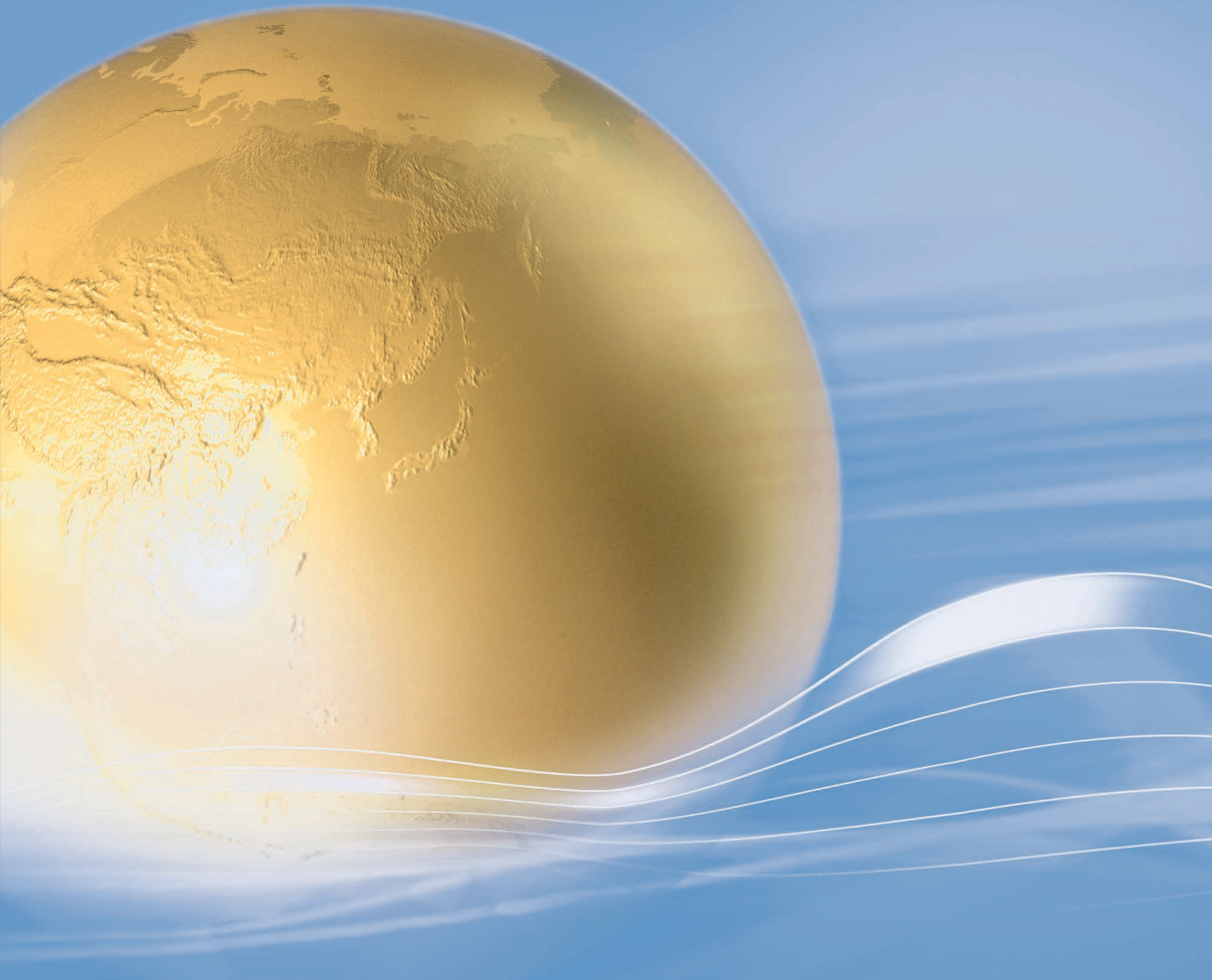
Strong Resilience in Challenging Times



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 2023

This interim report 2023 (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.

FSC www.fsc.org MIX Paper from responsible sources FSC™ C006398

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*

CHEONG Ying Chew, Henry *Independent Non-executive Director*
CHOW Nin Mow, Albert *Independent Non-executive Director*
HUNG Siu-lin, Katherine *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*
LAM Siu Hong, Donny *Independent Non-executive Director*

Senior Advisor

LI Ka-shing

Audit Committee

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

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
Stephen Edward BRADLEY
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	3 August 2023
Record Date for Interim Dividend	5 September 2023
Payment of Interim Dividend	14 September 2023

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
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

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

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	**2023 HK$ million**	2022 HK$ million	**2023 HK$ per share**	2022 HK$ per share	Change
Profit attributable to shareholders					
Continuing operations	**10,331**	10,931	**2.88**	3.00	- 4.0%
Discontinued operation	**–**	2,005	**–**	0.55	
	10,331	12,936	**2.88**	3.55	- 18.9%
Interim dividend			**0.43**	0.43	–

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders from continuing operations for the period ended 30 June 2023 amounted to HK$10,331 million (2022 – HK$10,931 million from continuing operations and HK$12,936 million including discontinued operation). Earnings per share were HK$2.88, a decrease of 4.0% when compared with earnings per share from continuing operations (2022 – HK$3.00) for the same period last year, and a decrease of 18.9% when compared with earnings per share attributable to shareholders (2022 – HK$3.55) for the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2023 of HK$0.43 per share (2022 – HK$0.43 per share) to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 5 September 2023. The interim dividend will be paid on Thursday, 14 September 2023.

PROSPECTS

Business Review

The Group remained resilient with its solid foundation and strong financials despite a prolonged period of uncertainty in the global economic environment. Its diversified portfolio of high-quality assets contributed recurring income across different geographies and sectors. The Group's performance was in line with expectations in the first half of 2023, as the property sector continued to be impacted by the challenging market environment. A decrease in profit attributable to shareholders was recorded as compared with the same period last year, mainly due to the discontinuation of the aircraft leasing operation in 2022, and a temporary gap in the property development schedule arising from our prudent strategy on land bank replenishment. The Group's investment policy with focus on quality assets, growth prospects and sustainability performance is demonstrated in its recent offer for the listed Civitas Social Housing PLC ("Civitas"), a leading provider of care-based specialist supported housing in the UK.

Property Sales

The overall property market conditions in Hong Kong were challenging during the period under review despite some improvements in the first quarter. On the Mainland, the Central Government continued to implement various policies to stabilise and support the real estate market. The Group recorded a decrease in contribution from property sales in Hong Kong and on the Mainland in the first half of 2023 when compared with the same period in 2022.

The Group has adopted a proactive sales strategy to respond to the challenging market conditions. Profit contribution from El Futuro in Sha Tin was recognised in the first half of 2023 and profit contribution from #LYOS in Hung Shui Kiu is expected to be recognised in the second half of 2023 when the contracted sales are completed. The sales of Grand Jeté Phase 1 and Phase 2 in Tuen Mun and Perfect Ten in Singapore have been well received. The sale of The Coast Line in Yau Tong is expected to be launched in early August 2023.

The agreement for the disposal of the Group's interest in the development company that owns the unsold units of 21 BORRETT ROAD in Mid-Levels West, Hong Kong was terminated by the Group on 13 July 2023, and the forfeited deposit will be booked in the second half of the year. Details of the termination are set out in the Company's announcement of the same date.

