

(1) The three references to 1,003,380,744 shares relate to the same block of shares in the Company. Of these 1,003,380,744 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 90,002,040 shares of the Company are held by companies controlled by TUT1 as trustee of UT1. Each of TUT1 as trustee of UT1, TDT1 as trustee of DT1 and TDT2 as trustee of another discretionary trust is taken to have a duty of disclosure under the SFO in relation to the same 1,003,380,744 shares of the Company as described in Note (2)(a) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

(2) The 1,694,891,843 shares of the Company comprise:

(a) 534,696,133 shares of the Company of which:

(i) 62,953,300 shares held by certain companies of which Mr. Li Ka-shing is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings.

(ii) 366,195,098 shares held by LKSF. Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSF.

(iii) 105,547,735 shares held by a wholly-owned subsidiary of LKSGF. By virtue of the terms of the constituent documents of LKSGF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSGF.

(b) 1,160,195,710 shares of the Company as described in Note (2) under the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above. As Mr. Li Ka-shing may be regarded as a founder of each of DT1, DT2, DT3 and DT4 for the purpose of the SFO, Mr. Li Ka-shing is taken to have a duty of disclosure under the SFO as a substantial shareholder in relation to the same 1,160,195,710 shares of the Company after his retirement from the directorship of the Company.

(3) The approximate percentages of shareholding were based on the issued share capital of the Company as at 30 June 2022 (i.e. 3,643,583,833 shares).

Save as disclosed above, as at 30 June 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Corporate Governance

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.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders' value. The Board consists of a total of sixteen Directors, comprising eight Executive Directors and eight Independent Non-executive Directors. More than one-third of the Board are Independent Non-executive Directors and more than one of them have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company's Amended and Restated Articles of Association and the CG Code.

The positions of the Chairman and the Managing Director are currently held by the same individual. All major decisions are made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman meets with the Independent Non-executive Directors without the presence of other Directors at least once every year.

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and for ensuring that the Board is briefed on all legislative, regulatory and corporate governance developments and that the Board has regard to them when making decisions. The Company Secretary is also directly responsible for the Group's compliance with the continuing obligations of the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, the Securities and Futures Ordinance and other applicable laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions, effective from 3 June 2015, which has been revised and adopted from time to time. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees are set out in the Employee Handbook of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has an internal audit function in place to provide an independent assessment of the Group's risk management (including material risks relating to Environment, Social and Governance ("ESG")) and internal control systems and review of their effectiveness in accordance with the CG Code. The Internal Audit Department prepares its audit plan using a risk based methodology in consultation with, but independent of, the management for review by the audit committee of the Company ("Audit Committee"). The audit work focuses on financial, operational and compliance controls review and those areas of the Group's activities with significant perceived risks (including ESG risks). An integral part of the internal audit function is to monitor and ensure effective implementation of the risk management and internal control systems.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group for the six months ended 30 June 2022.

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.

INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company establishes different communication channels with shareholders and investors to communicate their views on various matters affecting the Company, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website offers a communication channel between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts are arranged from time to time, where applicable, to update on the performance of the Group; (vi) the Company's Hong Kong Share Registrar deals with shareholders for share registration and related matters; and (vii) the Corporate Affairs Department of the Company handles enquiries from shareholders and investors generally.

In compliance with the CG Code, the Company has established a shareholders communication policy on 26 February 2015 which is subject to review on a regular basis to ensure its implementation and effectiveness.

Other Information

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 report, 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
	6,561,500			341,382,850

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.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The following information is disclosed in accordance with Rule 13.22 of Chapter 13 of the Listing Rules:

As at 30 June 2022, the Group's financial assistance given to affiliated companies (as defined under Rule 13.11(2)(a) of the Listing Rules) exceeded 8% of the relevant percentage ratio under the Listing Rules. A combined statement of financial position of the affiliated companies as at 30 June 2022 is set out below:

HK$ million	
Non-current assets	356,241
Current assets	19,486
Current liabilities	(31,469)
Non-current liabilities	(263,449)
Net assets	80,809
Share capital	26,706
Reserves	54,008
Non-controlling interests	95
Total equity	80,809

As at 30 June 2022, the consolidated attributable interest of the Group in these affiliated companies amounted to HK$26,762 million.

RISK FACTORS

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. In addition, this Interim Report does not constitute a recommendation or advice to invest in the shares or other securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares or other securities of the Company.

Global Economy

The ongoing COVID-19 pandemic, international trade relations, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, mounting inflationary pressure, interest rate hikes, as well as rising commodity prices and energy costs have created uncertainties and volatility in the world economy and global financial markets. A severe slowdown in global economic growth could lead to economic contractions in certain markets, commercial and consumer delinquencies, weakened consumer confidence, increased market volatility and decline in the value of the assets.

