



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 Interim Results

2 August 2018



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Potential Investors and Shareholders should exercise caution when investing in or dealing in the securities of the Company.

2018 Interim Results Highlights

69% increase in Earnings per share



HK\$ Million	2018	2017
Revenue	24,118	29,863
Profit before investment property (“IP”) revaluation and disposal	12,068	10,045
IP revaluation ⁽¹⁾	926	4,930
IP disposal ⁽¹⁾	11,759	-
Profit attributable to shareholders	24,753	14,975

Earnings per share

HK\$ 6.69 (**↑69%**)

Earnings per share
before IP revaluation
and disposal

HK\$ 3.26 (**↑22%**)

Net book value per share

HK\$ 84.45

Dividend per share

Interim: HK\$ 0.47

(**↑12%**)

Note:

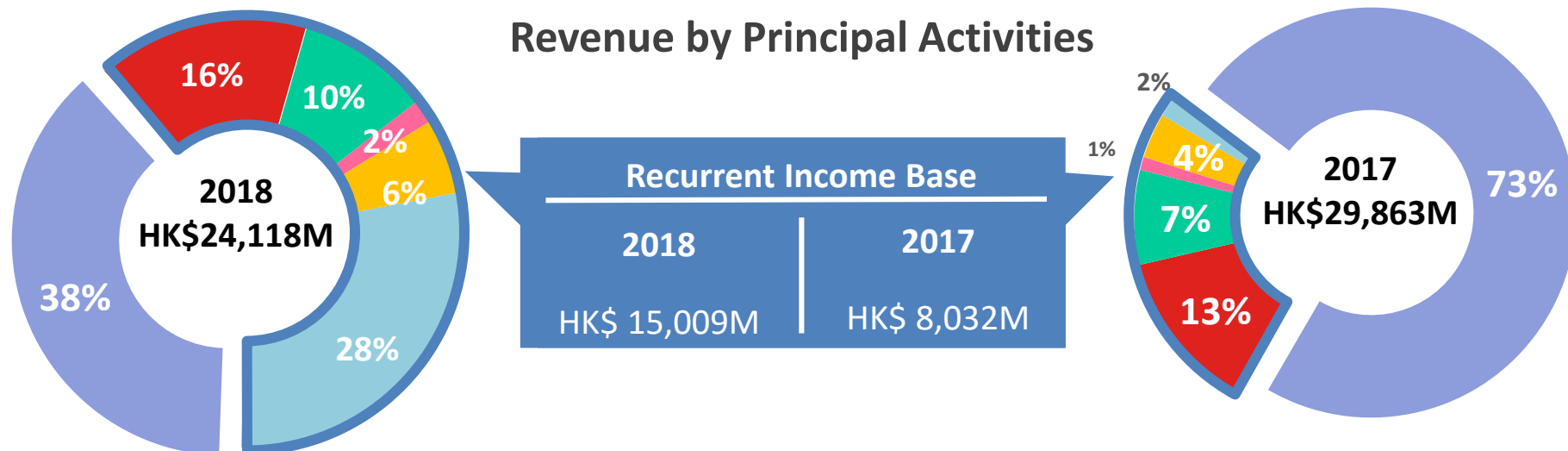
(1) After tax and non-controlling interests.

