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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 RESULTS FOR 2024

HIGHLIGHTS

Six months ended 30 June	2024 HK\$ million	2023 HK\$ million	2024 HK\$ per share	2023 HK\$ per share	Change
Profit before investment property revaluation	6,726	7,576	1.91	2.11	-9.5%
Investment property revaluation (net of tax and non-controlling interests)	1,877	2,755	0.53	0.77	
Profit attributable to shareholders	8,603	10,331	2.44	2.88	-15.3%
Interim dividend			0.39	0.43	-9.3%

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit before investment property revaluation for the period ended 30 June 2024 amounted to HK\$6,726 million (2023 – HK\$7,576 million), representing earnings per share of HK\$1.91 (2023 – HK\$2.11), a decrease of 9.5% when compared with the same period last year. The unaudited profit attributable to shareholders for the period ended 30 June 2024 amounted to HK\$8,603 million (2023 – HK\$10,331 million), representing earnings per share of HK\$2.44 (2023 – HK\$2.88), a decrease of 15.3% when compared with the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2024 of HK\$0.39 per share (2023 – HK\$0.43 per share) to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 16 September 2024. The interim dividend will be paid on Thursday, 26 September 2024. As at the date hereof, the Company does not hold any treasury shares (whether in the Central Clearing and Settlement System, or otherwise). All the shares bought back by the Company pending cancellation will not receive the interim dividend for 2024.

PROSPECTS

Strong Resilience in Challenging Times

Business Review

In the first half of 2024, the Group remained resilient and continued to pursue a prudent and disciplined investment strategy focusing on quality assets with growth potential and stable returns over the long term. Its recent investments in Phoenix Energy Holdings Limited, UU Solar and a portfolio of operating onshore wind farms in the UK, through joint ventures with CK Infrastructure Holdings Limited and Power Assets Holdings Limited, together with the acquisition of Civitas Social Housing Limited last year, have strengthened the recurrent income base of its portfolio of high-quality assets and further enhanced the diversification across geographies and sectors. During the period, the Group bought back 48,656,000 shares. The buybacks reflect the Group's commitment to increase shareholder value by drawing on the strength of its balance sheet. Since the beginning of 2023 up to the end of the period, the Group deployed over HK\$3.5 billion to repurchase shares, demonstrating confidence in the future development and growth prospects of its businesses.

Property Sales

Transaction volume for the residential property market in Hong Kong increased and peaked in April following the cancellation of all demand-side management measures in February, but the high interest rate environment continued to affect the overall market sentiment. On the Mainland, the Central Government reinforced its housing policy to support the real estate market.

By adopting a proactive sales strategy and launching residential projects at opportune times to navigate the challenging market conditions, the Group was able to record an increase in contract sales during the period. The pre-sale launch of the Blue Coast project in Wong Chuk Hang in April received a positive market response. During the period under review, Perfect Ten in Singapore was sold out and sales of The Coast Line in Yau Tong and Grand Jeté in Tuen Mun progressed steadily.

Profit contributions from #LYOS in Hung Shui Kiu, Grand Jeté Phase 1 in Tuen Mun, and Laguna Verona in Dongguan were recognised in the first half upon the completion of contracted sales. The Group recorded a decrease in contribution from property sales during the period when compared with the same period in 2023. It will continue with its prudent strategy on land bank replenishment in assessing prime sites for future development.

Property Rental

The Group recorded an increase in contribution from property rental during the period when compared with the same period in 2023. Locally, office space demand remained compressed amid a challenging macroeconomic cycle, while the retail sector was impacted by a northbound spending shift by residents and the changes in visitor consumption patterns. The Civitas social infrastructure portfolio in the UK, which benefited from inflation adjusted long-term leases, continued to deliver stable rental income contributions as well as significant and quantifiable social impact. Cheung Kong Center II, the Group's latest flagship building in Central, has received its first batch of tenants. The Group remains confident in the flight-to-quality and the demand for premium Grade A buildings in the city's central business district in the long term as the recentralisation trend persists.