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, Continental Europe, Australia, Canada and the United Kingdom ("UK"). Any adverse economic, social and/or political conditions in those countries and places in which the Group operates may potentially impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Outbreak of Highly Contagious Disease

The continuing COVID-19 pandemic and the spread of new coronavirus variants in different parts of the world, including the places of businesses in which the Group operates, has a significant adverse impact on most economies due to the disruption of business and operational activities, behavioral change, weakened sentiment in consumption and tourism related sectors, and restricted labour supply and production. The impact of the pandemic on the Group's businesses, financial conditions, results of operations or growth prospects will depend on a range of factors, including the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants, and the measures adopted by governments. Despite the situation of COVID-19 outbreak has now begun to stabilise following the rollout of vaccines, the pandemic remains highly volatile and unpredictable due to the potential emergence of new coronavirus variants. There can be no assurance that there will not be another significant global outbreak of a severe communicable disease, and if such an outbreak were to occur, it could have an adverse impact on the operations of the Group and its results of operations may suffer.

Industry Trends and Interest Rates

The trends in the industries in which the Group operates, including the market sentiment and conditions, asset values, the mark to market value of investment securities, the currency environment and interest rate cycles, may pose significant risks to the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that the combination of industry trends and interest rates the Group experiences in the future will not adversely affect its businesses, financial conditions, results of operations or growth prospects.

A general interest rate hike cycle may impact on the aggregate demand from all sectors, which may in turn affect the businesses of the Group. While the Group regularly reviews its exposure to interest rate fluctuations and may manage such exposure using hedging instruments, there can be no guarantee that the Group will not be affected by the interest rate exposure.

In particular, certain businesses of the Group are subject to regulatory regimes in which local interest rates are taken into account in the calculation of the regulated cost of capital, which flows through to allowed revenue. There can be no assurance that any changes in the regulated cost of capital can be fully mitigated by the businesses. Furthermore, income from finance and treasury operations is dependent upon the capital markets, interest rate and currency environment, and the worldwide economic and market conditions, and therefore there can be no assurance that changes in these conditions will not adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. The volatility in the financial markets may also adversely affect the income to be derived by the Group from its finance and treasury activities.

Potential Risks in relation to Brexit

The UK left the European Union ("EU") on 31 January 2020 and the transition period ended on 31 December 2020, symbolising that the UK has completely separated from the EU and opened a new page in the relationship with the EU. The Trade and Cooperation Agreement made between the UK and the EU in December 2020 came into force in January 2021. It sets out preferential arrangements in various aspects such as trade, security, areas on ongoing collaboration/cooperation and governance. Brexit has created significant uncertainty about the new economic and social partnership between the UK and the EU, and has impacted labour availability, supply chain and exchange rates.

The Group has significant presence in the UK through investments in the property, infrastructure and pub businesses, and is, and may increasingly become, exposed to changes in the local political, economic, and regulatory conditions. While the long term implication of Brexit remains to be seen, the continuing uncertainties following Brexit could adversely affect the UK economy and the strength of the British pound, which may in turn potentially impact the Group's businesses, asset values and reported profits derived from its operations in the UK.

Currency Fluctuations

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, Continental Europe, Australia, Canada and the UK, and is exposed to potential currency fluctuations in these countries and places in which the Group operates. The results of the Group are reported in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's financial conditions, results of operations, asset values or liabilities.

To minimise currency risk exposure in respect of its investments in other countries, the Group generally hedges those investments with (a) currency swaps and (b) appropriate level of borrowings denominated in the local currencies. The Group has not entered into any speculative derivative transaction.

Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollars could adversely affect its businesses, financial conditions, results of operations or growth prospects.

Impact of Local, National and International Regulations

The local business risks in different countries and cities in which the Group operates could have a material impact on the businesses, financial conditions, results of operations or growth prospects. The Group has investments in different countries and cities around the world and the Group is, and may increasingly become, exposed to different and changing political, social, legal, tax, regulatory and environmental requirements at the local, national or international level. Also, new guidelines, directives, policies or measures by governments, whether fiscal, tax, regulatory, environmental or other competitive changes, may lead to an increase in additional or unplanned operating expenses and capital expenditures, increase in market capacity, reduction in government subsidies, pose a risk to the overall investment return of the Group's businesses and may delay or prevent the commercial operation of a business with resulting loss of revenue and profit, which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Impact of Possible Economic Sanctions on Business Partners, Suppliers, Customers or Businesses in General

Governments and multinational organisations (including but not limited to the State Department and the Department of the Treasury's Office of Foreign Assets Control of the United States, Her Majesty's Treasury, the Office of Financial Sanctions Implementation or other UK government agency, the EU or any member state thereof and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities, transmission of funds or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners, suppliers, customers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers are impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners are affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or on competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. If any of the Group's customers are affected by sanctions or restrictions, the Group may be forced to discontinue the provision of services or goods to such customers and the Group will suffer losses in that regard. If any of the Group's assets are in the possession of such customers, there can be no assurance that such assets can be repossessed by the Group especially if such assets are located in countries or other regions subject to sanctions or restrictions and no assurance that any compensation recoverable from such customers or insurers for the Group's failure to repossess such assets will be available. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Compliance with Personal Data Protection Legislation

In the ordinary course of its operations, various businesses of the Group collect, store and use data that is protected by personal data protection laws in the different countries in which they operate. As regulatory focus on privacy issue continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to personal data collection and use within the Group's businesses are expected to intensify.

