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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)

THE CHAIRMAN'S STATEMENT FOR 2021

HIGHLIGHTS

Year ended 31 December	2021 HK\$ million	2020 HK\$ million	2021 HK\$ per share	2020 HK\$ per share	Change
Profit attributable to shareholders	21,241	16,332	5.77	4.42	+30.5%
Final dividend			1.79	1.46	+22.6%
Full year dividend			2.20	1.80	+22.2%

PROFIT FOR THE YEAR

The Group's profit attributable to shareholders for the year ended 31 December 2021 amounted to HK\$21,241 million (2020 – HK\$16,332 million). Earnings per share were HK\$5.77 (2020 – HK\$4.42), an increase of 30.5% as compared to last year.

DIVIDEND

The Directors recommend the payment of a final dividend of HK\$1.79 per share in respect of 2021 to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 25 May 2022. This together with the interim dividend of HK\$0.41 per share paid on 16 September 2021 gives a total of HK\$2.20 per share for the year (2020 – HK\$1.80 per share). The proposed final dividend will be paid on Thursday, 9 June 2022 following approval at the 2022 Annual General Meeting.

PROSPECTS

Strong Resilience in Challenging Times

Business Review

Remarkable progress in vaccination campaigns and fiscal support in the major countries contributed to a steady increase in trading activities and production in various sectors. Despite a gradual improvement in market conditions and employment throughout 2021, the rampant spread of COVID variants continued to pose new challenges and undermine the uneven global economic recovery.

The Group remained resilient and maintained a strong financial position with its solid foundation and high quality assets, as it navigated through the market turbulence and weathered the COVID stress test with encouraging results. It continued to thrive in uncertainty and pursue new opportunities for long-term growth to strengthen its steady income base. During the year, the Group completed a major acquisition of infrastructure assets and a share buy-back initiative. In addition, an agreement was made to dispose of its interests in the aircraft fleet. The Group also raised funds amid the low interest rate environment, reinforcing its cash reserve in anticipation of suitable investments for shareholder value enhancement. While the Group's hotel operation and pub operation continued to be affected by the pandemic during the year, the majority of the Group's businesses delivered steady performance. An increase of 30.5% in profit attributable to shareholders was recorded in 2021 as compared to 2020.

Property Sales

The property market in Hong Kong remained robust and transaction volume has increased during the year due to improved buyer sentiment and low interest rate. Sea to Sky was completely sold out and over 90% of Seaside Sonata and #LYOS were sold. The sales of 21 Borrett Road Phase 1 and El Futuro were progressing well. The Group recorded an increase in contribution from property sales in Hong Kong in 2021 as compared to 2020. During the year, the Group added a site in Kai Tak waterfront area and two sites in Yuen Long for development. In March 2022, it won in a tender for the redevelopment project in To Kwa Wan. The Group will continue to bid for land when suitable opportunities arise, and will explore different means to untap the development potential of its land bank.

On the Mainland, the Central Government adopted measures to ensure the orderly provision of property loans amid a series of credit events and tightening policies in the real estate industry. As the Central Government continued to promote the healthy development and virtuous circulation of the industry, the property market on the Mainland is expected to remain stable. The Group's property sales on the Mainland decelerated, and the Group recorded a lower contribution from property sales in 2021 as compared to 2020. The Group completed the sale of City Link in Shanghai in January 2022 and the related contribution will be recognised in the first half of 2022.

Property Rental

The demand for retail and office leasing improved in the second half of 2021 as tenants' confidence increased along with the improvement in labour market and local consumption sentiment. Contribution from property rental in 2021 decreased by 5% when compared to 2020 as the leasing market remained difficult due to the effects of the pandemic. The Group continued to adjust tenant mix from time to time to enhance the competitiveness of its investment properties. OP Mall recorded a good leasing performance and its official opening was launched at the end of 2021. The overall occupancy rate of the Group's properties remained stable during the year. The Group will continue to enrich its portfolio to maximise returns, and is poised to capture the post pandemic opportunities.

On 11 March 2022, the Group entered into an agreement and completed the disposal of its interests in 5 Broadgate in London. The Group acquired 5 Broadgate in 2018 and the Grade-A office building had contributed a steady income stream and attractive inflation-linked rental returns. The disposal allowed the Group to capture a sizeable disposal gain, details of which were stated in the Company's announcement of the same date.

Hotel and Serviced Suite Operation

Pandemic restrictions continued to plague the travel industry. Nevertheless, the Group's hotel and serviced suite operation recorded a positive contribution during the year and a growth over 2020 due to its increasing focus on long-term stay. The Group continued to reposition its hospitality service to capture additional domestic market share. Attractive long term occupancy packages were on offer and the high occupancy rate was maintained. Hotel Alexandra in North Point commenced operation of its food and beverage business in the first half of 2021 and its accommodation business in the second half.

Aircraft Leasing

COVID-19 has caused a paradigm shift in the aircraft leasing sector. The risk and return dynamics have become volatile and unpredictable, and the industry has undergone increased consolidation, mergers and acquisitions. In 2021, profit contribution from aircraft leasing decreased by 3%, excluding the aircraft disposal gain recognised in 2020. The Group's aircraft leasing portfolio progressively expanded and evolved over the years into a fleet of primarily younger narrow body aircraft leased to airline customers with solid credit profiles. The aircraft leasing operation had consistently delivered solid operational performance and generated exceptional returns prior to the pandemic. Following a shareholding consolidation of the Group's aircraft leasing business in December 2021, the Group together with Li Ka Shing (Global) Foundation, holder of a minority interest, agreed to dispose of their respective interests in the entire fleet of aircraft to an independent third party. The Group considered it an opportune time to exit the aircraft leasing sector and enhance its strategic focus. The transaction would allow the Group to unlock the underlying value of its aircraft portfolio and realise a satisfactory gain, creating values for its shareholders and allowing the Group to reallocate its capital in other investment opportunities. Completion of the transaction is subject to the fulfilment of certain conditions, details of which were stated in the Company's announcement dated 24 December 2021.