Hotel and Serviced Suite Operation

Hong Kong's inbound tourism improved in the first half of 2024, and local hotel occupancy and room rates remained stable. The Group's hotel and serviced suite operation recorded an increase in revenue and contribution during the period as compared with the same period in 2023. The Group will continue to optimise its hotel and serviced suite portfolio in line with market demand to maximise the revenue income streams from both short-term visitors and long stay guests.

Pub Operation

The trading environment for the UK hospitality sector remained tough despite signs of inflationary pressure moderating. Consumer confidence weakened due to high interest rates and cost of living. Greene King continued to improve sales growth and cash generation through strategic initiatives such as price optimisation and prudent management of costs and capital expenditure. Greene King's sales revenue and contribution both recorded a slight increase during the period when compared with the same period in 2023. With the support of the Group, a dedicated team and a portfolio of excellent freehold properties and strong brands that showcase its rich heritage, Greene King is well poised to achieve sustainable growth and returns.

Infrastructure and Utility Asset Operation

The infrastructure and utility assets operation stayed resilient in a high interest environment due to its stable nature. The revenues and asset bases of these regulated businesses are inflation-linked. They are also protected against high interest rates, given they are appropriately geared, and the allowed cost of debt is regularly adjusted to reflect the actual prevailing interest rates. The Group recorded an increase in contribution during the period when compared with the same period in 2023.

During the period, the Group acquired through joint ventures a 40% interest in Phoenix Energy in April and a 20% stake in UU Solar in May. The Group also entered into an agreement in August through joint venture to acquire a 40% interest in a portfolio of operating onshore wind farms, the completion of which is expected to take place in September. These investments are expected to generate immediate returns and recurring cashflows. The Group will continue to source new investment opportunities in high-quality global infrastructure and utility assets.

Sustainability Initiatives

The Group continues to make significant progress in its efforts to combat climate change. The Company has committed to the SBTi net-zero standard and submitted near-term and net-zero emissions reduction targets. Initial screening under the SBTi target validation protocol was completed during the period and a desk review is underway. Its business units are actively strategising a roadmap for meaningful operational decarbonisation and a concrete action plan for energy efficiency and emissions reduction to fulfil its commitment to net zero.

As a leading property developer, the Group embraces sustainability and sustainable building considerations in its new and existing property development projects and property management businesses. In line with its Sustainable Building Guidelines, the Group seeks to put in place targets by 2030 to obtain BEAM Plus platinum ratings for all of its wholly owned new commercial projects and for its new development projects, where appropriate, with a view to complementing its current commercial considerations and creating greater benefit for the Group, its customers and the community at large. During the period under review, Cheung Kong Center achieved a LEED operations and maintenance platinum rating for existing building and Cheung Kong Center II achieved a BEAM Plus new buildings provisional platinum rating. In July, the Group's proposed composite development at Kai Tak waterfront area also achieved provisional platinum rating under BEAM Plus new buildings.

The Group understands the critical importance of the global low-carbon transition and its recent investments in Phoenix Energy, UU Solar and onshore wind farms are testimony to its commitment to implement the transition. Phoenix Energy is supportive of the energy transition by enabling the delivery of renewable gas to replace natural gas through its network in the short to medium term. The UU Solar portfolio comprises renewable generation assets in the UK that supply renewable electricity through solar, wind, mini-hydro and other technologies. The portfolio of onshore wind assets comprises of wind farms located in England, Scotland and Wales. The Group has also been assessing regenerative soil management projects with a view to reducing carbon emissions and advancing carbon neutrality by improving ecosystem performance and driving transformative change.

Outlook

The world economic outlook in 2024 remains challenging due to ongoing geopolitical tensions and trade conflicts. Divergence in growth momentum, monetary policies, and interest rate movements across major economies is expected to continue for the remainder of the year. The global business environment will be shaped by the changing economic and political landscape.

The Mainland recorded a positive real GDP year-on-year growth of 5% in the first half of 2024 indicating its steady economic recovery. High-quality development remains a top priority for the Central Government and is expected to drive growth in line with the full year target. In view of the persistent challenges in the real estate sector, the Central Government has implemented additional supportive measures in various cities to restore confidence and stabilise the market.