In the event that any relevant business of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The expenses on remediation, the cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial conditions and results of operations.

Cybersecurity

With the fast expanding adoption of internet and networking operational technology, cyber attacks and security breaches around the world are occurring at a higher frequency and intensity. The Group's critical utility and information assets are exposed to attack, damage or unauthorised access in the cyberspace. Cybersecurity risks could have material adverse effect on the operational and business performance, as well as the business reputation of the Group. The Group continuously strives to enhance the cybersecurity protection of its business.

There can be no assurance that the Group will be free from cyber attacks or security breaches or that it will not experience any major damage to its assets or activities from cyber attacks. Cyber attacks or security breaches of the Group's system could result in significant impact on the Group's reputation, businesses, financial conditions, results of operations or growth prospects.

Impact of New Accounting Standards

The International Accounting Standards Board has from time to time issued new and revised International Financial Reporting Standards ("IFRS"). As accounting standards continue to develop, the International Accounting Standards Board may in the future issue more new and revised IFRS and the Group may be required to adopt new accounting policies which might or could have a significant impact on the Group's financial position or results of operations.

Social Incidents, Terrorist Threats and Geopolitical Tensions

The Group is a leading multinational corporation with businesses in Hong Kong, the Mainland, Singapore, Continental Europe, Australia, Canada and the UK. In recent years, a series of social incidents, terrorist activities and geopolitical tensions occurred across the globe that resulted in economic losses, multiple deaths and casualties. There can be no assurance that countries in which the Group operates will not have any social incidents or they will be immune from terrorist threats or geopolitical tensions, and if these events occur, they may have an adverse impact on the Group's businesses, financial conditions, results of operations or growth prospects.

Climate Change

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas that would be affected in the medium to long term by climate change. Climate change may increase the frequency and intensity of extreme weather events, and some of which can result in natural disasters. It could disrupt supply chains, interrupt business operations and cause financial and physical damages. Alternation in weather patterns, such as typhoons, droughts, or rain amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose increased risk for colleagues working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislations or requirements to restrict emissions and other environmental protective measures. Some regulators have issued new disclosure requirements in relation to climate-related financial risk disclosures and plan to mandate the disclosures. Regulations, new disclosure requirements, disruption and damage arising from climate change could have a material impact on the Group's businesses and adversely affect the Group's financial conditions and results of operations.

Although the Group has not experienced any significant disruption or damage from climate change thus far, there can be no assurance that climate change and its impact including rising sea levels, prolonged droughts or heat waves and other extreme weather patterns will not occur and result in major disruption or damage to the Group's assets and businesses, which could materially and adversely affect the Group's financial condition and results of operations.

Transition risks

Many countries where the Group has material business operations seek to transition to low carbon economies. Governments are introducing legislations and taking policy actions to restrict emissions and implementing measures which would incentivise environmental protection activities. There is increasing pressure on the Group's business to support transition to low-carbon economy.

In the journey to a low-carbon economy, the use of resources of low-carbon emission are encouraged or made compulsory over time, while the consumption of conventional resources of high carbon emission are progressively reduced, replaced or prohibited. Changes to governmental policy, legal and regulatory requirements, opinions of the investment community, financial markets, technology, supply chain and consumer behaviour as a result of the transition may occur in ways unexpected by or faster than the anticipation of the Group's business, which could have a material impact on the Group's businesses and adversely affect the Group's financial conditions, results of operations and reputation.

Natural Disasters

Some of the Group's assets and businesses, customers and suppliers are located in areas at risk of damage from earthquakes, floods, typhoons, drought, fire, frost and similar disasters and the occurrence of any of these disasters could disrupt the Group's businesses and materially and adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. There can be no assurance that earthquakes, floods, typhoons, drought or other natural disasters will not occur and result in major damage to the Group's property development projects, infrastructure and utility assets, or assets or facilities or on the general supporting infrastructure facilities in the vicinity, which could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Property Developments

There exist general risks inherent in property developments and in the ownership of properties, including, among other things, (a) rising construction costs; (b) financing for developments may not be available on favourable terms; (c) construction may not be completed on schedule or within budget especially due to issues such as inclement weather, aging workforce, labour shortage, skills mismatch and succession gap as well as the escalation of material prices; (d) long-term financing may not be available on completion of construction; (e) developed properties may not be sold or leased on profitable terms; (f) intense competition from other developers or property owners may lead to vacant properties or an inability to sell or rent properties on favourable terms; (g) purchasers or tenants may default; (h) product may face recall or loss in customer confidence due to contractor's failure in meeting product quality requirement; (i) properties held for rental purpose will need to be renovated, repaired and re-let on a periodic basis; (j) it may not be possible to renew leases or re-let spaces when existing leases expire; and (k) the property market conditions are subject to changes in environmental laws and regulations and zoning laws and other governmental rules and fiscal policies. Property values and rental values are also affected by factors such as the changes in the relationships between countries or sovereign states, the state of the local economy, political and societal developments, governmental regulations and changes in planning or tax laws, levels of interest rates and consumer prices, the overall supply of properties, and the imposition of governmental measures to dampen property prices. Taxes, levies, stamp duties and similar taxes or charges payable for the vacancy of first-hand private residential units, the property management services, the sale or transfer of residential properties, as well as policies and rules on profit repatriation may be imposed by the relevant authorities from time to time.