Planning and works in relation to the residential and retail developments of the four sites acquired through government tenders and two redevelopment projects secured in Hong Kong in the last two years are in progress. The Group will continue to optimise its property development portfolio and expand its land bank as suitable investment opportunities arise in and outside Hong Kong.

Property Rental

Office leasing momentum remained relatively soft due to unfavourable market sentiment in the first half of 2023. The Group recorded a decrease in contribution from property rental during the period when compared with the same period in 2022. Nevertheless, the Group remains confident in the demand for Grade A office buildings in the core business district. Cheung Kong Center II located at the heart of Central is anticipated to be completed around the end of 2023. This iconic building is expected to enhance the Group's investment property portfolio by providing long-term recurring rental income and asset appreciation.

During the period under review, the Group made a recommended all-cash offer for Civitas, a listed real estate investment trust dedicated to investing in social care housing and health care facilities in the UK. The offer has been declared unconditional and the necessary process is under way to delist Civitas shares from the London Stock Exchange and to acquire compulsorily the remainder of the Civitas shares. The earnings profile and social impact of Civitas are complementary to the Group's investment criteria and ESG initiatives and make for a suitable strategic fit. Civitas will provide immediate rental income in the second half of the year.

Hotel and Serviced Suite Operation

The Group achieved higher hotel occupancy rates and recorded an increase in contribution for its overall hotel and serviced suite operation during the period when compared with the same period in 2022 due to a rise in visitor arrivals driven by the lifting of travel restrictions in early 2023. The Group continued to optimise its hotels and serviced suites portfolio by adjusting its marketing strategy in order to maximise the revenue streams from short-term visitors and long stay guests. Its strategic focus on long-term business captured additional domestic market share, with the serviced suite operation recording a stable occupancy rate.

Pub Operation

The overall business environment in the UK continues to be challenging, with inflationary pressure on energy, food and labour costs affecting our pub operation. After experiencing some impact to the business in the first quarter caused by snowy and wet weather as well as national rail strikes, much improved weather conditions along with improving customer confidence provided a much better operating environment in the second quarter, with revenue growth across the first half of 2023 when compared with the same period in 2022 but contribution was lower. The pub sector continues to be an integral part of the British way of life. With the backing of the Group and a significant high-quality freehold asset base, Greene King remains focused on improving cost efficiency and building the foundations that will drive long-term success of the business.

Infrastructure and Utility Asset Operation

The infrastructure and utility assets operation stayed resilient due to its stable nature in the current high interest rate environment. As the revenues and the asset bases of regulated businesses are inflation-linked, these businesses are protected against the adverse effects of the current high inflation environment. In addition, these businesses are also protected against rising interest rates, given they are appropriately geared and the allowed cost of debt is regularly adjusted to reflect actual prevailing interest rates. The Group recorded a comparable contribution during the period under review when compared with the same period last year. CK William Group, Reliance Home Comfort and ista contributed HK$645 million, HK$678 million and HK$846 million respectively. Other infrastructure and utility assets made a total contribution of HK$1,839 million. The Group will continue to proactively source investment opportunities in high quality global infrastructure and utility assets.

Sustainability Initiatives

We recognise the importance of sustainability in driving corporate values and seek to embrace innovation for long-term growth. Our climate disclosures have been enhanced by adopting the framework recommended by the Task Force on Climate-Related Financial Disclosures, while significant efforts have been deployed in science-based target setting and low carbon transition planning. In the UK, Greene King has received approval from Science Based Targets Initiative for its near-term science-based emissions reduction targets to reduce absolute scope 1, 2 and 3 greenhouse gas emissions by 50% by 2030 from a 2019 base year, and was named by The Financial Times and Statista as one of Europe's Climate Leaders for 2023.

In line with responsible management principles, the Group is committed to integrating its green vision into building projects and driving reduction initiatives in a cost-effective manner. It takes pride in developing and managing high-quality buildings which incorporate features to mitigate climate change and elevate the user experience to attract and retain tenants. During the period, the Metropolis Tower and Ma On Shan Plaza have achieved Final Platinum rating under BEAM Plus Existing Buildings Version 2.0 Comprehensive Scheme. In addition, the Group won six awards at the 2023-2024 Asia Pacific Property Awards for Cheung Kong Center II, Wong Chuk Hang Station Package Three project, Hotel Alexandra, El Futuro, Sea to Sky and 90 Repulse Bay Road. Our recent privatisation of Civitas facilitates the delivery of specialist supported social housing for the most vulnerable individuals, generating positive, quantifiable social impact and complementing our proven track record of developing affordable social housing in the UK.

The Group recognises the contribution of its employees and strives to be an employer of choice. During the period, its property management companies won 16 awards under Joyful@Healthy Workplace Best Practices category at the Occupational Health Award 2022-23 organised by the Occupational Safety & Health Council for its outstanding achievements in promoting wellbeing at the workplace. Greene King was named Best Pub Employer and Best Leased & Tenanted Pub Company at The Publican Awards 2023. The Group will continue to invest in its employees and their wellbeing throughout the sustainable development journey to foster a good environment for them to advance and prosper.

Outlook

Global inflation and interest rates are expected to remain high in the near term. Economic growth worldwide is under pressure with major economies experiencing a slower than expected recovery. Ongoing geopolitical tensions, trade conflicts and heightened macroeconomic volatility will continue to overshadow the prospects for growth.

The Mainland recorded a positive real GDP year-on-year growth of 5.5% in the first half of 2023. The Central Government has implemented fiscal and sound monetary policies together with measures to support the local property sector. The promotion of high-quality development through high-tech innovation and expansion of domestic demand is expected to lay a foundation for economic recovery.

The Hong Kong economy has partially recovered as border control and anti-pandemic measures were lifted. The local property market remains under pressure against a backdrop of global economic uncertainties and rising interest rates. Nevertheless, the Group is confident that underlying demand and purchasing power will support the property market over the long term. Housing policies and interest rate movements will continue to be determining factors. Hong Kong has the unique advantage of acting as a premier gateway between the Mainland and the rest of the world. The city's role as an international financial centre, trade and shipping centre, innovation and technology centre highlights its competitiveness and impetus for the gradual recovery of the local economy with the continuing support of the Mainland.

Strict financial discipline and a prudent management philosophy have been central pillars for our success and resilience. The Group is poised to weather the headwinds and swiftly capture new opportunities from a wealth of possibilities given its solid foundation and strong financial position. We will continue to invest in a resilient portfolio to generate stable recurring income and create shareholder value.

As at 30 June 2023, the Group had a net debt to net total capital ratio of approximately 1.4%. 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

My colleagues on the Board join me in thanking our team of diligent employees around the world for their hard work, adaptability and contributions during the period. I also take this opportunity to express my sincere gratitude to our board members for their unwavering dedication and to our stakeholders for their continued support.

Victor T K Li
Chairman

Hong Kong, 3 August 2023

Management Discussion and Analysis

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2023:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Borrett Road Project Phase 2	Inland Lot No. 8949	149,123	100%
#LYOS	Lot No. 4328 in D.D. 124	138,876	100%
Grand Jeté Phase 1	The Remaining Portion of Tuen Mun Town Lot No. 463	171,523	40.94%
Cheung Kong Center II	Central	504,343	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 F	Hwang Gang Lake, Dongguan	524,584	99.8%
Noble Hills Phase 3C	Zengcheng, Guangzhou	123,570	100%
Emerald Cove Phase 2	Daya Bay, Huizhou	1,216,988	100%
Regency Cove Phase 3A	Caidian District, Wuhan	282,003	100%
Chelsea Waterfront Metropolitan Building, The Rotunda, East Tower, Block KC4 and Block KC2A	Chelsea/Fulham, London	262,164	95%

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

(1) March to June 2023: The Company bought back a total of 31,100,000 Shares from March to June 2023 on The Stock Exchange of Hong Kong Limited with the aggregate consideration (before expenses) amounting to HK$1,358,201,050. A total of 1,570,000 Shares bought back in March 2023 were cancelled on 30 March 2023. The remaining 29,530,000 Shares bought back were not yet cancelled.