Hong Kong posted a moderate year-on-year growth of 3.3% in the second quarter. The city has undergone a series of stress tests in the past few years. Its status as an international financial centre and the property sector underscore the financial stability and vitality of the economy. Hong Kong's pivotal role in connecting the Greater Bay Area and the Mainland with the rest of the world is expected to foster long-term economic development of the city. Housing policies and interest rate movements will continue to be determining factors for the property market.

The Group has demonstrated resilience in a high interest rate environment and is committed to maintaining stability and the progress of its businesses through stringent financial discipline and prudent management. It will continue to pursue long-term business growth and enhance shareholder value through strategic investments in quality assets globally that yield attractive returns and recurring income in line with its investment and sustainability strategies. By leveraging on its low gearing ratio and strong financial position, the Group is well-positioned to capture new investments in different asset classes and sustainability-related opportunities worldwide.

As at 30 June 2024, the Group had a net debt to net total capital ratio of approximately 5.5%. 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, 15 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2024:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
The Coast Line Phases 1 and 2	The Remaining Portion of Yau Tong Inland Lot No. 45	418,325	100%
Grand Jeté Phase 2	The Remaining Portion of Tuen Mun Town Lot No. 463	175,505	40.94%
Cheung Kong Center II	Central	504,341	100%
Upper West Shanghai Phase 3 Tender 2 (T1) Phase 4 Tender 2 (T14)	Putuo District, Shanghai	1,648,685	60%
The Greenwich Phase 2 (Regency Park)	Chaoyang District, Beijing	2,814,114	100%
Regency Hills Land No. 4	Yangjiashan, Nanan District, Chongqing	1,347,769	95%
Laguna Verona Phase F (House on House)	Henggang Reservoir, Dongguan	289,517	99.8%
Noble Hills Phase 4A	Zengcheng, Guangzhou	190,693	100%
Emerald Cove Phase 2	Daya Bay, Huizhou	1,216,988	100%
Regency Garden Phase 5B-2a	Pudong New District, Shanghai	261,367	85%
Regency Cove Phase 3A	Caidian District, Wuhan	282,003	100%
Chelsea Waterfront Powerhouse (Stage 1), 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 July 2024: The Company bought back a total of 48,656,000 shares of HK\$1.00 each in the capital of the Company (the “Shares”) from March to June 2024 on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with the aggregate consideration (before expenses) amounting to HK\$1,538,294,825.00. All the Shares bought back from March to June 2024 were cancelled. Subsequent to June 2024, the Company bought back 250,000 Shares on the Stock Exchange on 8 July 2024 with the aggregate consideration (before expenses) amounting to HK\$7,270,000.00, and such Shares were not yet cancelled.
- (2) March 2024: A joint venture company (owned as to 40%, 40% and 20% by the Company, CK Infrastructure Holdings Limited (“CKI”) and Power Assets Holdings Limited (“PAH”) respectively), through its wholly owned subsidiary (as purchaser), entered into a sale and purchase agreement in March 2024 in relation to the acquisition of Phoenix Energy Holdings Limited and its subsidiaries (“Phoenix Energy”) for a total consideration of approximately GBP312 million (equivalent to approximately HK\$3,049 million). Phoenix Energy is a gas distribution network operator in Northern Ireland. Such acquisition was completed in April 2024.
- (3) May 2024: A joint venture company (owned as to 20%, 40% and 40% by the Company, CKI and PAH respectively), through its wholly owned subsidiary (as purchaser), entered into a sale and purchase agreement in May 2024 in relation to the acquisition of SEEIT Sol Limited (“UU Solar”) for a total consideration of approximately GBP88 million (equivalent to approximately HK\$859 million). UU Solar owns and operates a portfolio of renewable power generation assets (including solar, wind and hydro assets) in the United Kingdom. Such acquisition was completed on the date of signing of the aforesaid sale and purchase agreement.
- (4) August 2024: A joint venture company (owned as to 40%, 40% and 20% by the Company, CKI and PAH respectively), through its wholly owned subsidiary (as purchaser), entered into a sale and purchase agreement (“SPA”) in August 2024 in relation to the acquisition of a portfolio of operating onshore wind farms in the United Kingdom for a total consideration of approximately GBP350 million (equivalent to approximately HK\$3,506 million) (subject to certain closing adjustments). Completion of such acquisition is expected to take place in September, subject to fulfilment of certain terms and conditions under the SPA.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK\$4,635 million (2023 – HK\$8,246 million), comprising mainly sales of two residential projects completed in Hong Kong last year – #LYOS in Hung Shui Kiu and Grand Jeté Phase 1 in Tuen Mun; and sales of the remaining units of various completed projects on the Mainland, and is summarised by location as follows:

Location	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	2,601	4,316
The Mainland	1,761	3,542
Overseas	273	388
	4,635	8,246

Contribution for the period was HK\$1,821 million (2023 – HK\$3,530 million) and is summarised by location as follows:

Location	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	1,044	1,666
The Mainland	710	1,677
Overseas	67	187
	1,821	3,530

Revenue and contribution of property sales for the period decreased, when compared with the same period last year, as the economic environment and property market sentiment remained weak in Hong Kong and on the Mainland.

In Hong Kong, the development of Grand Jeté Phase 2 was completed during the period. Most of the residential units have been sold and profit contribution will be recognised upon completion of property sales in the second half year. The presale of residential units of Blue Coast at Wong Chuk Hang MTR Station has been launched since April 2024 and HK\$10.8 billion of property sales have been contracted. The development of Blue Coast is scheduled for completion by the end of 2025.

On the Mainland, the development of Regency Garden Phase 5B-2a in Shanghai and The Greenwich Phase 2 in Beijing are scheduled for completion in the second half year. All residential units of Regency Garden Phase 5B-2a have been sold and the sale of residential units of The Greenwich Phase 2 will soon be launched. Profit contribution will be recognised in the second half year upon completion of these developments and handover of the properties contracted for sale.

Property sales contracted but not yet recognised at 30 June 2024 are as follows:

Location	Schedule for Sale Recognition		
	2024 HK\$ Million	After 2024 HK\$ Million	Total HK\$ Million
Hong Kong	2,195	18,971	21,166
The Mainland	2,908	142	3,050
Overseas	304	3,920	4,224
	5,407	23,033	28,440

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 74 million sq.ft., of which 7 million sq.ft., 63 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\$3,118 million (2023 – HK\$2,862 million) and comprised rental income derived from leasing of properties as follows:

Use of Property	2024 HK\$ Million	2023 HK\$ Million
Retail	971	1,051
Office	890	964
Industrial	385	385
Social infrastructure	648	239
Others	224	223
	3,118	2,862

Contribution for the period was HK\$2,444 million (2023 – HK\$2,316 million), and is summarised by location as follows:

Location	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	1,816	1,937
The Mainland	139	172
Overseas	489	207
	2,444	2,316

Contribution from overseas for the period increased, when compared with the same period last year, as the social infrastructure properties held by Civitas in the United Kingdom made rental contribution to the Group. Civitas was acquired by the Group in July 2023.

The Group’s investment properties in Hong Kong comprise mainly retail, office and industrial properties including Cheung Kong Center, Cheung Kong Center II (“CKC II”) and China Building in Central, 1881 Heritage in Tsimshatsui, The Whampoa in Hunghom, OP Mall in Tsuen Wan and Hutchison Logistics Centre in Kwai Chung.

The redevelopment of CKC II, a Super Grade A office property with approximately 560,000 sq.ft. of lettable gross floor area, was completed in May 2024. CKC II will provide recurrent rental income and cashflow to the Group when it is filled up with tenants.

At the interim period end date, the Group had an investment property portfolio of approximately 22.2 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.	Social Infrastructure Million sq.ft.	Total Million sq.ft.
Hong Kong	3.3	3.9	5.9	-	13.1
The Mainland	3.0	1.6	-	-	4.6
Overseas	0.1	0.2	-	4.2	4.5
	6.4	5.7	5.9	4.2	22.2

An increase of HK\$1,420 million (2023 – HK\$2,690 million) in fair value of investment properties was recorded at 30 June 2024 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

Hotel and Serviced Suite Operation

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

During the period, visitor arrivals in Hong Kong increased year-on-year but the average number of overnight stays was fewer than last year, the Group's hotel operation in Hong Kong remained challenging. The results of hotel and serviced suite operation on the Mainland improved but is yet to make a positive contribution.