Investment in property is generally illiquid, which may limit the ability of the Group to timely monetise property assets.

Supply of land is subject to the development of land policies in different markets. Acquisition of land in Hong Kong, the Mainland and overseas markets may be subject to various regulatory requirements or restrictions as well as changes in demand and supply dynamics. Future growth prospects of the property development business are therefore affected by the availability and price levels of prime sites in Hong Kong, the Mainland and overseas markets.

The Group may be subject to fines or sanctions if it does not pay land premiums or does not develop properties according to the terms of the land grant documents. Under the Mainland laws and regulations relating to idle land, if a developer fails to develop land according to the terms of the land grant contracts (including but not limited to, the payment of fees, the designated uses of land and the time for commencement and completion of development of the land), the relevant authorities may issue a warning to or impose a fine on the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contracts may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Furthermore, there are specific requirements regarding idle land and other aspects of land use rights grant contracts in many cities on the Mainland, and the local authorities are expected to enforce such rules in accordance with the instructions from the central government of the Mainland.

Circumstances leading to the repossession of land or delays in the completion of a property development may arise, in particular, in view of the increasing complications in governmental approval process and if the Group's land is repossessed, the Group will not be able to continue its property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. Furthermore, regulations relating to idle land or other aspects of land use rights may become more restrictive or punitive in the future. If the Group does not comply with the terms of any land use rights grant contracts as a result of delays in project development, or as a result of other factors, the Group may lose the opportunity to develop the project, as well as its past investments in the land, which may materially and adversely impact its businesses, financial conditions, results of operations or growth prospects.

Properties could suffer physical damage by fire or other causes and the Group may be exposed to any potential risks associated with public liability claims, resulting in losses (including loss of rent and value of properties) which may not be fully compensated for by insurance proceeds, and such events may in turn affect the Group's financial conditions or results of operations. There is also the possibility of other losses for which the Group may not obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, payment of compensation may be required and this may affect the returns on capital invested in that property. The Group would also remain liable for any debt or other financial obligation, such as committed capital expenditures, related to that property. In addition, insurance policies will have to be renewed every year and acceptable terms for coverage will have to be negotiated, thus exposing the Group to the volatility of the insurance markets, including the possibility of rate increases. Any such factors may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

The Hotel Industry

The hotel industry has been cyclical and may be affected by various factors which are beyond the Group's control, including (a) supply of and demand for accommodation properties; (b) the rate of economic growth; (c) interest rates; (d) political environment and economic developments; (e) seasonal factors; and (f) weather conditions. Furthermore, hotel guests are mostly short-term occupants of the hotel rooms and as a result, hotel occupancy rates and room rates are subject to a high degree of variability. Consumer's confidence, desire, willingness and ability to travel may also be affected by the availability of transportation and travel disruptions caused by extreme weather conditions, natural disasters or epidemics. Any such factors may result in reduced demand for our hospitality services and downward pressure on the daily room rates, and may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

Meanwhile, various control measures have been implemented by the Hong Kong government to contain the spread of COVID-19 and its new variants, including but not limited to border restrictions, quarantine measures, and limitations on the utilisation of seating capacity and the maximum number of people seated per table in restaurants. These measures have resulted in significant adverse impact on the Group's hospitality services. The pace of recovery depends on the development of the COVID-19 situation and the measures implemented by the Hong Kong government. The potential effects on the hotel industry remain unpredictable and may pose significant adverse impact on the Group's business, financial conditions, results of operations or growth prospects.

The UK Pub Industry

Market Conditions and Change of Consumer Demand

While improving conditions have allowed most of the control measures designed to contain the spread of COVID-19 in the UK to be lifted by the government, the pandemic continues to be evolving. The resulting effect on the industry remains unpredictable and may pose significant adverse impact on the Group's business, financial conditions, results of operations or growth prospects. The pace of recovery depends on the development of COVID-19 situation and the measures implemented by the UK government. In relation to non-recourse debt financing, the Group has obtained waivers from the relevant creditors (except for one debenture) in respect of historical covenant breaches as a result of COVID-19. There is no assurance that such waivers could always be obtained in future if the financial conditions deteriorate again.

The Russia-Ukraine conflict has sharpened the worries over inflation, particularly in respect of energy and food prices. There is no certainty around how long the conflict may last and the full extent of its impacts has not been fully manifested. It may have a negative bearing on consumer confidence and discretionary spending, which may consequentially affect the Group's business and results of operations.