(2) May 2023: On 9 May 2023 (after trading hours of The Stock Exchange of Hong Kong Limited), an indirect wholly owned subsidiary of the Company ("Bidco") and Civitas Social Housing PLC ("Target", a real estate investment trust listed on the premium segment of the Main Market of the London Stock Exchange) jointly issued an announcement through a Regulatory Information Service on the London Stock Exchange pursuant to Rule 2.7 of the City Code on Takeovers and Mergers in the United Kingdom (the "UK"), of a recommended all-cash offer to be made by Bidco for the entire issued and to be issued share capital of the Target (the "Offer"), to be implemented by way of a takeover offer under the laws of the UK, at a cash consideration (the "Cash Consideration") of 80 pence (equivalent to approximately HK$7.94) for each ordinary share in the Target (excluding any such shares held in treasury) to be paid to the holders of such shares accepting the Offer by Bidco using the existing cash resources of the Group. The Cash Consideration under the terms of the Offer valued the entire issued share capital of the Target (excluding treasury shares) at approximately GBP485 million (equivalent to approximately HK$4,811 million). On 6 July 2023, the Company announced that since the Offer was declared unconditional on 23 June 2023, Bidco would require the Target to apply to the relevant regulators in the UK to cancel the trading and listing of the shares of the Target on the London Stock Exchange being expected to take effect on 4 August 2023.

(3) June 2023: The Urban Renewal Authority reached a land exchange agreement with the Government in respect of a site at Nga Tsin Wai Village, Junction of Tung Kwong Road and Tung Lung Road, Wong Tai Sin, Kowloon (New Kowloon Inland Lot No. 6509) for an area of approximately 64,721 sq.ft. (approximately 6,012.8 sq.m.), further to a development agreement entered into between the Urban Renewal Authority and a wholly owned subsidiary of the Group in January 2008 for the joint development of a redevelopment project in respect of Nga Tsin Wai Village, Kowloon. The site is designated for residential/non-residential development and estimated to have a developable gross floor area of approximately 399,308 sq.ft. (approximately 37,097 sq.m.).

(4) July 2023: On 13 July 2023, the agreement dated 28 September 2022 (the "SPA") entered into by two indirect wholly owned subsidiaries of the Company and ORIC-Borrett Limited (the "Purchaser") regarding, among other things, the disposal of the entire issued share capital of Aim Clever Holdings Limited (which indirectly owns the development known as "21 BORRETT ROAD" in Hong Kong) was terminated by the Group. The deposit being HK$2,076,618,600 paid by the Purchaser was forfeited pursuant to the terms of the SPA. The transactions as contemplated under the SPA would not proceed. Details of the termination are set out in the announcement of 13 July 2023.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK$8,246 million (2022 – HK$20,397 million), comprising mainly sales of residential units (i) Hong Kong – El Futuro in Sha Tin; and (ii) the Mainland – Laguna Verona in Dongguan, Hupan Mingdi in Shanghai and La Grande Ville in Beijing, and is summarised by location as follows:

Location	**2023 HK$ Million**	2022 HK$ Million
Hong Kong	**4,316**	12,748
The Mainland	**3,542**	7,436
Overseas	**388**	213
	8,246	20,397

Contribution for the period was HK$3,530 million (2022 – HK$8,054 million) and is summarised by location as follows:

Location	**2023 HK$ Million**	2022 HK$ Million
Hong Kong	**1,666**	5,422
The Mainland	**1,677**	2,563
Overseas	**187**	69
	3,530	8,054

The development of #LYOS in Hung Shui Kiu, Hong Kong has been completed and profit contribution will be recognised upon completion of sales in the second half year.

The presales of various projects including Grand Jeté Phase 1 and Phase 2 in Hong Kong, Regency Garden in Shanghai and Perfect Ten in Singapore are in progress. The consent for presale of residential units of The Coast Line in Hong Kong has been obtained and presale of the project will be launched soon.

Property sales contracted but not yet recognised at 30 June 2023 are as follows:

	Schedule for Sale Recognition		
Location	2023 HK$ Million	After 2023 HK$ Million	Total HK$ Million
Hong Kong	2,468	4,595	7,063
The Mainland	1,751	2,030	3,781
Overseas	197	3,781	3,978
	4,416	10,406	14,822

The agreement for the sale of Bristow Investments Limited, the developer of 21 Borrett Road in Hong Kong, was terminated on 13 July 2023 and forfeiture of the deposit received from the purchaser will be booked in the second half year.

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 8 million sq.ft., 64 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$2,862 million (2022 – HK$2,993 million) and comprised rental income derived from leasing of retail, office, industrial and other properties as follows:

Use of Property	**2023 HK$ Million**	2022 HK$ Million
Retail	**1,051**	1,121
Office	**964**	1,130
Industrial	**385**	374
Others	**462**	368
	2,862	2,993

The Group's investment properties are primarily located in Hong Kong including Cheung Kong Center, Cheung Kong Center II 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$2,316 million (2022 – HK$2,426 million), and is summarised by location as follows:

Location	**2023 HK$ Million**	2022 HK$ Million
Hong Kong	**1,937**	1,995
The Mainland	**172**	195
Overseas	**207**	236
	2,316	2,426

The redevelopment of Cheung Kong Center II, a Super Grade A office property with Victoria harbour views, is expected to be completed around the end of the year. It is anticipated that contribution from property rental to group profit will be enhanced following the completion of Cheung Kong Center II.

At the interim period end date, the Group had an investment property portfolio of approximately 17.1 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	3.3	3.9	5.9	–	13.1
The Mainland	1.5	0.4	–	–	1.9
Overseas	0.1	0.2	–	1.8	2.1
	4.9	4.5	5.9	1.8	17.1

An increase of HK$2,690 million (2022 – decrease of HK$659 million) in fair value of investment properties, including HK$1,691 million attributable to the increase in fair value of Cheung Kong Center II under redevelopment, was recorded at 30 June 2023 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

In May 2023, the Group made a recommended cash offer for the shares of Civitas Social Housing PLC ("Civitas") listed on the London Stock Exchange, a social housing provider with a portfolio of 697 properties in the United Kingdom. Up to 31 July 2023, over 96% of the issued shares of Civitas had been acquired by the Group. The successful acquisition of Civitas has enlarged the Group's investment property portfolio and will provide immediate rental income contribution to group profit.

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, The Kowloon Hotel and a few others.

All border restrictions and quarantine measures in Hong Kong were uplifted earlier this year. The number of inbound visitors to Hong Kong had continued to increase during the period, driving up demand for hotel accommodation. The Group's hotel operation in Hong Kong had performed well and the results for the period were better than the same period last year.

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK$1,950 million (2022 – HK$1,533 million), an increase of HK$417 million when compared with the same period last year. The average hotel occupancy rate for the period increased to 75% from 58% in 2022 and the average occupancy rate of serviced suites was maintained at about 91% with long stay guests.