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK\$2,130 million (2023 – HK\$1,950 million), an increase of HK\$180 million when compared with the same period last year. The average hotel occupancy rate for the period was 81%, slightly higher than the average occupancy rate in 2023, and the average occupancy rate of serviced suites for the period was 88%.

Contribution for the period was HK\$823 million (2023 – HK\$637 million), an increase of HK\$186 million when compared with the same period last year, and is summarised by location as follows:

Location	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	853	717
The Mainland	(30)	(80)
	823	637

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK\$445 million (2023 – HK\$454 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\$180 million (2023 – HK\$198 million) and is summarised by location as follows:

Location	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	143	130
The Mainland	20	22
Overseas	17	46
	180	198

At the interim period end date, approximately 264 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 2,600 pubs, restaurants and hotels operated by Greene King across England, Wales and Scotland. During the period, the trading conditions for pub businesses in the United Kingdom continued to be difficult with rising costs while consumer confidence remained stagnant.

Revenue of pub operation for the period was HK\$11,823 million (2023 – HK\$11,264 million), an increase of HK\$559 million when compared with the same period last year, as prices were raised during the period to maintain profit margin.

Profit contribution for the period was HK\$597 million (2023 – HK\$586 million), and the results by division of pub operation are as follows:

Division	2024		2023	
	Revenue HK\$ Million	Profit Contribution HK\$ Million	Revenue HK\$ Million	Profit Contribution HK\$ Million
Pub Company - operates food-led and drink-led destination pubs and restaurants and community-focused local pubs	9,743	310	9,333	344
Pub Partners - owns a portfolio of mainly drink-led pubs which are run as franchised or leased pubs	926	250	860	192
Brewing & Brands - sells and distributes a wide range of beers including ale brands brewed in own breweries	1,154	37	1,071	50
	11,823	597	11,264	586

Infrastructure and Utility Asset Operation

Upon completion of the reorganisation of equity interests of UK Rails in December 2023, the Group's infrastructure and utility asset businesses, including UK Rails, 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%
ista 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%
UK Rails JV	A rolling stock operating company in the United Kingdom	20%

The Group also holds interests in the economic benefits of other 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%
Australian Gas Networks	A distributor of natural gas in Australia	11%

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

	2024	2023
	HK\$ Million	HK\$ Million
CK William JV	2,366	2,157
CKP (Canada) JV	2,325	2,291
ista JV	3,467	3,254
UK Power Networks JV	1,835	1,818
Northumbrian Water JV	1,337	1,244
Dutch Enviro Energy JV	342	369
Wales & West Utilities JV	590	607
UK Rails JV	314	-
	12,576	11,740

Profit contribution for the period amounted to HK\$4,098 million (2023 – HK\$4,008 million), and is summarised by locations as follows:

	Australia	Europe	North America	2024	2023
	HK\$ Million	HK\$ Million	HK\$ Million	Total	Total
				HK\$ Million	HK\$ Million
CK William JV	670	61	(11)	720	645
CKP (Canada) JV	-	-	708	708	678
ista JV	-	894	-	894	846
UK Power Networks JV	-	959	-	959	1,065
Northumbrian Water JV	-	360	-	360	313
Dutch Enviro Energy JV	-	(54)	-	(54)	65
Wales & West Utilities JV	-	310	-	310	326
UK Rails JV	-	177	-	177	-
Others	-	24	-	24	70
	670	2,731	697	4,098	4,008

During the period, CK William JV acquired Phoenix Energy, a gas distribution network operator in Northern Ireland, for a consideration of approximately GBP312 million (equivalent to approximately HK\$3,049 million) and UK Power Networks JV acquired UU Solar, an owner and operator of a portfolio of renewable power generation assets in the United Kingdom, for a consideration of approximately GBP88 million (equivalent to approximately HK\$859 million).

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	34.5%
Fortune REIT	Investment in retail properties in Hong Kong and Singapore	26.0%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.0%

Hui Xian REIT is an associate. The Group shared a net loss of HK\$4 million for the period, taking into account of net rental for the period and exchange loss realised on bank loan repayment. A net rental of HK\$74 million was shared by the Group for the same period last year. During the period, a distribution of HK\$3 million (2023 – HK\$73 million) was received from Hui Xian REIT.

