



長江實業集團有限公司  
CK ASSET HOLDINGS LIMITED

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

# 2018 Annual Results

21 March 2019



# Disclaimer



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# 2018 Annual Results Highlights



**Revenue**

**HK\$64,481  
Million**

**+1%**

**Profit attributable  
to shareholders**

**HK\$40,117  
Million**

**+33%**

**EPS**

**HK\$10.85**

**+34%**

**EPS before IP  
revaluation &  
disposal**

**HK\$6.53**

**+20%**

**DPS**

**Interim: HK\$0.47  
Final: HK\$1.43  
FY18: HK\$1.9**

**+12%**

**NBV per share as  
at 31 Dec 18**

**HK\$87.59**

**+11%**

Note:

(1) During 2018, a total of 4,098,000 shares were bought back and cancelled.



**An increase of over 50% of recurrent profit contribution since 2016**

# Value Enhancement



May 2018

June 2018

October 2018

The Center

5 Broadgate, UK

Economic benefits of  
infrastructure businesses

Sold for  
HK\$40.2 billion

Consideration of approximately  
HK\$20.2 billion

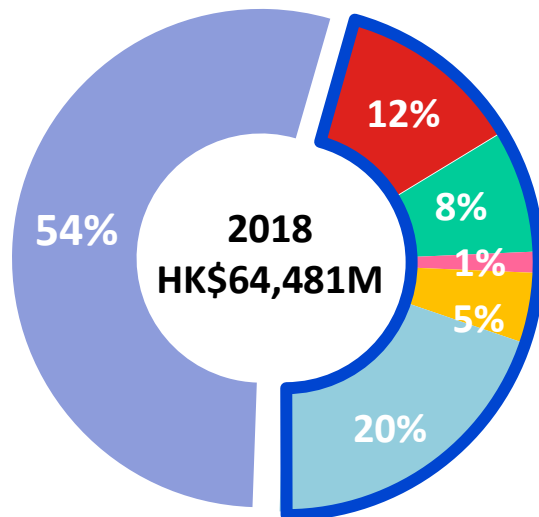
**Achieved a net increase in annualised contribution through the redeployment of approximately 50% of sale proceeds**

# Principal Activities Analysis

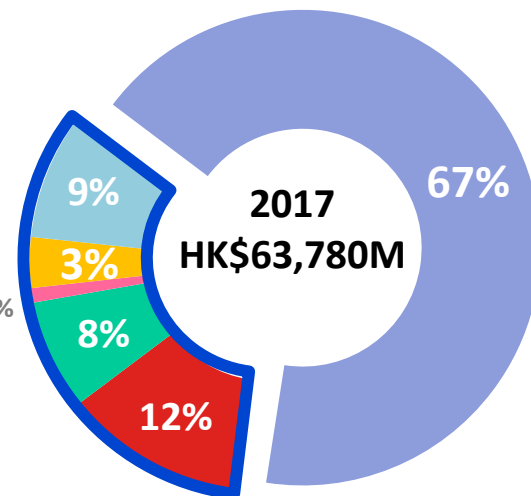
**46% of revenue and 55% profit contribution are recurrent**