Contribution for the period was HK$637 million (2022 – HK$315 million), an increase of HK$322 million when compared with the same period last year, and is summarised by location as follows:

Location	**2023 HK$ Million**	2022 HK$ Million
Hong Kong	**717**	392
The Mainland	**(80)**	(77)
	637	315

Harbour Plaza Metropolitan and Metropolitan Residence, developed in Shanghai on the Mainland, have recently commenced operation after completion and have yet to make a positive contribution to group profit.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK$454 million (2022 – HK$440 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$198 million (2022 – HK$182 million) and is summarised by location as follows:

Location	**2023 HK$ Million**	2022 HK$ Million
Hong Kong	**130**	137
The Mainland	**22**	27
Overseas	**46**	18
	198	182

At the interim period end date, approximately 268 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. Pub businesses in the United Kingdom have resumed well after the pandemic. However, the rising costs of food, labour and utilities due to high inflation pose a challenge to the businesses.

Revenue of pub operation for the period was HK$11,264 million (2022 – HK$10,527 million), an increase of HK$737 million when compared with the same period last year after several rounds of price increases, while sales volumes remained about the same.

Profit contribution for the period amounted to HK$586 million (2022 – HK$866 million), a decrease of HK$280 million when compared with the same period last year due to rising operating costs. The results by division of pub operation are as follows:

Division	**2023** Revenue HK$ Million	**2023** Profit Contribution HK$ Million	2022 Revenue HK$ Million	2022 Profit Contribution HK$ Million
Pub Company – operates food-led and drink-led destination pubs and restaurants and community-focused local pubs	**9,333**	**344**	8,681	478
Pub Partners – owns a portfolio of mainly drink-led pubs which are run as franchised or leased pubs	**860**	**192**	846	226
Brewing & Brands – sells and distributes a wide range of beers including ale brands brewed in own breweries	**1,071**	**50**	1,000	162
	11,264	**586**	10,527	866

Infrastructure and Utility Asset Operation

Following the disposal of a 9% interest in Northumbrian Water JV in December 2022, the Group's 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	27%
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%

and the Group has interests in the economic benefits of infrastructure and utility asset businesses as follows:

	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%

Management Discussion and Analysis *(continued)*

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

	2023 HK$ Million	2022 HK$ Million
CK William JV	**2,157**	2,185
CKP (Canada) JV	**2,291**	2,243
Sarvana JV	**3,254**	3,006
UK Power Networks JV	**1,818**	1,760
Northumbrian Water JV	**1,244**	1,609
Dutch Enviro Energy JV	**369**	354
Wales & West Utilities JV	**607**	573
	11,740	11,730

Profit contribution for the period amounted to HK$4,008 million (2022 – HK$4,148 million), and is summarised by location as follows:

	Australia HK$ Million	Europe HK$ Million	North America HK$ Million	**2023 Total HK$ Million**	2022 Total HK$ Million
CK William JV	621	52	(28)	**645**	804
CKP (Canada) JV	–	–	678	**678**	700
Sarvana JV	–	846	–	**846**	830
UK Power Networks JV	–	1,065	–	**1,065**	1,039
Northumbrian Water JV	–	313	–	**313**	362
Dutch Enviro Energy JV	–	65	–	**65**	64
Wales & West Utilities JV	–	326	–	**326**	197
Others	–	70	–	**70**	152
	621	2,737	650	**4,008**	4,148

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	33.7%
Fortune REIT	Investment in retail properties in Hong Kong and Singapore	26.3%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.1%

Hui Xian REIT is an associate. The Group shared a net rental for the period of HK$74 million (2022 – HK$113 million) and received distributions of HK$73 million (2022 – HK$60 million) during the period.

Distributions received from Fortune REIT and Prosperity REIT during the period amounted to HK$132 million (2022 – HK$128 million) and were recognised as investment income. A decrease of HK$431 million (2022 – HK$981 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 2023.

FINANCIAL REVIEW

Liquidity and Financing

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

At the interim period end date, the Group's bank and other loans amounted to HK$49.4 billion, an increase of HK$0.8 billion when compared with bank and other loans at 31 December 2022. The maturity profile was spread over a period of 13 years, with HK$9.2 billion repayable within 1 year, HK$31.0 billion within 2 to 5 years and HK$9.2 billion beyond 5 years.

Taking into account the bank balances and deposits of HK$43.8 billion at 30 June 2023, the Group carried a net debt of HK$5.6 billion at the interim period end date. The net debt to net total capital ratio was approximately 1.4%.

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 risk management and borrows principally on a floating rate basis. The Group's exposure to foreign exchange fluctuations and interest rate changes are reviewed regularly. For investments in foreign currencies and at times of financial uncertainty or volatility, hedging instruments including swaps and forwards are used in the management of exposure to foreign exchange and interest rate fluctuations.

At the interim period end date, the Group's borrowings were 40% in HK$ or US$, and 60% in other currencies (including AUD, GBP and RMB) which had been arranged for investments and operations in Australia, the United Kingdom and on the Mainland. The Group derives its revenue mainly from property businesses in HK$ 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 these currencies is maintained for business requirements.

Charges on Assets

At the interim period end date, (i) properties amounting to HK$2,239 million (31 December 2022 – HK$3,825 million) were charged to secure bank loans arranged for property development and investment; and (ii) properties amounting to HK$25,865 million (31 December 2022 – HK$24,526 million) were charged to secure other loans arranged for pub operation.

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$458 million (31 December 2022 – HK$474 million); and (ii) mortgage loans provided by banks to purchasers of properties developed by the Group on the Mainland amounting to HK$615 million (31 December 2022 – HK$822 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), amounted to approximately HK$6,098 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 59, 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, and the Member Deputy Chairman of Li Ka Shing (Canada) Foundation. Mr. Li serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China and a member of the Chief Executive's Council of Advisers of the Hong Kong Special Administrative Region. 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 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 76, 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 71, 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 72, 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.

CHIU Kwok Hung, Justin, aged 73, 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); a Non-executive Director of ESR Group Limited (listed in Hong Kong); and an Independent Non-executive Director of Star Shine Holdings Group Limited (formerly known as Deyun Holding Ltd.) (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 75, 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 67, 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.

CHEONG Ying Chew, Henry, aged 75, 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 74, 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 75, 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, Honorary Advisor of The Education University of Hong Kong Foundation, 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.

Donald Jeffrey ROBERTS, aged 72, 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 65, 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, the Chairman of the Nomination Committee of the Company since December 2020, and a member of the Sustainability Committee of the Company since December 2022. 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 Advisor of CME Group. 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.

KWOK Eva Lee, aged 81, 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 82, 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 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 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"), 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.

LAM Siu Hong, Donny, aged 59, has been an Independent Non-executive Director of the Company since October 2022 and a member of the Audit Committee since December 2022. He is Partner of DL Holdings Group and Chairman of DL Family Office (HK) Limited ("DL Family Office"). Mr. Lam has over 30 years of experience in the financial services and capital market industry. Prior to joining DL Family Office in 2014, Mr. Lam served as Managing Director, specialised in global and Hong Kong investments, of J.P. Morgan Private Bank in Asia from 2009 to 2014. Mr. Lam was previously Managing Director, Investment Counseling, of HSBC Private Bank from 2001 to 2009. Mr. Lam also previously held various positions with Citibank Private Bank, Union Bank of Switzerland, HG Asia Limited and Citibank (Hong Kong). Mr. Lam is an Adjunct Associate Professor at the Faculty of Business and Economics of The University of Hong Kong. Mr. Lam holds Bachelor's and Master's degrees in Business Administration from The Chinese University of Hong Kong.