Distributions received from Fortune REIT and Prosperity REIT during the period amounted to HK\$113 million (2023 – HK\$132 million) and were recognised as investment income. A decrease of HK\$634 million (2023 – HK\$431 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 2024.

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges its financing accordingly. During the period, notes of HK\$3,790 million and US\$250 million were redeemed upon maturity in April 2024 and June 2024 respectively.

At the interim period end date, the Group's bank and other loans amounted to HK\$56.1 billion, an increase of HK\$1.2 billion when compared with bank and other loans at 31 December 2023. The maturity profile was spread over a period of 12 years, with HK\$14.9 billion repayable within 1 year, HK\$34.9 billion within 2 to 5 years and HK\$6.3 billion beyond 5 years.

Taking into account the bank balances and deposits of HK\$32.8 billion at 30 June 2024, the Group carried a net debt of HK\$23.3 billion at the interim period end date. The net debt to net total capital ratio was approximately 5.5%.

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 adopts a conservative approach on foreign exchange risk management and maintains an appropriate mix of floating and fixed rate borrowings to mitigate interest rate risk. 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 38% in HK\$ or US\$, and 62% 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; and about 57% of the Group's borrowings were on a floating interest rate basis and 43% were on a fixed interest rate basis, after taking into account of effective swaps in place. 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\$7,806 million (31 December 2023 – HK\$9,420 million) were charged to secure bank loans arranged for property development and investment; and (ii) properties amounting to HK\$25,851 million (31 December 2023 – HK\$25,978 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\$443 million (31 December 2023 – HK\$458 million); and (ii) mortgage loans provided by banks to purchasers of properties developed by the Group on the Mainland amounting to HK\$545 million (31 December 2023 – HK\$646 million).

Employees

At the interim period end date, the Group employed approximately 58,000 employees. The related employees' costs for the period (excluding directors' emoluments) amounted to approximately HK\$6,547 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

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

CK Property Finance (MTN) Limited ("CPFM"), a wholly-owned subsidiary of the Company, redeemed the US\$250,000,000 0.75% guaranteed senior fixed rate notes due 2024 (listed on the Stock Exchange) under the US\$5 billion Euro Medium Term Note Programme at principal amount upon maturity on 30 June 2024.

During the six months ended 30 June 2024, the Company bought back a total of 48,656,000 Shares on the Stock Exchange with an aggregate consideration of HK\$1,538,294,825.00 (before expenses). All such Shares bought back were subsequently cancelled. As at 30 June 2024, (i) the total number of Shares in issue was 3,510,828,333^(Note); and (ii) the Company did not hold any treasury shares.

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 2024	18,070,000	33.50	32.05	585,050,375.00
April 2024	19,786,000	32.65	30.70	629,767,825.00
June 2024	10,800,000	30.50	29.10	323,476,625.00
	<u>48,656,000</u>			<u>1,538,294,825.00</u>

Note: This does not reflect the 10,800,000 Shares bought back during the period from 7 June 2024 to 21 June 2024 which were cancelled on 8 July 2024. Subsequent to 30 June 2024, the Company bought back additional 250,000 Shares and such Shares were not yet cancelled. As at the date of this document, (i) the total number of Shares in issue is 3,500,028,333; and (ii) the Company does not hold any treasury shares. All the Shares bought back pending cancellation would not receive the interim dividend for 2024.

The Directors were of the view that the above Share buy-backs would lead to an enhancement of the net assets and/or earnings per Share and benefit the Company and the shareholders.

Save as disclosed above, during the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

The Board of Directors ("Board") and the management of the Company are committed to the maintenance of good corporate governance practices and procedures of the Company and its subsidiaries. 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 C1 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 2024.

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 has a majority of Independent Non-executive Directors. These nine Independent Non-executive Directors have a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirement of the Group's business. The Company's Independent Non-executive Directors will continue to provide views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so over the years.

The Group adheres to high corporate governance standards and conducts 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.

AUDIT COMMITTEE

The Audit Committee comprises seven members, all of whom are Independent Non-executive Directors. The Audit Committee is chaired by Mr. Cheong Ying Chew, Henry with Ms. Hung Siu-lin, Katherine, Mr. Donald Jeffrey Roberts, Mr. Stephen Edward Bradley, Mr. Lam Siu Hong, Donny, Ms. Lee Wai Mun, Rose and Dr. Wong Yick-ming, Rosanna as members.