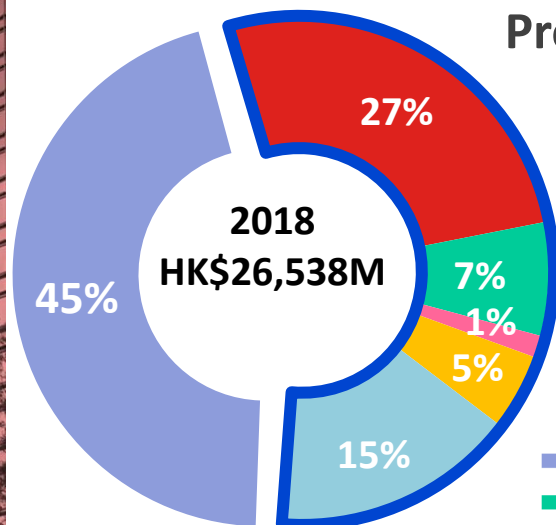
## Revenue by Principal Activities



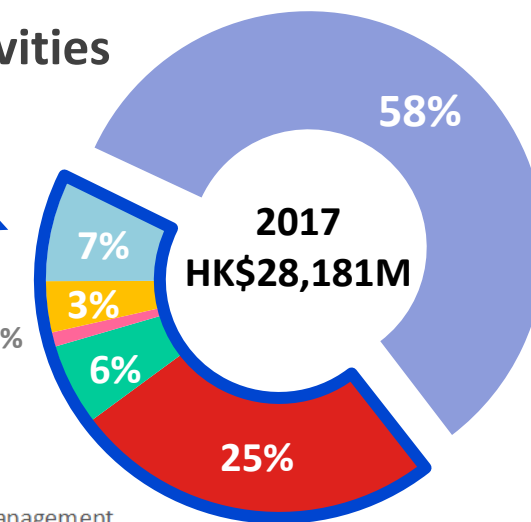
| Recurrent Income Base |             |
|-----------------------|-------------|
| 2018                  | 2017        |
| HK\$29,714M           | HK\$20,929M |



## Profit Contribution by Principal Activities



| Recurrent Income Base |             |
|-----------------------|-------------|
| 2018                  | 2017        |
| HK\$14,535M           | HK\$11,930M |



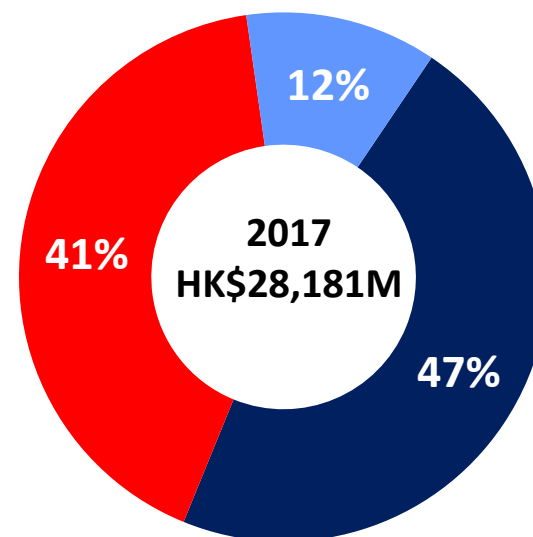
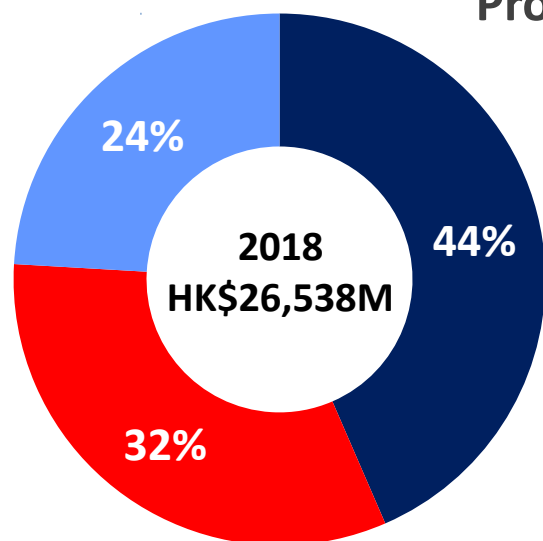
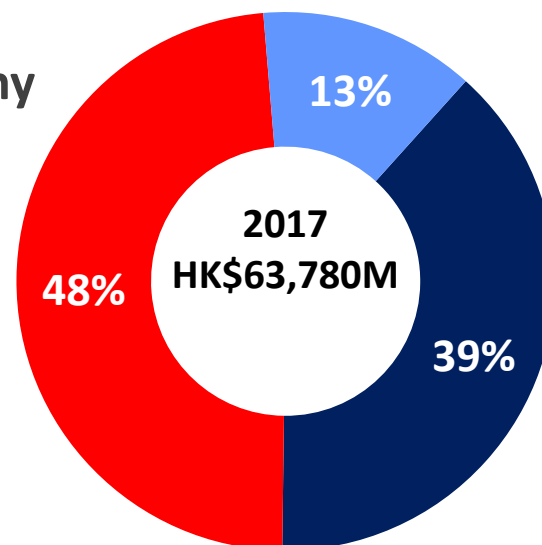
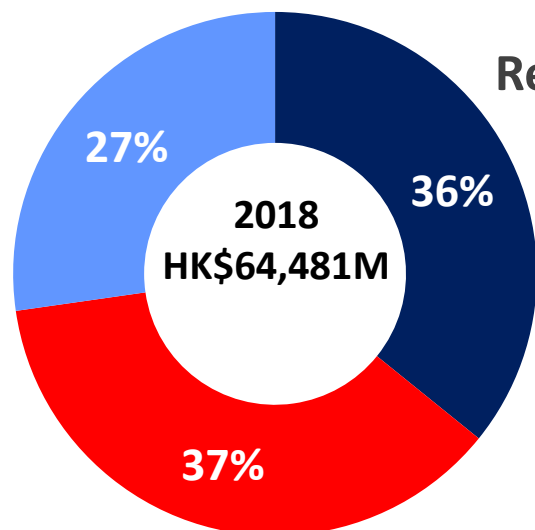
- Property Sales
- Property Rental
- Hotel and Serviced Suite Operation
- Property and Project Management
- Aircraft Leasing
- Infrastructure and Utility Asset Operation