Pub Operation

COVID restrictions concerning the hospitality and pub industry in the UK were gradually eased since April 2021 and normal trading resumed in the second half of 2021 except for December when Omicron prompted the reintroduction of certain measures which affected trade significantly. Notwithstanding the substantial impact of the pandemic during the year, the trading performance of Greene King was more encouraging in the second half compared to the first. The pub operation recorded a smaller negative contribution on a full year basis as compared to last year. Although a goodwill impairment of HK\$2,005 million was recognised based on the year end assessment, it is expected that the pub operation would steadily recover following the lifting of all restrictions. Surging inflation, shortage of labour and supply bottlenecks will however impact the pace of recovery. Greene King will continue to build on its strong foundations to emerge from the pandemic stronger with the backing of the Group and a significant high-quality freehold asset base.

Infrastructure and Utility Asset Operation

The infrastructure and utility assets operation remained resilient due to its stable nature. During the year, the Group acquired from Li Ka Shing Foundation interests in UK Power Networks, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy and settled the consideration of HK\$17 billion by the issue of 333,333,333 shares. The Group also bought back 380,000,000 shares for HK\$19.38 billion to offset the dilution impact of issuing the consideration shares. The financially accretive transactions received tremendous support from shareholders as the share buy-back provided an opportunity for existing shareholders to realise their investment. The four infrastructure assets provided an additional recurrent income stream and immediate contributions to the Group. Our infrastructure and utility asset operation recorded a significant increase in contribution in 2021 as compared to 2020.

CK William Group, Reliance Home Comfort and ista contributed HK\$1,332 million, HK\$1,379 million and HK\$1,338 million respectively. Other infrastructure and utility assets, including the infrastructure businesses under an economic benefits agreement and the assets acquired from Li Ka Shing Foundation, made a total contribution of HK\$2,885 million. The Group will continue to source high quality global infrastructure and utility assets and related investment opportunities.

Sustainability Initiatives and Response to COVID-19

The pandemic has accentuated the interconnectedness of the world and the fragility of our planet. As a global corporate citizen, the Group is committed to minimising the impact of its business activities on the environment and natural resources, and making its contribution towards a safer future for the global community. During the year, the Sustainability Committee accelerated its focus on ESG issues and enhanced the Group's ESG culture, performance and disclosure practices. The Group published its first standalone Sustainability Report in April 2021 and secured two sustainability-linked loans in the total amount of HK\$5.5 billion during the year which marked an important milestone for the Group in sustainable finance. The Group's developments Ocean Pride and My Central were both awarded BEAM Plus New Buildings Final Gold rating in 2021, symbolising its commitment to sustainable building practices. To address the pressing need to combat climate change, the Group has set environmental targets to manage relevant climate-related risks and prepare the Group for transition to carbon neutrality. The Group will continue to engage stakeholders in our green vision and strategy, and cultivate a strong internal awareness on environmental issues and sustainable practices.

The Group has maintained the stability of its global operations and implemented anti-pandemic measures to safeguard the health and well-being of its employees, tenants, customers and the community during the pandemic. Flexible work arrangement and digital communication were adopted where appropriate to balance employee and business needs. The Annual General Meeting and Extraordinary General Meeting of the Company in 2021 were convened as hybrid meetings. Shareholders could choose to attend and vote either in person or through an online platform. In support of the Government's mass vaccination programme, the Group has offered paid leave to its staff for each COVID-19 vaccination and collaborated with Li Ka Shing Foundation to give away HK\$20 million vouchers to the public during the year to encourage vaccination.

Outlook

Universal vaccination is expected to be the impetus for global economic recovery in 2022. The momentum of economic growth will depend on the path of the pandemic. Unsteady China-US relations, supply shortage and inflationary pressure, acceleration of rate hikes and the end of bond purchase in the US as well as geopolitical tensions further add to the uncertainties surrounding the economic environment.

The Mainland maintained steady economic recovery and recorded a positive real GDP year-on-year growth in 2021 despite growing internal and external uncertainties. It is expected to deepen reforms and promote high-quality development for pursuing common prosperity and sharing the affluence. Adequate liquidity in the market will be maintained through the implementation of stable and effective macro policies and the timely adjustment of reserve requirement ratio and interest rate. Market risks in the near term would be manageable, while the long-term prospect of the Mainland would remain stable and positive.

Hong Kong recorded a positive real GDP year-on-year growth of 6.4% in 2021, and the unemployment rate dropped from 7.2% at the start of the year to 3.9% at year end. The Government's Consumption Voucher Scheme stimulated consumer sentiment and boosted the economy. Although the dire spread of COVID variants in the local community presents renewed challenges and uncertainties, the outlook of Hong Kong remains optimistic in the long term. Hong Kong will continue its pivotal role as an international financial centre and an innovation and technology hub by leveraging the support from the Mainland. Land supply for housing is anticipated to increase in the short to medium term following the implementation of multi-pronged government policies and measures. Hong Kong's property market is expected to remain stable with constant and solid housing demand.