The Group's interim results for the six months ended 30 June 2024 have 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 another Independent Non-executive Director, Mr. Cheong Ying Chew, Henry and the Chairman and Managing Director, Mr. Victor T K Li as members.

NOMINATION COMMITTEE

A majority of the members of the Company's Nomination Committee are Independent Non-executive Directors. 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.

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 Chairman. 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.



CK ASSET HOLDINGS LIMITED
長江實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1113)

**NOTICE OF PAYMENT
OF INTERIM DIVIDEND, 2024**

The Board of Directors of CK Asset Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30 June 2024 amounted to HK\$8,603 million which represents earnings of HK\$2.44 per share. The Directors have declared an interim dividend for 2024 of HK\$0.39 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Monday, 16 September 2024, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Thursday, 26 September 2024.

In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 16 September 2024.

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

Hong Kong, 15 August 2024

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

Consolidated Income Statement

For the six months ended 30 June 2024

(Unaudited)

	2024 HK\$ Million	2023 HK\$ Million
Group revenue	22,008	24,605
Share of revenue of joint ventures	12,719	11,911
	<u>34,727</u>	<u>36,516</u>
Group revenue	22,008	24,605
Interest from joint ventures	752	871
Investment and others	956	954
Operating costs		
Property and related costs	(3,260)	(5,037)
Pub operation and related costs	(6,449)	(6,215)
Salaries and related expenses	(5,455)	(5,050)
Interest and other finance costs	(770)	(599)
Depreciation	(938)	(955)
Other expenses	(283)	(287)
	(17,155)	(18,143)
Loss on financial instruments	(207)	(4)
Increase in fair value of investment properties	1,420	2,690
Share of profit of joint ventures	1,445	1,321
Share of profit (loss) of associates	(4)	74
Profit before taxation	9,215	12,368
Taxation	(608)	(1,867)
Profit for the period	8,607	10,501
Non-controlling interests	137	(28)
Perpetual capital securities	(141)	(142)
Profit attributable to shareholders	8,603	10,331
Earnings per share	HK\$2.44	HK\$2.88

	2024 HK\$ Million	2023 HK\$ Million
Interim dividend	1,365	1,527
Dividend per share	HK\$0.39	HK\$0.43

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

	(Unaudited)	
	2024 HK\$ Million	2023 HK\$ Million
Profit for the period	8,607	10,501
Other comprehensive income to be reclassified to income statement		
Exchange gain (loss) on translation of financial statements of operations outside Hong Kong	(2,223)	2,463
Exchange gain on translation of bank loans for hedging	180	49
Gain (loss) on derivative financial instruments		
Net investment hedges	1,955	(1,642)
Cash flow hedges	235	364
Share of other comprehensive income of joint ventures	93	81
Other comprehensive income not to be reclassified to income statement		
Share of other comprehensive income of joint ventures	(471)	(8)
Other comprehensive income, net of tax	(231)	1,307
Total comprehensive income	8,376	11,808
Non-controlling interests	137	137
Perpetual capital securities	(141)	(142)
Total comprehensive income attributable to shareholders	8,372	11,803

Consolidated Statement of Financial Position

As at 30 June 2024

	(Unaudited) 30/6/2024 HK\$ Million	(Audited) 31/12/2023 HK\$ Million
Non-current assets		
Fixed assets	72,805	73,027
Investment properties	150,186	147,223
Joint ventures	80,103	79,992
Associates	6,987	6,961
Investments	5,818	6,422
Goodwill	2,555	2,573
Derivative financial instruments	6,482	4,985
Other non-current assets	5,296	5,236
	<u>330,232</u>	<u>326,419</u>
Current assets		
Properties for sale	131,210	130,101
Debtors, prepayments and others	8,307	7,491
Loan receivables	1,927	2,393
Bank balances and deposits	32,783	42,481
	<u>174,227</u>	<u>182,466</u>
Current liabilities		
Creditors, accruals and others	19,156	23,562
Bank and other loans	14,877	17,799
Customers' deposits received	8,097	7,781
Provision for taxation	573	2,658
	<u>42,703</u>	<u>51,800</u>
Net current assets	<u>131,524</u>	<u>130,666</u>
Non-current liabilities		
Bank and other loans	41,226	37,070
Deferred tax liabilities	14,532	14,041
Lease liabilities	5,366	5,555
Derivative financial instruments	226	895
Pension liabilities	90	88
	<u>61,440</u>	<u>57,649</u>
Net assets	<u><u>400,316</u></u>	<u><u>399,436</u></u>
Representing:		
Share capital and share premium	236,490	238,071
Reserves	150,495	147,773
Shareholders' funds	386,985	385,844
Perpetual capital securities	7,929	7,929
Non-controlling interests	5,402	5,663
Total equity	<u><u>400,316</u></u>	<u><u>399,436</u></u>