Note:

(1) Profit Contribution refers to contribution from principal activities after depreciation and absorption of overhead expenses, but before interest costs and tax.

# Principal Activities Analysis

## *Optimising geographical diversification*



■ Hong Kong  
■ The Mainland  
■ Overseas

Note:

(1) Profit Contribution refers to contribution from principal activities after depreciation and absorption of overhead expenses, but before interest costs and tax.

The collage features 12 distinct images of real estate projects:

- Top Left:** A decorative circular floral arrangement with the word "SEANORAMA" in the center.
- Top Middle:** An aerial view of a residential development with red-tiled roofs and a green golf course in the background.
- Top Right:** A modern residential building with large glass windows and a circular logo in the top right corner.
- Middle Left (Top):** A view of a modern residential complex with a central water feature and lush greenery.
- Middle Left (Bottom):** A view of a residential complex with a curved road and green landscaping.
- Middle Right:** A view of several tall, modern skyscrapers in a city skyline.
- Bottom Left (Top):** An aerial view of a residential complex with a winding river and green spaces.
- Bottom Left (Middle):** A view of a residential complex with a large body of water and a marina.
- Bottom Left (Bottom):** A view of a modern residential building with a curved facade and a large glass entrance.
- Bottom Middle:** A view of a tall, modern skyscraper in a city skyline.
- Bottom Right (Top):** A view of a modern residential building with a curved facade and a large glass entrance.
- Bottom Right (Bottom):** A view of a modern residential building with a curved facade and a large glass entrance.

# Property Sales



| HK\$ Million        | 2018   | 2017   | Change |
|---------------------|--------|--------|--------|
| Revenue             | 34,767 | 42,851 | -19%   |
| Profit contribution | 12,003 | 16,251 | -26%   |
| Margin              | 34.5%  | 37.9%  |        |



# Property Sales



| HK\$ Million | Revenue |        | Profit Contribution & Margin |       |        |       |
|--------------|---------|--------|------------------------------|-------|--------|-------|
|              | 2018    | 2017   | 2018                         |       | 2017   |       |
| Hong Kong    | 11,497  | 12,792 | 3,580                        | 31.1% | 4,889  | 38.2% |
| The Mainland | 22,142  | 29,555 | 7,783                        | 35.2% | 11,106 | 37.6% |
| Overseas     | 1,128   | 504    | 640                          | 56.7% | 256    | 50.8% |