Principal Activities Analysis

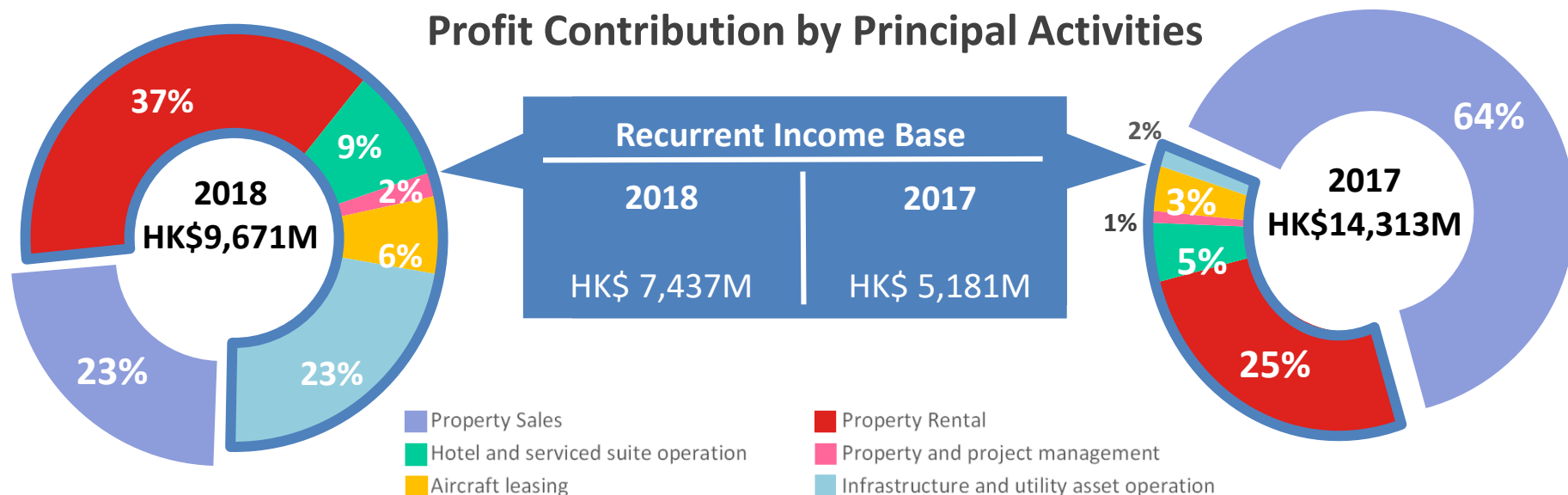
44% increase in recurrent profit contribution



Revenue by Principal Activities



Profit Contribution by Principal Activities



Note:

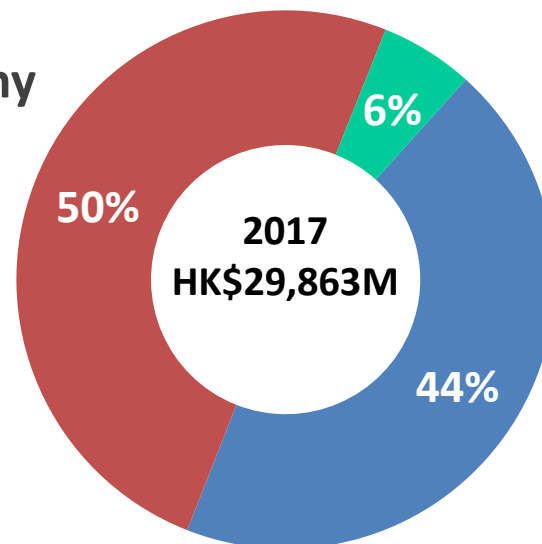
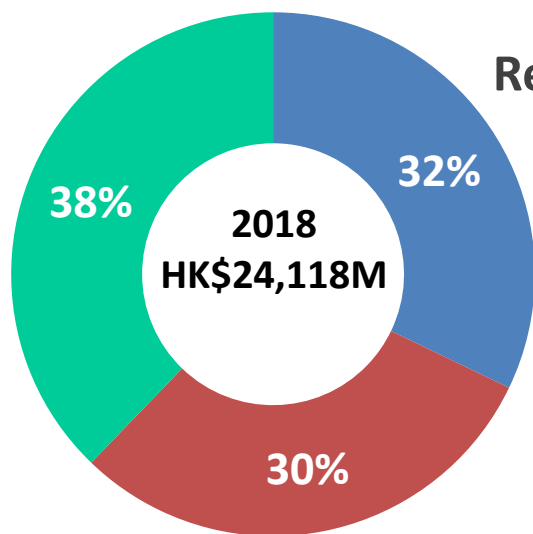
(1) Profit Contribution refers to contribution from principal activities after depreciation and absorption of overhead expenses, but before interest costs and tax.