The Group has met the latest rounds of economic turmoil with a new-found resilience. Amid the prevailing difficult market conditions, the Group has continuously evolved to meet challenges with its solid foundation and high quality assets, demonstrating its agility without forgoing stability. The Group has ample liquidity for investing in further quality assets to enhance its recurring income base, and will proactively identify suitable opportunities for sustainable growth in accordance with our cautious and disciplined approach to development. The Group is optimistic that its operations will regain momentum of growth once the pandemic situation resolves and the global business environment improves. The property markets in Hong Kong and the Mainland will remain the Group's key markets and the Group is confident about their prospects.

As at 31 December 2021, the Group had a net debt to net total capital ratio of approximately 7.9%. The Group has maintained "A/Stable" and "A2 Stable" credit ratings from Standard & Poor's and Moody's respectively, demonstrating its stable outlook.

Acknowledgement

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

Victor T K Li
Chairman

Hong Kong, 17 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed during 2021:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Seaside Sonata	New Kowloon Inland Lot No. 6506	595,701	Joint Venture
Sea to Sky	Site H of The Remaining Portion of Tseung Kwan O Town Lot No. 70	1,044,104	Joint Venture
Yuhu Mingdi Phase 3 (3)	Huangpu District, Guangzhou	333,349	80%
La Grande Ville Phase 5	Shun Yi District, Beijing	487,766	100%
Laguna Verona Phases D2c2 and G1b / G2a Zone 3	Hwang Gang Lake, Dongguan	1,788,960	99.8%
Noble Hills Phase 3B	Zengcheng, Guangzhou	272,520	100%
Regency Garden Phase 5B-1	Pudong New District, Shanghai	334,806	85%

2. Developments in Progress and Scheduled for Completion in 2022:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Borrett Road Project Phase 2	Inland Lot No. 8949	149,123	100%
El Futuro	Sha Tin Town Lot No. 614	244,084	100%
#LYOS	Lot No. 4328 in D.D. 124	138,876	100%
Upper West Shanghai Phase 3 Tender 2 (T1) Phase 4 Tender 2 (T14)	Putuo District, Shanghai	1,648,685	60%
Regency Hills Land No. 11B	Yangjiashan, Nanan District, Chongqing	207,485	95%
Laguna Verona Phase G1b / G2a Zone 4	Hwang Gang Lake, Dongguan	932,186	99.8%
Noble Hills Phases 3B and 3C	Zengcheng, Guangzhou	346,587	100%
Emerald Cove Phases 1 and 2	Daya Bay, Huizhou	2,505,405	100%
Regency Cove Phase 2B	Caidian District, Wuhan	651,621	100%
Chelsea Waterfront The Rotunda, East Tower and Block KC2A	Chelsea / Fulham, London	140,431	95%

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

- (1) February 2021: A wholly owned subsidiary of the Group was awarded a Government tender for a site, New Kowloon Inland Lot No. 6604, Kai Tak Area 4E Site 2, Kai Tak, Kowloon. With an area of approximately 117,843 sq.ft. (approximately 10,948 sq.m.), the site is designated for a residential/retail development estimated to have a developable gross floor area of approximately 648,137 sq.ft. (approximately 60,214 sq.m.).
- (2) March 2021: The Company announced on 18 March 2021 (“Announcement”) the proposal (“Proposal”) which comprised: (a) the proposed acquisition (“Proposed Acquisition”) of minority shareholding interests in four infrastructure companies from Li Ka Shing Foundation Limited (“LKSF”) for a total purchase price of HK\$17 billion, which would be satisfied by the issue to LKSF (or its affiliate) of 333,333,333 shares of the Company (the “Shares”) (“Consideration Shares”); (b) the Share buy-back proposal which comprised (i) a conditional cash offer to buy-back up to 380,000,000 Shares (“Maximum Number of Shares”, which was revised from 333,333,333 Shares, as announced by the Company on 14 April 2021) for cancellation at an offer price of HK\$51 per Share (the “Offer Price”) from all qualifying shareholders of the Company (“Share Buy-back Offer”), and (ii) the possible on-market buy-backs of any shortfall at a price not exceeding the Offer Price following completion of the Share Buy-back Offer if valid acceptances received under the Share Buy-back Offer was less than the Maximum Number of Shares by utilising the proposed general mandate to buy-back Shares (if approved by the shareholders at the 2021 annual general meeting of the Company); and (c) the application for the Whitewash Waiver (as defined in the Announcement) to waive any obligation on the part of LKSF to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Controlling Shareholder Group (as defined in the Announcement) as a result of the allotment and issue of the Consideration Shares to LKSF (or its affiliate) and the Share Buy-back Offer. The Proposal was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 13 May 2021. The Proposed Acquisition was completed in May 2021 and the Share Buy-back Offer was completed in June 2021.
- (3) May 2021: A wholly owned subsidiary of the Group reached a land exchange agreement with the Government in respect of a site at Kam Tai Road, Kam Tin, Yuen Long, New Territories (Lot No. 2206 in D.D. 109) for an area of approximately 171,986 sq.ft. (approximately 15,978 sq.m.). The site is designated for residential development and estimated to have a gross floor area of approximately 137,584 sq.ft. (approximately 12,782 sq.m.).