# Property Sales

## Disposal of property development joint venture



**Disposal of 50% interest in Century Link,  
Shanghai, completed in January 2018**

**RMB10 billion attributable consideration  
(approximately HK\$11.5 billion)**

**HK\$6,989 million recognised profit**



Century Link, Shanghai

# ***HK\$63,120M contracted sales not yet recognised***

Over HK\$50 billion scheduled for recognition in 2019



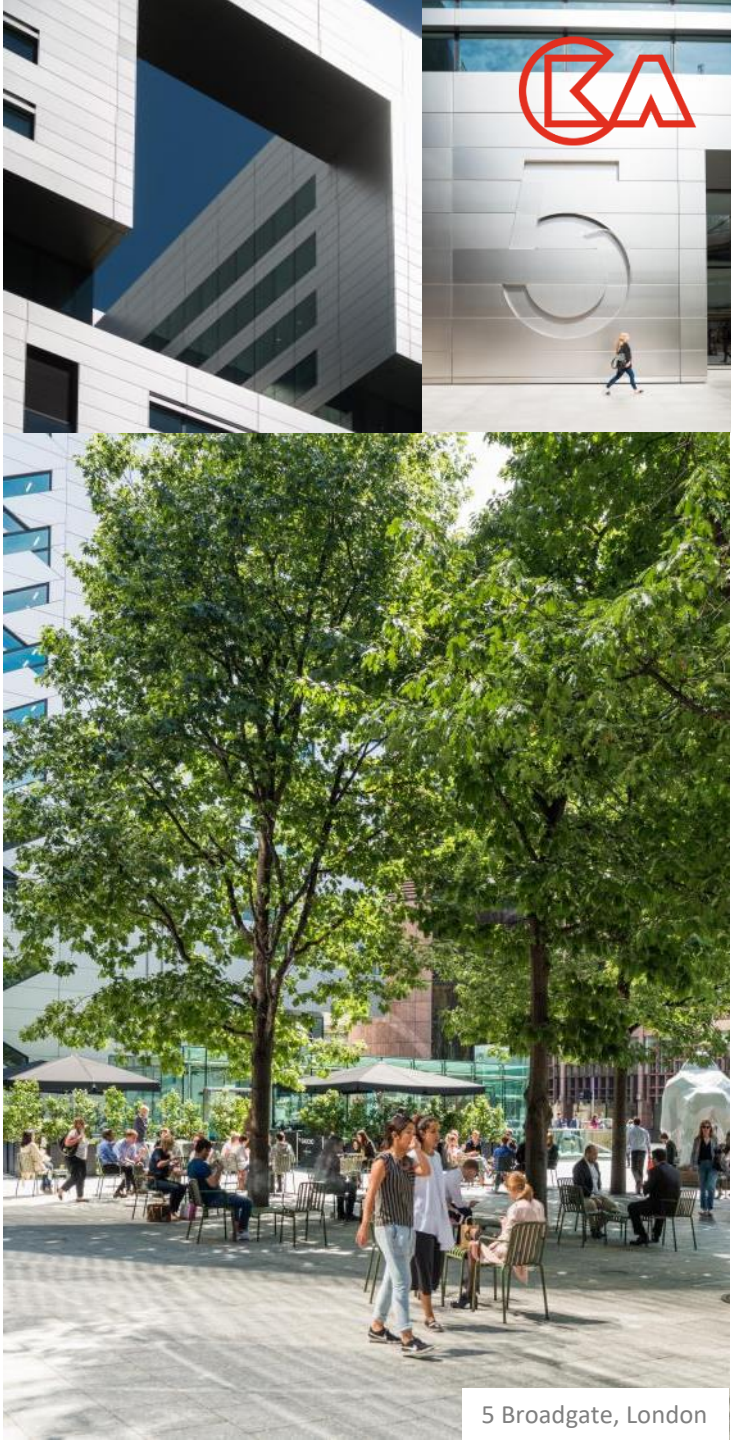


# Property Rental

5 Broadgate, London

# Property Rental

| HK\$ Million        | 2018  | 2017  | Change |
|---------------------|-------|-------|--------|
| Revenue             | 7,635 | 7,830 | -2%    |
| Profit contribution | 6,930 | 7,130 | -3%    |
| Margin              | 90.8% | 91.1% |        |