The Group's business operates in a market where consumer behavior may change from time to time. The use of digital media, including the expanding food delivery market, also adds to the competition. Failure to respond to increased competition, to refine segmentation and adopt branding effectively, to price products appropriately and to align the portfolio of product offerings to meet the demand of consumers could all lead to reduced revenue, profitability and lower than anticipated market share and growth rates.

Supply Chain and Distribution

The footprint of the Group's pub operations cover most parts of England, Wales and Scotland. The Group manages the supply chain by a combination of internal logistic resources and also by relying on a number of key suppliers and third party distributors to supply and deliver goods, including in particular food and drinks. These suppliers also provide raw materials to the breweries operated by the Group to produce and package beers under the brands owned by the Group. Short term or prolonged disruption of such suppliers and distributors caused by events such as outbreaks of epidemic could lead to interruption of delivery of products or services to customers, resulting in a loss of revenue. Long term failure or withdrawal of key suppliers or distributors could, in addition, lead to significantly increased costs in procuring alternatives. Moreover, failure to brew, package and distribute beers for extended periods could also have long term adverse effects on revenue and profitability.

Mounting Cost Pressures

The Group continues to face cost headwinds amongst some significant areas of expenditure for pubs managed by the Group, including pressure from increasing food and energy prices, the National Living Wage/National Minimum Wage, the Apprenticeship Levy, business rates, utilities taxes as well as costs of additional safety and hygiene measures as a result of COVID-19. A lot of these cost factors are beyond the control of the Group. Failure to mitigate effectively against them could lead to reduced revenue, profitability and lower growth rates. Apart from pubs managed by the Group, any difficulties the licensees in tenanted pubs face may also impact their ability to keep up with their rental payments and to pay for their purchases from the Group.

The operating conditions in the sector have been further impacted by labour availability, which leads to staff shortage and pay inflation. Whilst the long term impact of Brexit is yet to be fully understood, there has been reduced migration of working population from the EU to the UK. In addition, due to COVID-19, some workers in the hospitality sector have moved to other businesses with lower perceived risk such as retail and online delivery, which puts further strain on labour shortage. This could add to the cost and challenges in recruiting and retaining enough talented people. Similar issues are faced by the licensees in tenanted pubs.

Health, Safety, Employment and Data Protection Regulations

Failure to comply with major health and safety legislation and the causing of serious injury or loss of life to any customers, employees or tenants in the pubs managed by the Group or pubs tenanted by licensees, offices or breweries could have a significant impact on the reputation of the Group. It could further lead to investigations by relevant authorities and potentially significant financial loss. If there is an issue in the food supply chain, including the provision of incorrect allergen information, that leads to serious illness or loss of life to any customer, it could also lead to a significant impact on the reputation of the Group, restrictions in supply, potential increases in the cost of goods, reduced sales revenue and profitability.

Failure to comply with the requirements under employment-related legislation such as those relating to the National Living Wage/National Minimum Wage and right to work could lead to HM Revenue and Customs fines, additional expense and reduced profitability and an adverse impact on the Group's reputation and ability to recruit and retain talented people.

A significant personal data breach through failure to comply with the UK Data Protection Act 2018 and UK version of the General Data Protection Regulation could impact the Group's ability to do business and reputation, leading to loss of revenue and potentially significant risk of financial damage from fines or compensation.

Infrastructure Market

Some of the investments owned by the Group (for example, water, gas and electricity) are subject to regulatory pricing and strict adherence must be made to the licence requirements, codes and guidelines established by the relevant regulatory authorities from time to time. Failure to comply with these licence requirements, codes or guidelines may lead to penalties, or, in extreme circumstances, amendment, suspension or cancellation of the relevant licences by the authorities. Many of these regulated businesses have recently been or will soon be undergoing challenging regulatory resets. Interest and inflation rates as well as tougher stances adopted by regulators may affect the returns of the Group's infrastructure businesses. Any operational practices that are significantly out of step with community expectations can lead to brinkmanship, concerns being raised with regulators or the local or national Government directly, and may ultimately lead to more stringent regulatory resets, regulatory oversight as well as negative publicity that could also have a reputational impact. Infrastructure projects are capital intensive, and with only a few major players in the market, there can be no assurance of ready buyers on disposal.

The distribution and transmission networks of the Group's utilities investments are also exposed to supply interruptions. If a severe earthquake, storm, flood, fire, sabotage, terrorist attack, outbreaks of epidemics or other unplanned event interrupts service, the loss of cash flow resulting from the interruption and the cost of recovery from network damage could be considerable and potentially cause poor customer perception and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. Increases in the number or duration of supply interruptions could result in material increases in the costs associated with the operation of the distribution and transmission networks. All of these uncertain factors could have a material adverse effect on the businesses, financial conditions, results of operations or growth prospects of the Group.