- (4) June 2021: The Company bought back a total of 3,150,000 Shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) with the aggregate consideration paid (before expenses) amounting to HK\$163,423,500. All the Shares bought back were cancelled on 2 July 2021.
- (5) June 2021: A wholly owned subsidiary of the Group issued notes in aggregate nominal amounts of (i) US\$250 million at a fixed interest rate of 0.75% per annum with 3-year term; and (ii) US\$350 million at a fixed interest rate of 1.375% per annum with 5-year term under the US\$5,000,000,000 Euro Medium Term Note Programme (“Programme”), which is guaranteed by the Company (“Notes”). The Notes were sold to professional investors only and were listed on the Stock Exchange on 2 July 2021.
- (6) August 2021: A wholly owned subsidiary of the Group was awarded a Government tender for a site at junction of Lau Yip Street and Chung Yip Road, Yuen Long, New Territories (Lot No. 1677 in D.D. 115). With an area of approximately 163,697 sq.ft. (approximately 15,208 sq.m.), the site is designated for residential development and estimated to have a developable gross floor area of approximately 78,574 sq.ft. (approximately 7,299.8 sq.m.).
- (7) September 2021: A wholly owned subsidiary of the Group issued Guaranteed Senior Perpetual Capital Securities (“3.38% Securities”) in an aggregate principal amount of S\$300 million with an annual distribution rate of 3.38% which are guaranteed by the Company. The 3.38% Securities were listed on the Stock Exchange on 4 October 2021.
- (8) September 2021: On 17 September 2021, two indirect wholly owned subsidiaries of the Group (“Sellers”) entered into a sale and purchase agreement (“Agreement”) with Hysan (Shanghai) Limited (“Purchaser”) pursuant to which the Sellers conditionally agreed to sell and the Purchaser conditionally agreed to purchase (i) the entire issued shares of an indirect wholly owned subsidiary of the Group (“Target Company”) and (ii) the aggregate amount due and owing by the Target Company and its subsidiaries to the Sellers (“Transaction”). The Target Company, through its wholly owned subsidiary (“Intermediate HoldCo”), holds 60% equity interest in a company established in the PRC (“Project Company”) which is the registered owner of City Link (世紀盛薈廣場), a completed office/retail mixed use development in Shanghai, the PRC. The Transaction was conditional upon the Sellers, through the Intermediate HoldCo, acquiring the remaining 40% equity interest in the Project Company and thereafter holding 100% equity interest in the Project Company. The total consideration of the Transaction was approximately RMB3,500,000,000 (subject to adjustments) and the Transaction was completed in January 2022.

- (9) October 2021: A wholly owned subsidiary of the Group updated the Programme guaranteed by the Company for the purpose of issuing notes which may be denominated in any currency as agreed with the dealer(s) from time to time. The Programme was listed on 18 October 2021 on the Stock Exchange and notes issued under the programme may be listed on the Stock Exchange or such other stock exchange(s) as may be agreed with the relevant dealer(s).
- (10) December 2021: An indirect wholly owned subsidiary of the Group and an indirect 90% owned subsidiary of the Group (the “Sellers”) entered into a sale and purchase agreement (the “SPA”) with Maverick Aviation Holdings Ltd. (as purchaser) and the Company (as guarantor for each of the Sellers) in relation to the disposals of all of the issued ordinary shares in the capital of Accipiter Finance S.à r.l. and Manchester Aviation Finance S.à r.l. at the respective total consideration of approximately US\$2,441 million (equivalent to approximately HK\$18,921 million) and US\$1,840 million (equivalent to approximately HK\$14,258 million) in cash (subject to adjustments). The said disposals involve the sale of a total of 125 aircraft together with the leases with respect to such aircraft, and other aircraft in the order book. Completion of the disposals is subject to fulfilment of certain terms and conditions under the SPA as described in the Company’s announcement dated 24 December 2021.
- (11) March 2022: A wholly owned subsidiary of the Group was awarded a tender by the Urban Renewal Authority for the combined development of four projects covering two adjoining sites at Hung Fook Street/Kai Ming Street and Wing Kwong Street/Kai Ming Street, To Kwa Wan, Kowloon. With a total area of approximately 58,534 sq.ft. (approximately 5,438 sq.m.), the sites are designated for residential/retail development and estimated to have a total developable gross floor area of approximately 526,807 sq.ft. (approximately 48,942 sq.m.).
- (12) March 2022: An indirect wholly owned subsidiary of the Group entered into a sale and purchase agreement with Broadgate Five Holdings (Jersey) Limited (“Broadgate Buyer”) for the sale of the entire issued share capital of Bluebutton Holdco 5 Broadgate (Jersey) Limited (the “Broadgate Target”) to the Broadgate Buyer. The Broadgate Target’s wholly owned subsidiary holds 100% beneficial interest in the Grade-A office building, 5 Broadgate in London, the United Kingdom (the “Property”). The consideration for the sale of the Broadgate Target is GBP729.17 million (equivalent to approximately HK\$7,466.70 million) in cash, which has taken into account the value ascribed to the Property of GBP1,210 million (equivalent to approximately HK\$12,390 million) and the other assets and liabilities of the Broadgate Target and its subsidiaries. The transaction was completed on 11 March 2022, details of which was set out in the announcement of the same date.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the year was HK\$37,798 million (2020 – HK\$38,670 million), comprising mainly (i) sales of residential units of Seaside Sonata, Sea to Sky and 21 Borrett Road Phase 1 in Hong Kong; and (ii) on the Mainland, sales of residential units of Laguna Verona in Dongguan, Noble Hills in Guangzhou, Upper West Shanghai and Regency Garden in Shanghai, and is summarised by location as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	15,724	8,941
The Mainland	21,722	27,114
Overseas	352	2,615
	37,798	38,670

Contribution for the year was HK\$18,146 million (2020 – HK\$19,112 million) and is summarised by location as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	6,995	3,880
The Mainland	11,141	14,626
Overseas	10	606
	18,146	19,112

During the year, the presales of residential units of El Futuro and #LYOS as well as the sales of luxury residential units of 21 Borrett Road Phase 1 in Hong Kong were well received, whereas the sales of various projects on the Mainland and in the United Kingdom slowed down.