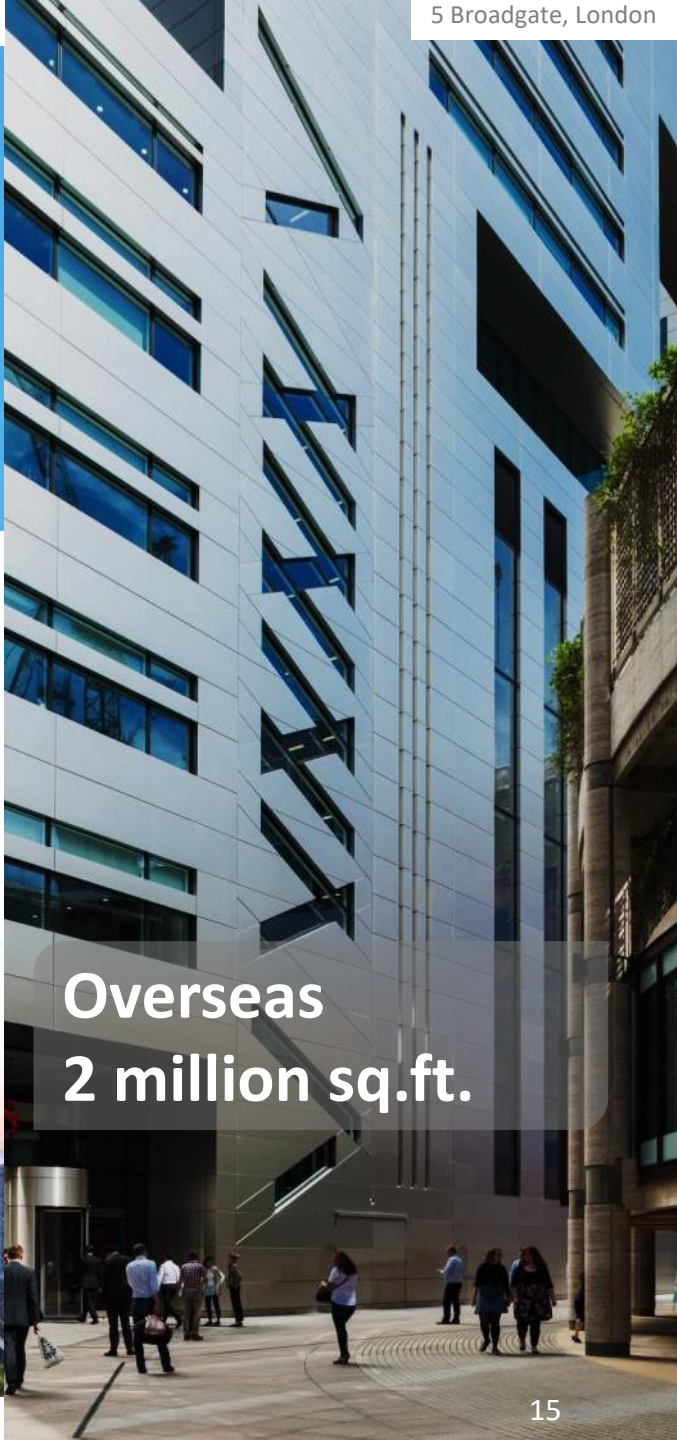


Hong Kong  
13 million sq.ft.

**17 million sq.ft. of investment properties**



The Mainland  
2 million sq.ft.



Overseas  
2 million sq.ft.