Highly Competitive Markets

The Group's business operations face significant competition across the diverse markets in which they operate. New market entrants and intensified price competition among existing market players could adversely affect the Group's businesses, financial conditions, results of operations or growth prospects. Competition risks faced by the Group include (a) an increasing number of developers undertaking property investment and development in Hong Kong, the Mainland and in other overseas markets, which may affect the market share and returns of the Group; and (b) significant competition and pricing pressure from other competitors which may adversely affect the Group's businesses, financial conditions, results of operations or growth prospects.

New Business Ventures and Investments

To balance and mitigate the inherent risks associated with the cyclical nature of property development, or generally, the Group is committed to balancing and strengthening its business portfolio through global quality investments to enhance its recurrent income base and quality of earnings. The Group has taken steps to create and will continue to explore ways to create new sources of recurring revenue by investing into new business sectors and geographical regions if appropriate in respect of investments that meet its criteria. However, there can be no assurance that the Group will implement its business expansion strategies successfully or that its strategies will be able to deliver the results as anticipated. In pursuit of new business opportunities, the Group is experiencing more intense competition where competing bidders are more aggressive in the valuation of the assets on the back of abundant market liquidity and lower return requirements. Also, expansion into new sectors and markets may expose the Group to new uncertainties including but not limited to risks relating to insufficient operating experience in certain sectors and markets, changes in governmental policies and regulations and other adverse developments affecting such sectors and markets. There is also no assurance that all investors would favour the new ventures or investments that may be made by the Group.

Acquisitions

The Group has undertaken acquisition activities in the past and may continue to do so if there are appropriate acquisition opportunities in the market. Although due diligence and detailed analysis are conducted before acquisition activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition. Relevant facts and circumstances used in the analyses could have changed over time, and new facts and circumstances may come to light as to render the previous assumptions and the valuations and analyses based thereon obsolete. COVID-19 has introduced more market uncertainty and has also imposed some restrictions on the ability to conduct due diligence according to the Group's usual procedures.

Some of these acquisition activities are subject to regulatory approvals in overseas countries and there can be no assurance that such approvals will be obtained, and even if granted, that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate the target business into the Group and may not be able to derive any synergy from the acquisition, leading to an increase in costs, time and resources. For acquisition activities undertaken overseas, the Group may also be exposed to different and changing political, social, legal and regulatory requirements at the local, national and international level. The Group may also need to face different cultural issues when dealing with local employees, customers, governmental authorities and pressure groups.

Strategic Partners

Some of the businesses of the Group are conducted through non-wholly owned subsidiaries, associates and joint ventures in which the Group shares control (in whole or in part) and strategic alliances had been formed by the Group with other strategic or business partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Group; (b) take actions contrary to the Group's policies or objectives; (c) undergo a change of control; (d) experience financial and other difficulties; or (e) be unable or unwilling to fulfil their obligations under the joint ventures, which may affect the Group's businesses, financial conditions, results of operations or growth prospects.

Connected Transactions

CK Hutchison Holdings Limited ("CK Hutchison") has been deemed by The Stock Exchange of Hong Kong Limited ("Stock Exchange") to be a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). CK Hutchison is also listed on the Stock Exchange. Although the Group believes that its relationship with CK Hutchison provides it with significant business advantages, the relationship results in various connected transactions under the Listing Rules and accordingly any transactions entered into between the Group and CK Hutchison or its subsidiaries are connected transactions, which, unless one of the exemptions is available, will be subject to compliance with the applicable requirements of the Listing Rules, including the issuance of announcements, the obtaining of independent shareholders' approval at general meetings and disclosure in annual reports and financial statements. Independent shareholders' approval requirements may also lead to unpredictable outcomes causing disruptions to as well as an increase in the risks of the Group's business activities. Independent shareholders may also take actions that are in conflict with the interests of the Group.

Past Performance and Forward-Looking Statements

The past performance and the results of operations of the Group as contained in this Interim Report are historical in nature and past performance can be no guarantee of future results of the Group. This Interim Report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the directors, employees or agents of the Group assume (a) any obligation to correct or update the forward-looking statements or opinions contained in this Interim Report; and (b) any liability in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Interim Financial Statements

Consolidated Income Statement

For the six months ended 30 June 2022

	Note	(Unaudited) 2022 $ Million	2021 (Restated) $ Million
Continuing operations			
Group revenue		35,715	23,262
Share of revenue of joint ventures		11,905	9,801
	(2)	47,620	33,063
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)
		(24,785)	(13,955)
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
Profit before taxation	(3)	13,236	13,707
Taxation	(4)	(2,226)	(5,078)
Profit for the period		11,010	8,629
Discontinued operation			
Profit for the period		2,081	215
Profit for the period		13,091	8,844
Non-controlling interests – continuing operations		62	(377)
– discontinued operation		(76)	–
Perpetual capital securities – continuing operations		(141)	(112)
Profit attributable to shareholders		12,936	8,355
Profit attributable to shareholders			
Continuing operations		10,931	8,140
Discontinued operation		2,005	215
		12,936	8,355
Earnings per share	(6)		
Continuing operations		$3.00	$2.19
Discontinued operation		$0.55	$0.06
		$3.55	$2.25