Disclosure of Interests

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

As at 30 June 2023, 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	368,467,448 (Note 1)	1,328,696,745 (Note 2)	1,697,789,393	47.25%
Kam Hing Lam	Beneficial owner & interest of child or spouse	51,040	57,360	–	–	108,400	0.003%
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	0.0046%
Lam Siu Hong, Donny	Interest of spouse & interests held jointly	–	5,472	–	5,420 (Note 4)	10,892	0.0003%

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 5)	15	15%
Jabrin Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	2,000 (Note 5)	2,000	20%
Mightycity Company Limited	Li Tzar Kuoi, Victor	Beneficiary of trusts	–	–	–	168,375 (Note 5)	168,375	1.53%

Notes:

(1) The 368,467,448 shares of the Company comprise:

(a) 2,272,350 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.

(2) The 1,328,696,745 shares of the Company comprise:

(a) 1,171,881,779 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) Such 5,420 shares are jointly held by Mr. Lam Siu Hong, Donny and his son.

(5) 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 2023, 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 2023, 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	1,171,881,779	1,171,881,779 (Note 1)	32.61% (Note 3)
Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity Discretionary Trust	Trustee & beneficiary of a trust	1,171,881,779	1,171,881,779 (Note 1)	32.61% (Note 3)
Li Ka-Shing Unity Trustcorp Limited as trustee of another discretionary trust	Trustee & beneficiary of a trust	1,171,881,779	1,171,881,779 (Note 1)	32.61% (Note 3)
Li Ka-shing	(i) Interest of a controlled corporation	366,195,098		
	(ii) Founder of discretionary trusts	1,328,696,745	1,694,891,843 (Note 2)	47.17% (Note 3)
Li Ka Shing Foundation Limited	Beneficial owner	366,195,098	366,195,098	10.19% (Note 3)

Notes:

(1) The three references to 1,171,881,779 shares relate to the same block of shares in the Company. Of these 1,171,881,779 shares of the Company, 913,378,704 shares of the Company are held by TUT1 as trustee of UT1 and 258,503,075 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 1,171,881,779 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) 366,195,098 shares held by LKSF. By virtue of the terms of the constituent documents of 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.

(b) 1,328,696,745 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 1,328,696,745 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 2023 (i.e. 3,592,671,333 shares).

Save as disclosed above, as at 30 June 2023, 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 of the Company and its subsidiaries ("Group"). The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholder value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

The Company has applied the principles and complied with all code provisions (except code provision C.2.1 of the Corporate Governance Code ("CG Code") as further elucidated below) and, where applicable, the recommended best practices of the 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 2023.

In respect of code provision C.2.1 of the CG Code, the positions of the Chairman of the Board (the "Chairman") and Managing Director are held by the same individual, namely, Mr. Victor T K Li. Although the positions of Chairman and 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 are made, in accordance with current practice, 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 with diverse background, experience and areas of expertise 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 over the years. Furthermore, Mr. Li Ka-shing, who has been the Senior Advisor of the Company since his retirement as Chairman, has in that capacity continued to share his wisdom and insights on significant matters of the Group.

The Group is committed to maintaining high corporate governance standards and conducting its businesses with ethics and integrity. The Group's vision, values and strategy are inextricably linked to its purpose and business operations. In compliance with the CG Code, the Company has adopted, and regularly reviews its comprehensive set of Corporate Governance Policies such as Anti-Fraud and Anti-Bribery Policy, Anti-Money Laundering Policy, Employee Code of Conduct, Policy on Handling of Confidential Information, Information Disclosure, and Securities Dealing, and Whistleblowing Policy – Procedures for Reporting Possible Improprieties. The Group maintains a robust corporate governance framework and internal control systems to uphold its accountability with support from internal and external auditors and other professional advisors.

BOARD COMPOSITION AND BOARD PRACTICES

Accountable to the shareholders under the leadership of the Chairman, the Board leads, directs and supervises the Company's affairs to enable the long-term success of the Company. The Board is responsible for shaping and monitoring the corporate culture, setting long-term strategic objectives, policies and directions of the Company with appropriate focus on values creation and risk management. The Board evaluates the Group's operating, financial and sustainability performance and oversees the executive management of the Company.

The Board consists of a total of fifteen Directors, comprising seven Executive Directors (including the Chairman and Managing Director, two Deputy Managing Directors and four 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. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation at least once every three years. Retiring Directors are eligible for re-election by shareholders at general meetings in accordance with the Company's Amended and Restated Articles of Association and the CG Code.

The positions of Chairman and 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 make active contribution to the affairs of the Board and the Board acts 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 twice every year, which provides an exclusive platform for Independent Non-executive Directors to raise concerns, exchange views and discuss issues about the Company or its business, and any other matters.

The Company Secretary advises the Board on corporate governance and other regulatory compliance matters and is responsible for keeping the Board abreast of developments in the law, rules and regulations that may affect the Company's business and operations. The Company Secretary also assists the Board in monitoring the Company's compliance with Board procedures and the requirements under the Listing Rules, Codes on Takeovers and Mergers and Share Buy-backs, the Securities and Futures Ordinance ("SFO"), Companies Ordinance, the Cayman Islands Companies Act and other applicable laws, rules and regulations.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in securities of the Company ("Model Code"). The Model Code is reviewed and revised by the Company to reflect any amendments to Appendix 10 to the Listing Rules from time to time. All Directors have confirmed that they have complied with the required standards set out in the Model Code regarding their dealings in securities of the Company during the six months ended 30 June 2023.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the Company's securities. The Company has adopted a policy on handling of confidential information, information disclosure, and securities dealing, applicable to the Group's employees when they are in possession of confidential or inside information in relation to the Group. The policy satisfies the requirements under Part XIVA of the SFO. The policy is available on the Company's intranet and disseminated to the employees.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has an internal audit function in place to provide ongoing 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 2023.

AUDIT COMMITTEE

The Audit Committee, headed by an Independent Non-executive Director, comprises six Independent Non-executive Directors. The Audit Committee is chaired by Mr. Cheong Ying Chew, Henry with Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Donald Jeffrey Roberts, Mr. Stephen Edward Bradley and Mr. Lam Siu Hong, Donny as members. The Audit Committee is responsible for overseeing the Group's financial reporting system, risk management and internal control systems, monitoring the integrity of the Group's financial information, overseeing the relationship with the external auditor of the Company, reviewing the arrangements that the Company's employees may use, in confidence and anonymity, to raise concerns about possible improprieties and ensuring proper arrangements are in place for fair and independent investigations and follow-up actions, and performing corporate governance functions delegated by the Board.

The Group's interim report for the six months ended 30 June 2023 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

A majority of the members of the Company's Remuneration Committee are Independent Non-executive Directors. The Remuneration Committee is chaired by Ms. Hung Siu-lin, Katherine, an Independent Non-executive Director, with Mr. Cheong Ying Chew, Henry, also an Independent Non-executive Director, and the Chairman and Managing Director, Mr. Victor T K Li as members. 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 the senior management, making recommendations on the remuneration packages of Independent Non-executive Directors and, with delegated responsibility, determining the remuneration packages of individual Executive Directors and senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

The Nomination Committee comprises a majority of Independent Non-executive Directors and is chaired by an Independent Non-executive Director. The Nomination Committee is chaired by Mr. Stephen Edward Bradley, an Independent Non-executive Director with another Independent Non-executive Director, Mr. Donald Jeffrey Roberts and the Chairman and Managing Director, Mr. Victor T K Li, as members. 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 recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

SUSTAINABILITY COMMITTEE

The Sustainability Committee comprises three Directors, a majority of whom are Independent Non-executive Directors, and the Company Secretary. The Sustainability Committee is chaired by Mr. Ip Tak Chuen, Edmond, Deputy Managing Director. Other members include two Independent Non-executive Directors, Mr. Cheong Ying Chew, Henry and Mr. Stephen Edward Bradley, and the Company Secretary, Ms. Eirene Yeung. The principal responsibilities of the Sustainability Committee include overseeing management and advising 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.

INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Company's Shareholders Communication Policy is available on the Company's website. The policy is subject to review on a regular basis to ensure its implementation and effectiveness.

The Company commits to engaging stakeholders in ongoing dialogues to understand their evolving needs, concerns and expectations. The Company establishes different forms of engagement for different groups of stakeholders to keep consistent interactions and maintains different communication channels for shareholders and investors to communicate their views on matters regarding the Company's businesses and affairs. These channels include (i) printed copies of corporate communications (including but not limited to annual, interim and other reports, notices, announcements, circulars and other regulatory disclosures) required under the Listing Rules, which shareholders can choose to receive through the Company's website instead; (ii) general meetings which provide a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information regarding the Group available on the website of the Company; (iv) the Company's website offers a communication platform between the Company and its shareholders and stakeholders; (v) press conferences and briefing meetings with analysts held from time to time, where applicable, to provide updates on the performance of the Group; (vi) the Company's Hong Kong Share Registrar who deals with shareholders for share registration and related matters; (vii) the Corporate Affairs Department of the Company handling enquiries from shareholders and investors generally; and (viii) other dedicated communication channels, activities and events operated or organised by designated business units and departments at various levels engaging different groups of stakeholders.

Other Information

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

During the six months ended 30 June 2023, the Company bought back a total of 31,100,000 Shares on the Stock Exchange for an aggregate consideration of HK$1,358,201,050 (before expenses). A total of 1,570,000 Shares bought back in March 2023 were cancelled on 30 March 2023. The remaining 29,530,000 Shares bought back are not yet cancelled. As at 30 June 2023 and the date of this report, the total number of Shares in issue is 3,592,671,333.

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$)	
March 2023	1,570,000	47.00	45.65	72,511,450
April 2023	989,000	46.00	45.25	45,162,650
May 2023	12,600,000	44.90	42.10	541,026,925
June 2023	15,941,000	45.20	42.80	699,500,025
	31,100,000			1,358,201,050

Save as disclosed above, during the six months ended 30 June 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 advisers before making any investment in the shares or other securities of the Company.

Global Economy

Continued trade protectionism, supply chain disruptions, fluctuation of major currencies, increasing geopolitical tensions, high and persistent inflation, tightening fiscal policy and monetary policy, interest rate hikes, rising commodity prices and energy costs, cost of living crisis and industrial actions 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 presently 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 the Group's businesses, financial conditions, results of operations or growth prospects.

Continuation of Highly Contagious Disease

The impact of the COVID-19 pandemic has moderated in many countries and governments have removed entry restrictions and lifted social distancing measures. However, the repercussions of the pandemic continue to affect the economy of different parts of the world, including the places of businesses in which the Group operates. Despite the situation of COVID-19 outbreak has stabilised and COVID-19 no longer constitutes a public health emergency of international concern, the disease remains not fully predictable 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. The potential impact 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.

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.

Inflation has soared to multidecade highs, prompting central banks across the world to simultaneously hike interest rates. The interest rate hike cycle has 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 trade intensity, 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, especially the recent nationwide strikes due to surging inflation and labour shortage. 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 presently 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 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, may 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, His 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 is 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 at 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 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 issues 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 actions or civil claims. The expenses on remediation, costs of regulatory or legal actions, and monetary damages 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 business 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 presently 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, casualties, persistent supply chain disruptions and volatility in commodity markets. 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 rainfall amount may cause shortage of crops for food and other natural resources. The harsher temperatures in some locations may also pose an increased risk for staff working in those locations. Changes in microclimates for certain locations may render certain businesses obsolete. Some governments are also beginning to introduce legislation 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 conditions 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 legislation 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 business reputation.

Natural Disasters

Some of the Group's assets and businesses, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods, storms, drought, bushfires, 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, storms, drought, bushfires, extreme weather 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) products 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 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.

Despite the Hong Kong government's lifting of the anti-epidemic controls, the pace of recovery of the industry depends on the global economy, tourism recovery, and consumer sentiment. 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 all COVID-19 related restrictions in the UK have now been lifted by the government, the emergence of new COVID-19 variants is an ongoing concern. If COVID-19 variants of greater severity and/or infectiousness than the prevalent ones emerge, or if any similar pandemics or outbreaks occur in the future, further restrictive measures may be re-imposed by the government, which may have a significant and adverse impact on the UK pub industry and UK economy, and the Group's business, financial conditions, results of operations or growth prospects. The pace of recovery of the industry depends on the development of the COVID-19 situation, the recovery of local and international tourism and business travel, as well as consumer confidence.

The Russia-Ukraine conflict has sharpened worries over inflation and increasing prices and costs for consumers and businesses, particularly in energy, labour and food. There is no certainty in how long the conflict may last and the full extent of the impact from the conflict and its spill-over effects, including rising inflation, higher interest rates and the cost of living crisis in the UK. These effects have a negative bearing on consumer confidence and discretionary spending. Any escalation in the conflict may have a significant and adverse impact on the UK pub industry and UK economy, and the Group's business, financial conditions, results of operations or growth prospects.

The Group's business operates in a market where consumer behaviour may change from time to time. The use of digital media and the expanding food delivery market also add 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.

In relation to non-recourse debt financing, the Group obtained waivers from the relevant creditors in respect of historical covenant breaches as a result of COVID-19. There is no assurance that such waivers will be obtained in the future if the financial conditions deteriorate again.

Supply Chain and Distribution

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

Mounting Cost Pressures

The Group continues to face mounting cost pressures and significant increases in operating costs and expenditure for pubs managed by the Group, particularly in energy costs and food prices, employee wages and business rates. Many 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. Aside from pubs managed by the Group, any difficulties faced by the licensees in tenanted pubs and franchisees in franchised pubs may also impact their ability to keep up with their payment obligations.

The sector has been particularly hit by labour shortages and pay inflation. Whilst the long term impact of Brexit is yet to be fully understood, there has been a reduction in the migration of workers from the EU to the UK. This could add to the cost and challenges in recruiting and retaining enough skilled and qualified employees and securing adequate resource from our contractors and other service providers. Similar issues are faced by the licensees in tenanted pubs and franchisees in franchised pubs.

Health, Safety, Employment and Data Protection Regulations

Failure to comply with food safety and health and safety legislation that results in the occurrence of serious injury or loss of life to any customers, employees or tenants in the pubs managed by the Group or pubs occupied by licensees and franchisees, offices or breweries, could have a significant and adverse impact on the business reputation of the Group. It could further lead to investigations by relevant authorities and potentially significant financial loss. Any issue in the food supply chain that leads to serious illness or loss of life to any customers, including the provision of incorrect allergen information, could also lead to a significant and adverse impact on the business 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 of employment-related legislation could lead to regulatory fines and penalties, additional expense, reduced profitability, and an adverse impact on the Group's business reputation and ability to recruit and retain skilled and qualified employees.