## Increase in fair value of investment properties held by:

- Subsidiaries: HK\$3,993 million
- Joint ventures: HK\$18 million

4% - 8% cap rate

# Property Rental

## *Disposal of investment property*



**Multi-tenant Grade A commercial development completed in 1998**

**HK\$40.2 billion transaction completed in May 2018**

**Recognised gain of HK\$11.6 billion**



The Center, Hong Kong



## Hotel and Serviced Suite Operation



# Hotel and Serviced Suite Operation



| HK\$ Million        | 2018  | 2017  | Change |
|---------------------|-------|-------|--------|
| Revenue             | 5,152 | 4,798 | +7%    |
| Profit contribution | 1,924 | 1,572 | +22%   |
| Margin              | 37.3% | 32.8% |        |



# Hotel and Serviced Suite Operation



| HK\$ Million | Profit Contribution <sup>(1)</sup> |              |
|--------------|------------------------------------|--------------|
|              | 2018                               | 2017         |
| Hong Kong    | 1,978                              | 1,745        |
| The Mainland | (21)                               | (71)         |
| Overseas     | (33)                               | (102)        |
| <b>Total</b> | <b>1,924</b>                       | <b>1,572</b> |

Note:

(1) Profit Contribution for 2018 refers to pre-tax contribution from the hotel and serviced suite division after depreciation charge of HK\$393 million on properties and absorption of overhead expenses.



# Hotel and Serviced Suite Operation



**18 hotels and serviced suites  
(including hotel development and extension projects)**



**Approximately 15,000 rooms and serviced suites**



**90.1% average occupancy rate for 2018**



**HK\$675 million of recognised profit from the sale of  
Bahamas Grand Lucayan**



# Property and Project Management



*Le Point, Tiu Keng Leng, Hong Kong*

| HK\$ Million        | 2018  | 2017  | Change |
|---------------------|-------|-------|--------|
| Revenue             | 884   | 626   | +41%   |
| Profit contribution | 371   | 275   | +35%   |
| Margin              | 42.0% | 43.9% |        |



1881 HERITAGE, Hong Kong



## Aircraft Leasing



# Aircraft Leasing



| HK\$ Million        | 2018                 | 2017  | Change |
|---------------------|----------------------|-------|--------|
| Revenue             | 2,949                | 2,192 | +35%   |
| Profit contribution | 1,276 <sup>(1)</sup> | 984   | +30%   |
| Margin              | 43.3%                | 44.9% |        |

Note:

(1) Profit Contribution for 2018 refers to pre-tax contribution from the aircraft leasing business after depreciation charge of HK\$1,456 million on aircraft and absorption of overhead expenses.



# Aircraft Leasing



| HK\$ Million                | Profit Contribution |      |
|-----------------------------|---------------------|------|
| Lessee's Place of Operation | 2018                | 2017 |
| Asia                        | 518                 | 373  |
| Europe                      | 300                 | 256  |
| North America               | 302                 | 224  |
| Latin America               | 156                 | 131  |
| Total                       | 1,276               | 984  |



# Aircraft Leasing



**125 Aircraft**  
(120 narrow body; 5 wide body)

**Average age 5.7 years**

**Average remaining lease term**  
**5.1 years**





## Infrastructure and Utility Asset Operation



# Infrastructure and Utility Asset Operation



|                                | CK William JV<br>40% JV<br><br>(DUET Group)<br>HK\$ Million | CKP (Canada) JV<br>75% JV<br><br>(Reliance Group)<br>HK\$ Million | Sarvana JV<br>65% JV<br><br>(ista Group)<br>HK\$ Million | Economic<br>Benefits of<br>Infrastructure<br>Businesses<br>HK\$ Million | 2018<br>Total<br><br>HK\$ Million |
|--------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------------|
| <b>Revenue</b>                 | <b>4,355</b>                                                | <b>3,376</b>                                                      | <b>5,363</b>                                             | <b>-</b>                                                                | <b>13,094</b>                     |
| <b>Profit<br/>contribution</b> | <b>1,605</b>                                                | <b>1,021</b>                                                      | <b>1,299</b>                                             | <b>109</b>                                                              | <b>4,034</b>                      |
| <b>Margin</b>                  | <b>36.9%</b>                                                | <b>30.2%</b>                                                      | <b>24.2%</b>                                             | <b>-</b>                                                                | <b>N/A</b>                        |

Note:

(1) Profit Contribution refers to contribution from principal activities after depreciation, but before interest costs and tax.