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2022

	(Unaudited) 2022 $ Million	2021 $ Million
Profit for the period	13,091	8,844
Other comprehensive income to be reclassified to income statement		
Exchange gain (loss) on translation of financial statements of operations outside Hong Kong	(11,985)	380
Exchange gain on translation of bank loans for hedging	552	257
Gain on derivative financial instruments		
Net investment hedges	8,015	100
Cash flow hedges	1,388	278
Share of other comprehensive income of joint ventures	367	284
Other comprehensive income reclassified to income statement		
Exchange loss on translation of financial statements of operations outside Hong Kong	198	–
Gain on derivative financial instruments		
Net investment hedges	(216)	–
Cash flow hedges – cash flows terminated	(685)	–
Other comprehensive income not to be reclassified to income statement		
Share of other comprehensive income of joint ventures	902	82
Other comprehensive income, net of tax	(1,464)	1,381
Total comprehensive income	11,627	10,225
Non-controlling interests – continuing operations	292	(465)
– discontinued operation	(91)	–
Perpetual capital securities – continuing operations	(141)	(112)
Total comprehensive income attributable to shareholders	11,687	9,648
Total comprehensive income attributable to shareholders		
Continuing operations	9,497	9,274
Discontinued operation	2,190	374
	11,687	9,648

Interim Financial Statements *(continued)*

Consolidated Statement of Financial Position

As at 30 June 2022

	(Unaudited) 30/6/2022 $ Million	(Audited) 31/12/2021 $ 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
	302,856	322,590
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
	194,830	234,121
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
	45,334	78,515
Net current assets	**149,496**	155,606
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
	61,557	91,921
Net assets	**390,795**	386,275
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	**390,795**	386,275

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2022

	Shareholders' funds				Perpetual capital securities	Non-controlling interests	(Unaudited) Total equity
	Share capital	Share premium	Reserves (Note)	Total			
	$ Million	$ Million	$ Million	$ Million	$ Million	$ Million	$ Million
Balance at 1 January 2021	3,694	241,945	109,000	354,639	6,200	6,379	367,218
Total comprehensive income	–	–	9,648	9,648	112	465	10,225
Change in non-controlling interests	–	–	–	–	–	34	34
Issue of shares	333	16,667	–	17,000	–	–	17,000
Buy-back and cancellation of issued shares	(380)	(19,543)	380	(19,543)	–	–	(19,543)
Costs for share issue and buy-back	–	(94)	–	(94)	–	–	(94)
Distribution of perpetual capital securities	–	–	–	–	(112)	–	(112)
Dividend paid to non-controlling interests	–	–	–	–	–	(9)	(9)
Dividend paid to shareholders							
2020 final dividend $1.46 per share	–	–	(5,392)	(5,392)	–	–	(5,392)
Balance at 30 June 2021	3,647	238,975	113,636	356,258	6,200	6,869	369,327
Balance at 1 January 2022	**3,644**	**238,975**	**128,609**	**371,228**	**7,929**	**7,118**	**386,275**
Total comprehensive income	–	–	11,687	11,687	141	(201)	11,627
Change in non-controlling interests	–	–	–	–	–	(94)	(94)
Buy-back of issued shares	–	(342)	–	(342)	–	–	(342)
Distribution of perpetual capital securities	–	–	–	–	(141)	–	(141)
Dividend paid to non-controlling interests	–	–	–	–	–	(9)	(9)
Dividend paid to shareholders							
2021 final dividend $1.79 per share	–	–	(6,521)	(6,521)	–	–	(6,521)
Balance at 30 June 2022	**3,644**	**238,633**	**133,775**	**376,052**	**7,929**	**6,814**	**390,795**

Note: Reserves

	Business combination reserve	Capital redemption reserve	Exchange reserve	Hedging reserve	Retained profits	Total equity
	$ Million	$ Million	$ Million	$ Million	$ Million	$ Million
Balance at 1 January 2021	(69,014)	166	(1,616)	(476)	179,940	109,000
Total comprehensive income	–	–	672	539	8,437	9,648
Buy-back and cancellation of issued shares	–	380	–	–	–	380
Dividend paid to shareholders						
2020 final dividend $1.46 per share	–	–	–	–	(5,392)	(5,392)
Balance at 30 June 2021	(69,014)	546	(944)	63	182,985	113,636
Balance at 1 January 2022	**(69,014)**	**549**	**417**	**1,021**	**195,636**	**128,609**
Total comprehensive income	–	–	(2,067)	(84)	13,838	11,687
Dividend paid to shareholders						
2021 final dividend $1.79 per share	–	–	–	–	(6,521)	(6,521)
Balance at 30 June 2022	**(69,014)**	**549**	**(1,650)**	**937**	**202,953**	**133,775**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	(Unaudited) 2022 $ Million	2021 $ Million
Net cash from (used in) operating activities	**8,123**	(2,758)
Net cash from (used in) investing activities		
Disposal of aircraft assets	**31,073**	–
Disposal of investment properties	**12,309**	–
Acquisition of investment properties	**(645)**	(1,070)
Other investing activities	**1,645**	(911)
	44,382	(1,981)
Net cash used in financing activities		
Net borrowing (repayment) of bank and other loans	**(47,804)**	15,247
Dividend paid to shareholders	**(6,521)**	(5,392)
Buy-back of issued shares	**(342)**	(19,543)
Other financing activities	**(1,420)**	(1,233)
	(56,087)	(10,921)
Net decrease in cash and cash equivalents	**(3,582)**	(15,660)
Translation differences	**(1,066)**	311
Cash and cash equivalents at 1 January	**62,567**	58,214
Cash and cash equivalents at 30 June	**57,919**	42,865

