

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



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

## INTERIM RESULTS FOR 2023

### HIGHLIGHTS

Six months ended 30 June	2023 HK\$ million	2022 HK\$ million	2023 HK\$ per share	2022 HK\$ per share	Change
<b>Profit attributable to shareholders</b>					
<b>Continuing operations</b>	<b>10,331</b>	10,931	<b>2.88</b>	3.00	- 4.0%
<b>Discontinued operation</b>	-	2,005	-	0.55	
	<b>10,331</b>	12,936	<b>2.88</b>	3.55	- 18.9%
<b>Interim dividend</b>			<b>0.43</b>	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

## Strong Resilience in Challenging Times

### **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
	<b>8,246</b>	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
	<b>3,530</b>	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:

Location	Schedule for Sale Recognition		
	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	2022
	HK\$ Million	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	<b>2023</b> HK\$ Million	2022 HK\$ Million
Hong Kong	<b>1,937</b>	1,995
The Mainland	<b>172</b>	195
Overseas	<b>207</b>	236
	<b>2,316</b>	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
	<b>198</b>	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		2022	
	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	9,333	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
	<b>11,264</b>	<b>586</b>	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%

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

	<b>2023</b>	2022
	<b>HK\$ Million</b>	HK\$ Million
CK William JV	<b>2,157</b>	2,185
CKP (Canada) JV	<b>2,291</b>	2,243
Sarvana JV	<b>3,254</b>	3,006
UK Power Networks JV	<b>1,818</b>	1,760
Northumbrian Water JV	<b>1,244</b>	1,609
Dutch Enviro Energy JV	<b>369</b>	354
Wales & West Utilities JV	<b>607</b>	573
	<b>11,740</b>	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	Europe	North America	<b>2023</b>	2022
	HK\$ Million	HK\$ Million	HK\$ Million	<b>Total</b>	Total
				<b>HK\$ Million</b>	HK\$ Million
CK William JV	621	52	(28)	<b>645</b>	804
CKP (Canada) JV	-	-	678	<b>678</b>	700
Sarvana JV	-	846	-	<b>846</b>	830
UK Power Networks JV	-	1,065	-	<b>1,065</b>	1,039
Northumbrian Water JV	-	313	-	<b>313</b>	362
Dutch Enviro Energy JV	-	65	-	<b>65</b>	64
Wales & West Utilities JV	-	326	-	<b>326</b>	197
Others	-	70	-	<b>70</b>	152
	621	2,737	650	<b>4,008</b>	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.

## 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 announcement, 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
	<u>31,100,000</u>			<u>1,358,201,050</u>

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.

## **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 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.

## **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 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.

## **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.

## **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.



**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, 2023**

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 2023 amounted to HK\$10,331 million which represents earnings of HK\$2.88 per share. The Directors have declared an interim dividend for 2023 of HK\$0.43 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 5 September 2023, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Thursday, 14 September 2023.

In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 5 September 2023.

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

Hong Kong, 3 August 2023

The Directors of the Company as at the date of this document are Mr. LI Tzar Kuoi, Victor (*Chairman and Managing Director*), Mr. KAM Hing Lam (*Deputy Managing Director*), Mr. IP Tak Chuen, Edmond (*Deputy Managing Director*), Mr. CHUNG Sun Keung, Davy, Dr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, Raymond and Ms. PAU Yee Wan, Ezra as Executive Directors; and Mr. CHEONG Ying Chew, Henry, Mr. CHOW Nin Mow, Albert, 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 and Mr. LAM Siu Hong, Donny as Independent Non-executive Directors.

**Consolidated Income Statement**  
For the six months ended 30 June 2023

	(Unaudited)	
	2023	2022
	HK\$ Million	HK\$ Million
<b>Continuing operations</b>		
Group revenue	24,605	35,715
Share of revenue of joint ventures	11,911	11,905
	<u>36,516</u>	<u>47,620</u>
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)
	<u>(18,143)</u>	<u>(24,785)</u>
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
	<u>12,368</u>	<u>13,236</u>
Taxation	(1,867)	(2,226)
Profit for the period	<u>10,501</u>	<u>11,010</u>
<b>Discontinued operation</b>		
Profit for the period	-	2,081
	<u>10,501</u>	<u>13,091</u>
<b>Profit for the period</b>		
Non-controlling interests - continuing operations	(28)	62
- discontinued operation	-	(76)
Perpetual capital securities - continuing operations	(142)	(141)
	<u>10,331</u>	<u>12,936</u>
<b>Profit attributable to shareholders</b>		
Profit attributable to shareholders		
Continuing operations	10,331	10,931
Discontinued operation	-	2,005
	<u>10,331</u>	<u>12,936</u>
<b>Earnings per share</b>		
Continuing operations	HK\$2.88	HK\$3.00
Discontinued operation	-	HK\$0.55
	<u>HK\$2.88</u>	<u>HK\$3.55</u>

	2023	2022
	HK\$ Million	HK\$ Million
<b>Interim dividend</b>	<u>1,532</u>	<u>1,559</u>
<b>Dividend per share</b>	HK\$0.43	HK\$0.43



## Consolidated Statement of Financial Position

As at 30 June 2023

	(Unaudited) 30/6/2023 HK\$ Million	(Audited) 31/12/2022 HK\$ Million
<b>Non-current assets</b>		
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
	<u>313,460</u>	<u>304,942</u>
<b>Current assets</b>		
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
	<u>190,515</u>	<u>209,879</u>
<b>Current liabilities</b>		
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
	<u>46,440</u>	<u>54,980</u>
<b>Net current assets</b>	<u>144,075</u>	<u>154,899</u>
<b>Non-current liabilities</b>		
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
	<u>60,208</u>	<u>66,134</u>
<b>Net assets</b>	<u>397,327</u>	<u>393,707</u>
<b>Representing:</b>		
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
<b>Total equity</b>	<u>397,327</u>	<u>393,707</u>

Notes:

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

Revenue by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ 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
	<b>24,605</b>	<b>35,715</b>	<b>11,911</b>	<b>11,905</b>	<b>36,516</b>	<b>47,620</b>

and is summarised by location as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ 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
	<b>24,605</b>	<b>35,715</b>	<b>11,911</b>	<b>11,905</b>	<b>36,516</b>	<b>47,620</b>

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 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ Million	2023 HK\$ Million	2022 HK\$ 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
	<b>7,235</b>	<b>11,881</b>	<b>4,040</b>	<b>4,110</b>	<b>11,275</b>	<b>15,991</b>
Bank and other loan finance costs	(502)	(530)	(1,290)	(1,153)	(1,792)	(1,683)
	<b>6,733</b>	<b>11,351</b>	<b>2,750</b>	<b>2,957</b>	<b>9,483</b>	<b>14,308</b>
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					<b>10,331</b>	<b>10,931</b>
Discontinued operation						
Aircraft leasing - post tax profit contribution					-	588
- post tax gain on disposal of assets					-	1,417
Profit attributable to shareholders					<b>10,331</b>	<b>12,936</b>

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

	Six months ended 30 June	
	2023 HK\$ Million	2022 HK\$ Million
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

(3) Taxation

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

(4) During the period, the Company (i) bought back 31,100,000 shares on The Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$1,358 million and (ii) cancelled 12,519,000 shares including 10,949,000 shares bought back in 2022 and 1,570,000 shares bought back in 2023.

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.

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

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

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

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