The Group's tenanted pubs business in the UK is subject to legislation known as the Pubs Code. Failure to comply with the Pubs Code could result in an adverse impact on the Group's business reputation and ability to retain and recruit good quality tenants.

A significant personal data breach and any other failure to comply with the requirements of data protection legislation could impact the Group's ability to do business and business reputation, and lead to loss of revenue and 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 undergoing challenging regulatory resets with lower permitted return and restrictions on shareholders' distribution under certain circumstances. Interest and inflation rates, high energy cost, energy windfall tax, cap on the energy retail price in certain markets 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 perceptions and may also lead to claims and litigations. Moreover, some losses from events such as terrorist attacks may not be recoverable. The risk that the Ukraine-Russia conflict develops into a broader conflict and energy crisis with energy supply at risk and substantial price volatility. 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.

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. There might be longer and more complicated foreign investment approval processes in particular for "sensitive" infrastructure assets such as electricity and gas networks. The advent of COVID-19 has accelerated these trends as governments have responded with additional foreign investment regulations to protect local firms from foreign acquisitions at "bargain" prices and also to protect strategic assets from foreign control. 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 2023

	Note	(Unaudited) 2023 $ Million	2022 $ Million
Continuing operations			
Group revenue		24,605	35,715
Share of revenue of joint ventures		11,911	11,905
	(2)	36,516	47,620
Group revenue		24,605	35,715
Interest from joint ventures		871	1,005
Investment and others		954	88
Operating costs			
Property and related costs		(5,037)	(12,491)
Pub operation and related costs		(6,215)	(5,394)
Salaries and related expenses		(5,050)	(4,959)
Interest and other finance costs		(599)	(624)
Depreciation		(955)	(1,052)
Other expenses		(287)	(265)
		(18,143)	(24,785)
Loss on financial instruments		(4)	(546)
Change in fair value of investment properties		2,690	(659)
Surplus on disposal of investment properties		–	738
Share of profit of joint ventures		1,321	1,567
Share of profit of associates		74	113
Profit before taxation	(3)	12,368	13,236
Taxation	(4)	(1,867)	(2,226)
Profit for the period		10,501	11,010
Discontinued operation			
Profit for the period		–	2,081
Profit for the period		10,501	13,091
Non-controlling interests – continuing operations		(28)	62
– discontinued operation		–	(76)
Perpetual capital securities – continuing operations		(142)	(141)
Profit attributable to shareholders		10,331	12,936
Profit attributable to shareholders			
Continuing operations		10,331	10,931
Discontinued operation		–	2,005
		10,331	12,936
Earnings per share	(6)		
Continuing operations		$2.88	$3.00
Discontinued operation		–	$0.55
		$2.88	$3.55

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	(Unaudited) 2023 $ Million	2022 $ Million
Profit for the period	**10,501**	13,091
Other comprehensive income to be reclassified to income statement		
Exchange gain (loss) on translation of financial statements of operations outside Hong Kong	**2,463**	(11,985)
Exchange gain on translation of bank loans for hedging	**49**	552
Gain (loss) on derivative financial instruments		
Net investment hedges	**(1,642)**	8,015
Cash flow hedges	**364**	1,388
Share of other comprehensive income of joint ventures	**81**	367
Other comprehensive income reclassified to income statement		
Exchange deficit of foreign operations disposed	**–**	198
Cumulated gain on derivative financial instruments		
Net investment hedges – foreign operations disposed	**–**	(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	**(8)**	902
Other comprehensive income, net of tax	**1,307**	(1,464)
Total comprehensive income	**11,808**	11,627
Non-controlling interests – continuing operations	**137**	292
Non-controlling interests – discontinued operation	**–**	(91)
Perpetual capital securities – continuing operations	**(142)**	(141)
Total comprehensive income attributable to shareholders	**11,803**	11,687
Total comprehensive income attributable to shareholders		
Continuing operations	**11,803**	9,497
Discontinued operation	**–**	2,190
	11,803	11,687

Consolidated Statement of Financial Position

As at 30 June 2023

	(Unaudited) 30/6/2023 $ Million	(Audited) 31/12/2022 $ Million
Non-current assets		
Fixed assets	**73,181**	70,267
Investment properties	**128,952**	125,186
Joint ventures	**77,173**	74,685
Associates	**7,019**	7,058
Investments	**9,772**	10,436
Goodwill	**4,541**	4,308
Derivative financial instruments	**7,631**	8,159
Other non-current assets	**5,191**	4,843
	313,460	304,942
Current assets		
Properties for sale	**134,702**	136,446
Debtors, prepayments and others	**9,182**	9,968
Loan receivables	**2,811**	2,267
Bank balances and deposits	**43,820**	61,198
	190,515	209,879
Current liabilities		
Creditors, accruals and others	**25,786**	38,304
Bank and other loans	**9,218**	2,435
Customers' deposits received	**8,169**	9,215
Provision for taxation	**3,267**	5,026
	46,440	54,980
Net current assets	**144,075**	154,899
Non-current liabilities		
Bank and other loans	**40,145**	46,102
Deferred tax liabilities	**13,848**	13,940
Lease liabilities	**5,557**	5,276
Derivative financial instruments	**562**	723
Pension liabilities	**96**	93
	60,208	66,134
Net assets	**397,327**	393,707
Representing:		
Share capital and share premium	**238,728**	240,102
Reserves	**144,700**	139,529
Shareholders' funds	**383,428**	379,631
Perpetual capital securities	**7,929**	7,929
Non-controlling interests	**5,970**	6,147
Total equity	**397,327**	393,707

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Shareholders' funds				Perpetual	Non-	(Unaudited)
	Share capital $ Million	Share premium $ Million	Reserves(Note) $ Million	Total $ Million	capital securities $ Million	controlling interests $ Million	Total equity $ Million
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
Balance at 1 January 2023	**3,605**	**236,497**	**139,529**	**379,631**	**7,929**	**6,147**	**393,707**
Total comprehensive income	**–**	**–**	**11,803**	**11,803**	**142**	**(137)**	**11,808**
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(7)**	**(7)**
Buy-back and cancellation of issued shares	**(12)**	**(1,362)**	**12**	**(1,362)**	**–**	**–**	**(1,362)**
Distribution of perpetual capital securities	**–**	**–**	**–**	**–**	**(142)**	**–**	**(142)**
Dividend paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(33)**	**(33)**
Dividend paid to shareholders							
2022 final dividend $1.85 per share	**–**	**–**	**(6,644)**	**(6,644)**	**–**	**–**	**(6,644)**
Balance at 30 June 2023	**3,593**	**235,135**	**144,700**	**383,428**	**7,929**	**5,970**	**397,327**