Notes:

(1) Revenue by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million
Property sales	4,633	8,241	2	5	4,635	8,246
Property rental	3,044	2,786	74	76	3,118	2,862
Hotel and serviced suite operation	2,119	1,941	11	9	2,130	1,950
Property and project management	389	373	56	81	445	454
Pub operation	11,823	11,264	-	-	11,823	11,264
Infrastructure and utility asset operation	-	-	12,576	11,740	12,576	11,740
	22,008	24,605	12,719	11,911	34,727	36,516

and is summarised by location as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million
Hong Kong	6,993	8,628	23	25	7,016	8,653
The Mainland	2,175	3,997	58	57	2,233	4,054
The United Kingdom	12,733	11,885	4,301	3,852	17,034	15,737
Others	107	95	8,337	7,977	8,444	8,072
	22,008	24,605	12,719	11,911	34,727	36,516

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

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million	2024 HK\$ Million	2023 HK\$ Million
Property sales	1,826	3,531	(5)	(1)	1,821	3,530
Property rental	2,387	2,258	57	58	2,444	2,316
Hotel and serviced suite operation	824	638	(1)	(1)	823	637
Property and project management	163	152	17	46	180	198
Pub operation	597	586	-	-	597	586
Infrastructure and utility asset operation	24	70	4,074	3,938	4,098	4,008
	5,821	7,235	4,142	4,040	9,963	11,275
Bank and other loan finance costs	(666)	(502)	(1,260)	(1,290)	(1,926)	(1,792)
	5,155	6,733	2,882	2,750	8,037	9,483
Gain on financial instruments					439	324
Interests in real estate investment trusts					109	206
Change in fair values						
Real estate investment trusts					(634)	(431)
Investment properties (net of tax)					1,645	2,690
Others					533	542
Taxation						
Group					(833)	(1,867)
Joint ventures					(689)	(446)
Non-controlling interests					137	(28)
Perpetual capital securities					(141)	(142)
Profit attributable to shareholders					8,603	10,331

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

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
Interest and other finance costs		
Bank and other loans	1,195	935
Less: amount capitalised	(529)	(433)
	666	502
Lease liabilities	104	97
Costs of properties sold	2,362	4,125
Costs of pub products sold	3,350	3,217

(3) Taxation

	Six months ended 30 June	
	2024	2023
	HK\$ Million	HK\$ Million
Current tax		
Hong Kong	254	512
Outside Hong Kong	98	1,326
Deferred tax	256	29
	608	1,867

(4) During the period, the Company (i) bought back 48,656,000 shares on The Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$1,538 million and (ii) cancelled 38,056,000 shares including 200,000 shares bought back in 2023 and 37,856,000 shares bought back in 2024.

The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,529,123,152 shares (2023 – 3,589,614,728 shares) in issue during the period.

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

	30/6/2024	31/12/2023
	HK\$ Million	HK\$ Million
Current to one month	1,371	1,291
Two to three months	107	128
Over three months	212	131
	1,690	1,550

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

	30/6/2024	31/12/2023
	HK\$ Million	HK\$ Million
Current to one month	3,299	4,107
Two to three months	28	36
Over three months	47	33
	3,374	4,176

(6) The material 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 2023.

The application of the revised International Financial Reporting Standards ("IFRSs") effective for annual accounting periods beginning on 1 January 2024 has no significant impact on the Group's results and financial position. For the new and revised IFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

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