Note: Cash and cash equivalents

	30/6/2022 $ Million	30/6/2021 $ Million
Bank balances and deposits	**59,793**	43,945
Less: restricted bank balances	**(820)**	(1,080)
bank deposits maturing over three months	**(1,054)**	–
	57,919	42,865

Restricted bank balances represent property sale proceeds placed with banks in accordance with the requirements of property development on the Mainland and are restricted for use until certain conditions are fulfilled.

Notes to Interim Financial Statements

1. Basis of Preparation

The interim financial statements are presented in Hong Kong dollars and have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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.

2. Revenue and Profit Contribution

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 $ Million	2021 $ Million	**2022 $ Million**	2021 $ Million	**2022 $ Million**	2021 $ 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 $ Million	2021 $ 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

2. Revenue and Profit Contribution *(continued)*

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	2021 (Restated)	**2022**	2021 (Restated)	**2022**	2021 (Restated)
	$ Million	$ Million	**$ Million**	$ Million	**$ Million**	$ 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

Information on profit contribution by principal activities is set out in management discussion and analysis on pages 9 to 21 of the interim report.

3. Profit before Taxation

	Six months ended 30 June 2022 $ Million	2021 (Restated) $ Million
Profit before taxation is arrived at after charging:		
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

4. Taxation

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

5. Interim Dividend

An interim dividend of $0.43 (2021 – $0.41) per share, amounting to $1,564 million (2021 – $1,494 million), was declared by the Directors on 4 August 2022.

6. Earnings Per Share

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.

7. Ageing Analysis

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

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

8. Buy-back of Issued Shares

During the period, the Company bought back 6,561,500 shares on The Stock Exchange of Hong Kong Limited with an aggregate consideration of $341 million. The particulars of share buy-backs are as follows:

		Purchase price per share		
Month	Number of shares bought back	Highest	Lowest	Aggregate consideration
May 2022	1,025,000	$53.80	$50.50	$53,486,250
June 2022	5,536,500	$53.25	$50.95	$287,896,600
	6,561,500			$341,382,850

9. Fair Value of Financial Assets and Financial Liabilities

Investments and derivative financial instruments are measured at fair value using value inputs in the following categories:

Level 1: quoted prices in active markets
Level 2: inputs other than quoted prices that are observable either directly or indirectly
Level 3: inputs which are not observable market data including discounted cash flow on projections and estimates based on assumptions

The fair values of investments and derivative financial instruments are summarised by level as follows:

	Level 1		Level 2		Level 3	
	30/6/2022 $ Million	31/12/2021 $ Million	**30/6/2022 $ Million**	31/12/2021 $ Million	**30/6/2022 $ Million**	31/12/2021 $ Million
Investments						
Listed securities	**5,878**	5,154	**–**	–	**–**	–
Unlisted securities	**–**	–	**–**	–	**172**	2,344
Investments in infrastructure businesses	**–**	–	**–**	–	**3,691**	3,949
Investment in a hotel development project	**–**	–	**–**	–	**689**	657
Derivative financial instruments						
– assets	**–**	–	**9,844**	4,417	**–**	–
– liabilities	**–**	–	**(878)**	(3,106)	**–**	–

For fair value measurement of investments using level 3 value inputs, fair value is determined using valuation techniques with reference to projected cash flow, price of recent transaction and other specific inputs relevant to the particular investment. Change of value inputs reasonably to possible alternatives would not have material effect on the Group's results and financial position.

9. Fair Value of Financial Assets and Financial Liabilities *(continued)*

Movement of investments using level 3 value inputs is as follows:

	2022 $ Million	2021 $ Million
At 1 January	**6,950**	12,070
Investments made	**32**	49
Fair value gain (loss) recognised through income statement	**(111)**	291
Disposal	**(2,319)**	–
Transfer of investments in infrastructure businesses to joint ventures	**–**	(6,574)
At 30 June	**4,552**	5,836

The carrying amounts of other financial assets and financial liabilities, except for lease liabilities, approximated their fair values at the period end date.

10. Commitments

At the period end date, the Group had capital commitments for development of investment properties amounting to $2,850 million.

11. Comparative Information

Certain comparative information has been restated to conform to the current period's presentation.

12. Review of Interim Financial Statements

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