Note: Reserves

	Business combination reserve $ Million	Capital redemption reserve $ Million	Exchange reserve $ Million	Hedging reserve $ Million	Retained profits $ Million	Total $ Million
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
Balance at 1 January 2023	**(69,014)**	**588**	**(3,701)**	**2,634**	**209,022**	**139,529**
Total comprehensive income	**–**	**–**	**(594)**	**2,074**	**10,323**	**11,803**
Buy-back and cancellation of issued shares	**–**	**12**	**–**	**–**	**–**	**12**
Dividend paid to shareholders						
2022 final dividend $1.85 per share	**–**	**–**	**–**	**–**	**(6,644)**	**(6,644)**
Balance at 30 June 2023	**(69,014)**	**600**	**(4,295)**	**4,708**	**212,701**	**144,700**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	(Unaudited) 2023 $ Million	2022 $ Million
Net cash from (used in) operating activities	**(3,634)**	8,123
Net cash from investing activities		
Disposal of aircraft assets	**–**	31,073
Disposal of investment properties	**–**	12,309
Acquisition of investment properties	**(641)**	(645)
Other investing activities	**900**	1,645
	259	44,382
Net cash used in financing activities		
Net repayment of bank and other loans	**(142)**	(47,804)
Dividend paid to shareholders	**(6,644)**	(6,521)
Buy-back of issued shares	**(1,261)**	(342)
Other financing activities	**(1,450)**	(1,420)
	(9,497)	(56,087)
Net decrease in cash and cash equivalents	**(12,872)**	(3,582)
Translation differences	**(267)**	(1,066)
Cash and cash equivalents at 1 January	**56,657**	62,567
Cash and cash equivalents at 30 June	**43,518**	57,919

Note: Cash and cash equivalents

	30/6/2023 $ Million	30/6/2022 $ Million
Bank balances and deposits	**43,820**	59,793
Less: restricted bank balances	**(302)**	(820)
bank deposits maturing over three months	**–**	(1,054)
	43,518	57,919

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 2022.

The application of new and revised International Financial Reporting Standards ("IFRSs") effective for annual accounting periods beginning on 1 January 2023 has no significant impact on the Group's results and financial position. For the 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.

Revenue by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2023 $ Million	2022 $ Million	**2023 $ Million**	2022 $ Million	**2023 $ Million**	2022 $ Million
Property sales	**8,241**	20,349	**5**	48	**8,246**	20,397
Property rental	**2,786**	2,919	**76**	74	**2,862**	2,993
Hotel and serviced suite operation	**1,941**	1,527	**9**	6	**1,950**	1,533
Property and project management	**373**	393	**81**	47	**454**	440
Pub operation	**11,264**	10,527	**–**	–	**11,264**	10,527
Infrastructure and utility asset operation	**–**	–	**11,740**	11,730	**11,740**	11,730
	24,605	35,715	**11,911**	11,905	**36,516**	47,620

and is summarised by location as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2023 $ Million	2022 $ Million	**2023 $ Million**	2022 $ Million	**2023 $ Million**	2022 $ Million
Hong Kong	**8,628**	16,788	**25**	23	**8,653**	16,811
The Mainland	**3,997**	7,880	**57**	54	**4,054**	7,934
The United Kingdom	**11,885**	10,943	**3,852**	4,022	**15,737**	14,965
Others	**95**	104	**7,977**	7,806	**8,072**	7,910
	24,605	35,715	**11,911**	11,905	**36,516**	47,620

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	
	2023 $ Million	2022 $ Million	**2023 $ Million**	2022 $ Million	**2023 $ Million**	2022 $ Million
Property sales	**3,531**	8,012	**(1)**	42	**3,530**	8,054
Property rental	**2,258**	2,369	**58**	57	**2,316**	2,426
Hotel and serviced suite operation	**638**	318	**(1)**	(3)	**637**	315
Property and project management	**152**	164	**46**	18	**198**	182
Pub operation	**586**	866	**–**	–	**586**	866
Infrastructure and utility asset operation	**70**	152	**3,938**	3,996	**4,008**	4,148
	7,235	11,881	**4,040**	4,110	**11,275**	15,991
Bank and other loan finance costs	**(502)**	(530)	**(1,290)**	(1,153)	**(1,792)**	(1,683)
	6,733	11,351	**2,750**	2,957	**9,483**	14,308
Gain on financial instruments					**324**	736
Interests in real estate investment trusts					**206**	241
Change in fair values						
Real estate investment trusts					**(431)**	(981)
Investment properties					**2,690**	(659)
Surplus on disposal of investment properties					**–**	738
Others					**542**	(466)
Taxation						
Group					**(1,867)**	(2,226)
Joint ventures					**(446)**	(681)
Profit attributable to non-controlling interests and perpetual capital securities					**(170)**	(79)
Continuing operations					**10,331**	10,931
Discontinued operation						
Aircraft leasing – post tax profit contribution					**–**	588
– post tax gain on disposal of assets					**–**	1,417
Profit attributable to shareholders					**10,331**	12,936

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 2023 $ Million	2022 $ Million
Profit before taxation is arrived at after charging:		
Interest and other finance costs		
Bank and other loans	**935**	613
Less: amount capitalised	**(433)**	(83)
	502	530
Lease liabilities	**97**	94
Costs of properties sold	**4,125**	10,773
Costs of pub products sold	**3,217**	2,978

4. Taxation

	Six months ended 30 June 2023 $ Million	2022 $ Million
Current tax		
Hong Kong	**512**	1,175
Outside Hong Kong	**1,326**	1,727
Deferred tax	**29**	(676)
	1,867	2,226

5. Interim Dividend

An interim dividend of $0.43 (2022 – $0.43) per share, amounting to $1,532 million (2022 – $1,559 million), was declared by the Directors on 3 August 2023.

6. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,589,614,728 shares (2022 – 3,642,739,678 shares) in issue during the period.

7. Ageing Analysis

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

	30/6/2023 $ Million	31/12/2022 $ Million
Current to one month	**1,294**	1,197
Two to three months	**74**	90
Over three months	**130**	130
	1,498	1,417

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

	30/6/2023 $ Million	31/12/2022 $ Million
Current to one month	**3,579**	14,121
Two to three months	**30**	49
Over three months	**50**	37
	3,659	14,207

8. Buy-back and Cancellation of Issued Shares

During the period, the Company bought back 31,100,000 shares on The Stock Exchange of Hong Kong Limited with an aggregate consideration of $1,358 million and the particulars are as follows:

Month	Number of shares bought back	Purchase price per share		Aggregate consideration
		Highest	Lowest	
March 2023	1,570,000	$47.00	$45.65	$72,511,450
April 2023	989,000	$46.00	$45.25	$45,162,650
May 2023	12,600,000	$44.90	$42.10	$541,026,925
June 2023	15,941,000	$45.20	$42.80	$699,500,025
	31,100,000			$1,358,201,050

During the period, the Company cancelled 12,519,000 shares including 10,949,000 shares bought back in 2022 and 1,570,000 shares bought back in 2023.

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	
	30/6/2023 $ Million	31/12/2022 $ Million	**30/6/2023 $ Million**	31/12/2022 $ Million	**30/6/2023 $ Million**	31/12/2022 $ Million
Investments						
Listed securities	**5,354**	6,068	**–**	–	**–**	–
Unlisted securities	**–**	–	**–**	–	**172**	172
Investments in infrastructure businesses	**–**	–	**–**	–	**3,471**	3,471
Investment in a hotel development project	**–**	–	**–**	–	**775**	725
Derivative financial instruments						
– assets	**–**	–	**8,858**	10,485	**–**	–
– liabilities	**–**	–	**(1,389)**	(1,316)	**–**	–

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:

	2023 **$ Million**	2022 $ Million
At 1 January	**4,368**	6,950
Investments made	**50**	32
Fair value loss recognised through income statement	–	(111)
Disposal	–	(2,319)
At 30 June	**4,418**	4,552

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 the development of investment properties amounting to $2,529 million and the acquisition of Civitas Social Housing PLC in the United Kingdom amounting to $4,021 million.

11. Review of Interim Financial Statements

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