In September 2021, the Group entered into an agreement for the sale of City Link developed in Shanghai, comprising a retail podium and an office tower, which was scheduled for completion in January 2022.

Property sales contracted but not yet recognised at 31 December 2021 are as follows:

Location	Schedule for Sale Recognition		
	2022 HK\$ Million	After 2022 HK\$ Million	Total HK\$ Million
Hong Kong	15,478	3,845	19,323
The Mainland	9,694	324	10,018
Overseas	-	195	195
	25,172	4,364	29,536

At the year 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 75 million sq.ft., of which 4 million sq.ft., 67 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively.

Property Rental

Revenue of property rental (including share of joint ventures) for the year was HK\$6,693 million (2020 – HK\$6,751 million) and comprised rental income derived from leasing of retail, office, industrial and other properties as follows:

Use of Property	2021 HK\$ Million	2020 HK\$ Million
Retail	2,618	2,733
Office	2,644	2,840
Industrial	727	725
Others	704	453
	6,693	6,751

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

Contribution for the year was HK\$5,661 million (2020 – HK\$5,935 million), a decrease of HK\$274 million when compared with last year, mainly due to a decrease in occupancy of retail and office properties in Hong Kong under the pandemic, and is summarised by location as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	4,352	4,880
The Mainland	571	510
Overseas	738	545
	5,661	5,935

At the year end date, the Group had an investment property portfolio of approximately 17.6 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

Location	Retail Million sq.ft.	Office Million sq.ft.	Industrial Million sq.ft.	Others Million sq.ft.	Total Million sq.ft.
Hong Kong	3.2	3.9	5.9	-	13.0
The Mainland	1.5	0.4	-	-	1.9
Overseas	0.1	1.4	-	1.2	2.7
	4.8	5.7	5.9	1.2	17.6

An increase of HK\$1,513 million (2020 – decrease of HK\$1,106 million) in fair value of investment properties was recorded at 31 December 2021 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the year was HK\$2,711 million (2020 – HK\$2,055 million) as hotel operation continued to be adversely impacted by the pandemic and hotel occupancy was still below pre-Covid-19 level.

During the year, the hotel operation of Harbour Grand Hotels, Harbour Plaza Hotels & Resorts and other group hotels reported on average a slightly improved occupancy rate of 37%, whereas Horizon Hotels & Suites and other serviced suite operations, including Hotel Alexandra which commenced its business in Hong Kong, managed to maintain an average occupancy rate of 93% with long stay guests.

Contribution for the year was HK\$399 million (2020 – HK\$260 million), as serviced suite contributions offset hotel losses, and is summarised by location as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	482	361
The Mainland	(83)	(101)
	399	260

The Group's hotel and serviced suite properties are mostly located in Hong Kong and provide approximately 15,000 rooms for guest accommodation.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the year was HK\$888 million (2020 – HK\$836 million) and mainly comprised management fees received for provision of property management and related services to properties developed by the Group.

Contribution for the year was HK\$355 million (2020 – HK\$355 million) and is summarised by location as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	256	275
The Mainland	58	58
Overseas	41	22
	355	355

At the year end date, approximately 269 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.

Aircraft Leasing

Revenue of aircraft leasing (including share of joint ventures) for the year was HK\$2,534 million (2020 – HK\$2,820 million), a decrease of HK\$286 million when compared with last year, and comprised income derived from leasing of narrow body aircraft and wide body aircraft to airlines. During the year, the Group strived to restructure lease terms with airline lessees to maintain aircraft on lease when airlines operated under difficult conditions.

Contribution for the year (including share of joint ventures) amounted to HK\$887 million (2020 – HK\$1,119 million), a decrease of HK\$232 million when compared with last year, in the absence of aircraft disposal gain (2020 – HK\$201 million) and a decline in leasing income due to the impacts of the pandemic. Contribution with reference to lessee's location of operation is summarised as follows:

Location	2021 HK\$ Million	2020 HK\$ Million
Asia	164	388
Europe	198	266
North America	436	471
Latin America	89	(6)
	887	1,119

In December 2021, the Group entered into an agreement with an independent third party for the disposal of its investment in the aircraft leasing business, comprising a portfolio of 120 narrow body aircraft and 5 wide body aircraft, for a total consideration of US\$4,281 million (approximately HK\$33,179 million). Subject to the fulfilment of certain terms and conditions, the disposal transaction is expected to be completed in the first half of 2022.

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. Though most Covid restrictions have been lifted in the United Kingdom, the lockdown measures and restrictions implemented in the last two years were detrimental to all local pub businesses. The rapid spread of Omicron variant is still a cause for public health concerns, and return of normal pub business to pre-Covid-19 level is yet to come.

During the year, the Group's pub businesses continued to be adversely impacted and pub operation was maintained at below pre-Covid-19 level. An operating loss of HK\$55 million (2020 – HK\$3,462 million), after provision of HK\$144 million (2020 – HK\$995 million) for asset impairment, was reported for the year and results by division of pub operation is as follows:

Division	2021		2020	
	Revenue HK\$ Million	Operating profit (loss) HK\$ Million	Revenue HK\$ Million	Operating profit (loss) HK\$ Million
Pub Company - operates food-led and drink-led destination pubs and restaurants and community-focused local pubs	11,486	(350)	7,636	(3,105)
Pub Partners - owns a portfolio of mainly drink-led pubs which are run as franchised or leased pubs	1,167	363	734	5
Brewing & Brands - sells and distributes a wide range of beers including ale brands brewed in own breweries	1,631	(68)	1,160	(362)
	14,284	(55)	9,530	(3,462)

Whereas the revival of normal pub operation and profitability is anticipated, a goodwill impairment of HK\$2,005 million was determined based on the assessment at the year end date, after two years of operating losses had been reported in 2020 and 2021.