# Interests in Real Estate Investment Trusts

***HK\$903 million<sup>(1)</sup> total distribution received***



| HK\$ Million                                                      | 2018 | 2017 |
|-------------------------------------------------------------------|------|------|
| Share of profit of Hui Xian REIT                                  | 218  | 549  |
| Cash distributions received from Fortune REIT and Prosperity REIT | 320  | 312  |
|                                                                   | 538  | 861  |

|                                          | Hui Xian REIT       | Fortune REIT       | Prosperity REIT    |
|------------------------------------------|---------------------|--------------------|--------------------|
| Equity Interest as of 31 Dec 2018        | 32.4%               | 27.3%              | 18.5%              |
| Asset under management (Million sq. ft.) | 11.8 <sup>(2)</sup> | 3.0 <sup>(2)</sup> | 1.3 <sup>(2)</sup> |

Note:

- (1) HK\$583 million of distribution was received from Hui Xian REIT. Cash distributions received from Fortune REIT and Prosperity REIT totaled HK\$320 million.
- (2) Based on latest public announcements.
- (3) Fair value change was recorded under "Gain on financial instruments".

# Gearing and Maturity Profile



| Bank and Other Borrowings with Maturities | HK\$ Billion |
|-------------------------------------------|--------------|
| Within one year                           | 1.8          |
| Within two to five years                  | 61.0         |
| Beyond five years                         | 6.7          |
| <b>Total</b>                              | <b>69.5</b>  |
| <b>Bank balances and deposits</b>         | <b>56.7</b>  |
| <b>Net debt</b>                           | <b>12.8</b>  |

**3.9% Net Debt to Shareholders' Funds**

**3.6% Net Debt to Net Total Capital**

**Corporate Ratings:**  
**Moody's: A2 (Stable)**  
**S&P: A (Stable)**

# Landbank Summary

***Total landbank of 130 million sq.ft.***



|                              | Hong Kong<br>Million sq.ft. | The Mainland<br>Million sq.ft. | Overseas<br>Million sq.ft. | Total <sup>(1)(2)(3)</sup><br>Million sq.ft. |
|------------------------------|-----------------------------|--------------------------------|----------------------------|----------------------------------------------|
| Properties under Development | 4                           | 96                             | 4                          | 104                                          |
| Investment Properties        | 13                          | 2                              | 2                          | 17                                           |
| Hotels and Serviced Suites   | 8                           | 1                              | -                          | 9                                            |
| <b>Total</b>                 | <b>25</b>                   | <b>99</b>                      | <b>6</b>                   | <b>130</b>                                   |

Note:

- (1) Properties under development excludes 2.3 million sq.ft. of completed projects, namely Ocean Pride, Ocean Supreme, My Central and Borrett Road Phase 1.
- (2) Excludes a total of approximately 16.1 million sq.ft. assets under management by Hui Xian REIT, Fortune REIT and Prosperity REIT based on latest public announcements.
- (3) Total landbank excludes agricultural land and projects under planning but includes developers' interests in joint development projects.

# Landbank Summary

## *Major Property Acquisition in Hong Kong*



| Date           | Project Location                                              | Approximate<br>Developable<br>Gross Floor Area<br>(sq.ft.) | Group's Interest |
|----------------|---------------------------------------------------------------|------------------------------------------------------------|------------------|
| August 2018    | A.I.L No. 467, Site C,<br>Wong Chuk Hang<br>Station Package 3 | 1,505,870                                                  | 100%             |
| September 2018 | T.M.T.L No. 463,<br>Siu Sau, Tuen Mun                         | 347,028                                                    | Joint Venture    |



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Thank you