Infrastructure and Utility Asset Operation

In May 2021, the Group completed the acquisition of (i) a 20% equity interest in UK Power Networks; (ii) a 20% equity interest in Northumbrian Water; (iii) a 10% equity interest in Wales & West Utilities; and (iv) a 10% equity interest in Dutch Enviro Energy (collectively the “Infrastructure Assets”) from Li Ka Shing Foundation Limited for a total consideration of HK\$17 billion.

Following the acquisition of the Infrastructure Assets, the equity interests in Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy are amalgamated with the Group’s economic interests in these entities, and the Group’s infrastructure and utility asset operation through joint venture interests are as follows:

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

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

	2021	2020
	HK\$ Million	HK\$ Million
CK William JV	4,181	4,332
CKP (Canada) JV	4,217	3,749
Sarvana JV	5,820	5,409
UK Power Networks JV	2,757	-
Northumbrian Water JV	2,581	-
Dutch Enviro Energy JV	554	-
Wales & West Utilities JV	757	-
	20,867	13,490

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

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

Profit contribution for the year amounted to HK\$6,934 million (2020 – HK\$4,488 million) and is summarised by location as follows:

	Australia	Europe	North America	2021 Total	2020 Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
CK William JV	1,224	63	45	1,332	1,369
CKP (Canada) JV	-	-	1,379	1,379	1,159
Sarvana JV	-	1,338	-	1,338	1,322
UK Power Networks JV	-	1,530	-	1,530	-
Northumbrian Water JV	-	617	-	617	-
Dutch Enviro Energy JV	-	78	-	78	-
Wales & West Utilities JV	-	255	-	255	-
Others	117	288	-	405	638
	1,341	4,169	1,424	6,934	4,488

During the year, cash distributions from UK Power Networks, Northumbrian Water, Wales & West Utilities and Dutch Enviro Energy comprising dividends, interest and others in the aggregate amount of HK\$940 million were received by the subsidiaries which acquired the Infrastructure Assets.

Interests in Real Estate Investment Trusts

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

	Principal Activity	Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	32.7%
Fortune REIT	Investment in retail properties in Hong Kong	26.7%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.3%

Hui Xian REIT is an associate and made a contribution of HK\$288 million (2020 – HK\$189 million) to group profit for the year, whereas distributions received during the year amounted to HK\$311 million (2020 – HK\$235 million).

Distributions received from Fortune REIT and Prosperity REIT during the year amounted to HK\$310 million (2020 – HK\$300 million) and were recognised as investment income. An increase of HK\$508 million (2020 – decrease of HK\$1,067 million) in fair value of the Group's investments in Fortune REIT and Prosperity REIT was recorded based on the market closing price at 31 December 2021.

FINANCIAL REVIEW

Liquidity and Financing

The Group monitors its liquidity requirements on a short to medium term basis and arranges bank and other borrowings accordingly. During the year, the Group issued HK\$3,790 million floating rate notes for a 3-year term at HIBOR+0.47% per annum and two tranches of US dollar fixed rate notes, US\$250 million for a 3-year term at 0.75% per annum and US\$350 million for a 5-year term at 1.375% per annum, under the Euro Medium Term Note Programme.

In September 2021, the Group issued SGD300 million perpetual capital securities with an annual distribution rate of 3.38%. The perpetual capital securities have no fixed redemption date and are redeemable at the Group's option on or after 30 September 2024.

At the year end date, the Group's bank and other loans amounted to HK\$96.5 billion, an increase of HK\$18.6 billion when compared with bank and other loans at 31 December 2020. The maturity profile was spread over a period of 15 years, with HK\$28.8 billion repayable within 1 year, HK\$52.1 billion within 2 to 5 years and HK\$15.6 billion beyond 5 years.

The Group's net debt to net total capital ratio at 31 December 2021 was approximately 7.9%. Net debt is arrived at by deducting bank balances and deposits of HK\$63.4 billion from bank and other loans, and net total capital is the aggregate of total equity and net debt.

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

Treasury Policies

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

At the year end date, the Group's borrowings were 64% in HK\$ and US\$ and 36% 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 from property businesses mainly in HK\$ and RMB, and maintains bank balances and deposits substantially in HK\$, RMB and US\$. Income in foreign currencies is generated by overseas investments and operations, and cash in local currencies is maintained for operational requirements.

Charges on Assets

At the year end date, (i) properties amounting to HK\$6,159 million (2020 – HK\$15,924 million) were charged to secure bank loans arranged for property projects on the Mainland and in the United Kingdom; (ii) properties amounting to HK\$32,754 million (2020 – HK\$33,078 million) were charged to secure other loans arranged for pub operation in the United Kingdom; and (iii) aircrafts amounting to HK\$7,286 million were charged to secure bank loans.

Contingent Liabilities

At the year end date, the Group provided guarantees for (i) revenue shared by land owner of a hotel project amounting to HK\$490 million (2020 – HK\$505 million); and (ii) mortgage loans provided by banks to purchasers of properties developed by the Group on the Mainland amounting to HK\$1,528 million (2020 – HK\$4,662 million).

Employees

At the year end date, the Group employed approximately 54,000 employees. The related employees' costs for the year (excluding directors' emoluments), before employment support subsidies from governments and other reimbursements, amounted to approximately HK\$11,631 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

On 4 June 2021, a total of 380,000,000 Shares were bought back at the Offer Price for an aggregate consideration of HK\$19,380,000,000 (before expenses) pursuant to the Share Buy-back Offer and cancelled (details of which were disclosed in the Company's announcement dated 4 June 2021).

During the year ended 31 December 2021, the Company bought back a total of 3,150,000 Shares on the Stock Exchange for an aggregate consideration of HK\$163,423,500 (before expenses). All the Shares bought back were subsequently cancelled. As at 31 December 2021, the total number of Shares in issue was 3,643,583,833.

Particulars of the share buy-backs are as follows:

Month	Number of Shares bought back	Purchase price per Share		Aggregate consideration (before expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
June 2021	<u>3,150,000</u>	51.95	51.70	<u>163,423,500</u>

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

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

The Company had applied the principles and complied with all code provisions (except as stated below) and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) which was in force throughout the year ended 31 December 2021.

In respect of the code provision A.2.1 of the CG Code, the positions of the Chairman of the Board and the Managing Director are held by the same individual, namely, Mr. Victor T K Li. Although the positions of the Chairman and the Managing Director are not separately held, the Board is of the view that this is the most appropriate arrangement in the interest of the shareholders as a whole at present. All major decisions will, in accordance with current practice, be continued to be made in consultation with members of the Board and relevant board committees and key personnel of the Group after thorough discussions. The Board comprises six Independent Non-executive Directors who will continue to provide their views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so previously. Furthermore, Mr. Li Ka-shing has been the Senior Advisor of the Company following his retirement as Chairman, and has in that capacity continued to contribute to the Group on significant matters.

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

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company established an audit committee (“Audit Committee”) on 26 February 2015 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code.

The Audit Committee comprises six Independent Non-executive Directors, namely, Mr. Cheong Ying Chew, Henry (Chairman of the Audit Committee), Mr. Chow Nin Mow, Albert, Ms. Hung Siu-lin, Katherine, Mr. Colin Stevens Russel, Mr. Donald Jeffrey Roberts and Mr. Stephen Edward Bradley. The principal duties of the Audit Committee include: the review and supervision of the Group’s financial reporting system, risk management and internal control systems; review of the Group’s financial information; review of the relationship with the external auditor of the Company; and performance of the corporate governance functions delegated by the Board.

The Group’s annual results for the year ended 31 December 2021 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

SUSTAINABILITY COMMITTEE

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

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting (“2022 AGM”) of the shareholders of the Company will be held on Thursday, 19 May 2022. Details of the arrangements will be provided in the Company’s Circular in relation to the 2022 AGM which will be published and despatched to the shareholders in accordance with the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 16 May 2022 to Thursday, 19 May 2022, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the 2022 AGM, 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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 13 May 2022.

The final dividend is payable to shareholders whose names appear on the Register of Members of the Company at the close of business on Wednesday, 25 May 2022, being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final 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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 25 May 2022.

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

**Consolidated Income Statement
For the year ended 31 December 2021**

	2021 HK\$ Million	2020 (Restated) HK\$ Million
Continuing operations		
Group revenue	62,094	57,623
Share of revenue of joint ventures	21,147	13,709
Total	<u>83,241</u>	<u>71,332</u>
Group revenue	62,094	57,623
Interest from joint ventures	2,152	1,918
Investment and other income	1,964	3,069
Operating costs		
Property and related costs	(19,848)	(19,612)
Pub product and related costs	(7,392)	(5,853)
Salaries and related expenses	(8,056)	(6,967)
Interest and other finance costs	(1,190)	(1,378)
Depreciation	(2,186)	(2,246)
Other expenses	(661)	(717)
	(39,333)	(36,773)
Gain on financial instruments	2,495	210
Change in fair value of investment properties	1,513	(1,106)
Impairment loss on fixed assets	(144)	(995)
Goodwill impairment	(2,005)	-
Share of profit of joint ventures	1,037	459
Share of profit of associates	288	189
Profit before taxation	<u>30,061</u>	<u>24,594</u>
Taxation	(8,533)	(7,395)
Profit for the year from continuing operations	<u>21,528</u>	<u>17,199</u>
Discontinued operation		
Profit for the year from discontinued operation	<u>415</u>	<u>590</u>
Profit for the year	<u>21,943</u>	<u>17,789</u>
Non-controlling interests - continuing operations	(464)	(957)
- discontinued operation	2	-
Perpetual capital securities - continuing operations	(240)	(500)
Profit attributable to shareholders	<u>21,241</u>	<u>16,332</u>
Profit attributable to shareholders		
Continuing operations	20,824	15,742
Discontinued operation	417	590
	<u>21,241</u>	<u>16,332</u>
Earnings per share		
Continuing operations	HK\$5.66	HK\$4.26
Discontinued operation	HK\$0.11	HK\$0.16
	<u>HK\$5.77</u>	<u>HK\$4.42</u>

	2021 HK\$ Million	2020 HK\$ Million
Dividends		
Interim dividend paid	1,494	1,256
Final dividend proposed	6,522	5,392
	<u>8,016</u>	<u>6,648</u>
Dividends per share		
Interim dividend	HK\$0.41	HK\$0.34
Final dividend	HK\$1.79	HK\$1.46

**Consolidated Statement of Financial Position
As at 31 December 2021**

	2021 HK\$ Million	2020 HK\$ Million
Non-current assets		
Fixed assets	76,444	95,101
Investment properties	132,324	128,683
Joint ventures	80,752	62,467
Associates	7,054	7,077
Investments	12,104	16,787
Goodwill	4,609	6,655
Deferred tax assets	2,853	3,102
Other non-current assets	6,450	8,096
	<u>322,590</u>	<u>327,968</u>
Current assets		
Properties for sale	127,482	121,737
Aircraft assets for sale	31,748	-
Debtors, prepayments and others	8,086	10,414
Loan receivables	3,440	1,065
Bank balances and deposits	63,365	59,519
	<u>234,121</u>	<u>192,735</u>
Current liabilities		
Creditors, accruals and others	24,612	21,336
Bank and other loans	28,812	22,887
Customers' deposits received	17,613	22,303
Liabilities associated with aircraft for sale	2,482	-
Provision for taxation	4,996	4,297
	<u>78,515</u>	<u>70,823</u>
Net current assets	<u>155,606</u>	<u>121,912</u>
Non-current liabilities		
Bank and other loans	67,656	55,006
Deferred tax liabilities	15,974	14,938
Lease liabilities	6,099	6,980
Derivative financial instruments	2,152	5,568
Pension liabilities	40	170
	<u>91,921</u>	<u>82,662</u>
Net assets	<u><u>386,275</u></u>	<u><u>367,218</u></u>
Representing:		
Share capital and share premium	242,619	245,639
Reserves	128,609	109,000
Shareholders' funds	371,228	354,639
Perpetual capital securities	7,929	6,200
Non-controlling interests	7,118	6,379
Total equity	<u><u>386,275</u></u>	<u><u>367,218</u></u>

Notes:

- (1) During the year, the Group's principal activities of property development and investment, hotel and serviced suite operation, property and project management, pub operation and investment in infrastructure and utility asset operation were accounted for as continuing operations, and aircraft leasing was accounted for as discontinued operation.

Revenue by continuing operations is as follows:

	Group		Joint ventures		Total	
	2021 HK\$ Million	2020 HK\$ Million	2021 HK\$ Million	2020 HK\$ Million	2021 HK\$ Million	2020 HK\$ Million
Property sales	37,760	38,653	38	17	37,798	38,670
Property rental	6,543	6,603	150	148	6,693	6,751
Hotel and serviced suite operation	2,691	2,039	20	16	2,711	2,055
Property and project management	816	798	72	38	888	836
Pub operation	14,284	9,530	-	-	14,284	9,530
Infrastructure and utility asset operation	-	-	20,867	13,490	20,867	13,490
	62,094	57,623	21,147	13,709	83,241	71,332

and is summarised by location as follows:

	2021 HK\$ Million	2020 HK\$ Million
Hong Kong	23,805	16,792
The Mainland	22,912	28,164
The United Kingdom	21,603	10,771
Others	14,921	15,605
	83,241	71,332

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

	Group		Joint ventures		Total	
	2021 HK\$ Million	2020 HK\$ Million	2021 HK\$ Million	2020 HK\$ Million	2021 HK\$ Million	2020 HK\$ Million
Continuing operations						
Property sales	18,127	19,112	19	-	18,146	19,112
Property rental	5,541	5,813	120	122	5,661	5,935
Hotel and serviced suite operation	421	286	(22)	(26)	399	260
Property and project management	314	333	41	22	355	355
Pub operation	(55)	(3,462)	-	-	(55)	(3,462)
Infrastructure and utility asset operation	405	638	6,529	3,850	6,934	4,488
	24,753	22,720	6,687	3,968	31,440	26,688
Discontinued operation						
Aircraft leasing	844	864	43	255	887	1,119
	25,597	23,584	6,730	4,223	32,327	27,807
Bank and other loan finance costs	(1,331)	(1,451)	(1,983)	(1,206)	(3,314)	(2,657)
	24,266	22,133	4,747	3,017	29,013	25,150
Gain on financial instruments					1,179	1,257
Interests in real estate investment trusts					598	489
Change in fair values						
Real estate investment trusts					508	(1,067)
Investment properties					1,513	(1,106)
Goodwill impairment					(2,005)	-
Others					510	1,089
Taxation						
Group					(8,550)	(7,417)
Joint ventures					(823)	(606)
Profit attributable to non-controlling interests and perpetual capital securities					(702)	(1,457)
Profit attributable to shareholders					21,241	16,332

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

	2021 HK\$ Million	2020 (Restated) HK\$ Million
Interest and other finance costs		
Bank and other loans	1,195	1,645
Less: amount capitalised	(227)	(505)
	968	1,140
Lease liabilities	222	238
Costs of properties sold	16,955	17,681
Costs of pub products sold	3,896	3,493
Government subsidies – employment support	(1,522)	(2,214)

(3) Taxation (continuing operations)

	2021 HK\$ Million	2020 (Restated) HK\$ Million
Current tax		
Hong Kong	1,412	936
Outside Hong Kong	6,335	6,157
Deferred tax	786	302
	8,533	7,395

(4) The calculation of earnings per share is based on profit attributable to shareholders and on the weighted average of 3,677,489,596 shares (2020 – 3,693,400,500 shares) in issue during the year.

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

	2021 HK\$ Million	2020 HK\$ Million
Current to one month	1,240	2,280
Two to three months	125	132
Over three months	186	320
	1,551	2,732

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

	2021 HK\$ Million	2020 HK\$ Million
Current to one month	5,156	4,490
Two to three months	17	55
Over three months	28	26
	5,201	4,571

(6) The International Accounting Standards Board has issued a number of new and revised International Financial Reporting Standards ("IFRSs"). The application of those IFRSs effective for annual accounting periods beginning on 1 January 2021 has no significant impact on the Group's results and financial position. For the IFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position. Based on preliminary assessment, no significant impact is anticipated for the application of IFRSs scheduled to be effective in 2022.

(7) The annual results have been reviewed by the Audit Committee.