Principal Activities Analysis

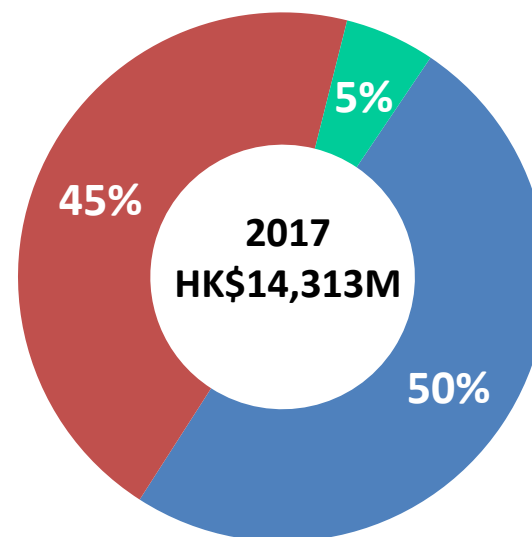
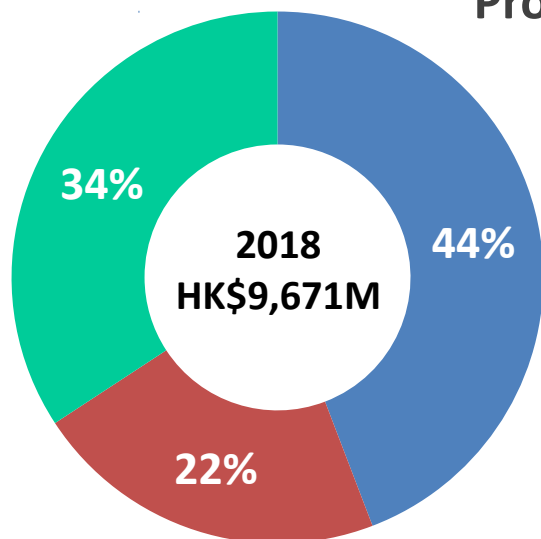
Optimising geographical diversification



Revenue by Geography



Profit Contribution by Geography



■ 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.

Property Sales

Modest 1H margin due to scheduled completion and recognition in 2H



HK\$ Million	2018	2017	Change
Revenue	9,109	21,831	↓ 58%
Profit contribution	2,234	9,132	↓ 76%
Margin	24.5%	41.8%	

Revenue and Profit Contribution by Geography

HK\$ Million	Revenue		Profit Contribution & Margin			
	2018	2017	2018		2017	
Hong Kong	1,972	7,535	210	10.6%	3,018	40.1%
The Mainland	6,417	14,292	1,644	25.6%	6,136	42.9%
Overseas	720	4	380	52.8%	(22)	N/A



The Zumurud



The Harbourfront (Qingdao)



Chelsea Waterfront (the United Kingdom)

Property Sales

HK\$ 78,400M contracted sales not yet recognised



HK\$57,726M

Hong Kong

HK\$17,709M

The Mainland

HK\$2,965M

Overseas

Total HK\$78,400M



Disposal of a property development joint venture



Century Link, Shanghai

**Disposal of the Group's 50% interest
was completed in January 2018**

**Sold for RMB20 billion
(approximately HK\$23 billion), RMB
10 billion (approximately HK\$ 11.5
billion) attributable to CKA**

**Disposal gain of HK\$6,989 million
(attributable to CKA)**



Property Rental

Consistently achieving over 90% contribution margin



HK\$ Million	2018	2017	Change
Revenue	3,880	3,889	-
Profit contribution	3,584	3,594	-
Margin	92.4%	92.4%	



**13 million
sq.ft.**

Hong Kong

**2 million
sq.ft.**

The Mainland

**2 million
sq.ft.**

Overseas

17 million sq.ft. of investment properties



HK\$ 832 million

Increase in fair value of investment
properties held by subsidiaries

HK\$ 9 million

Increase in fair value of investment
properties held by joint-ventures

4% - 8% cap rate



Property Rental

Disposal of investment property



The Center

**Multi-tenant Grade A office building
completed in 1998**

Disposal completed in May 2018

Sold for HK\$ 40.2 billion

Disposal gain of HK\$11.6 billion

Property Rental

Acquisition of investment property

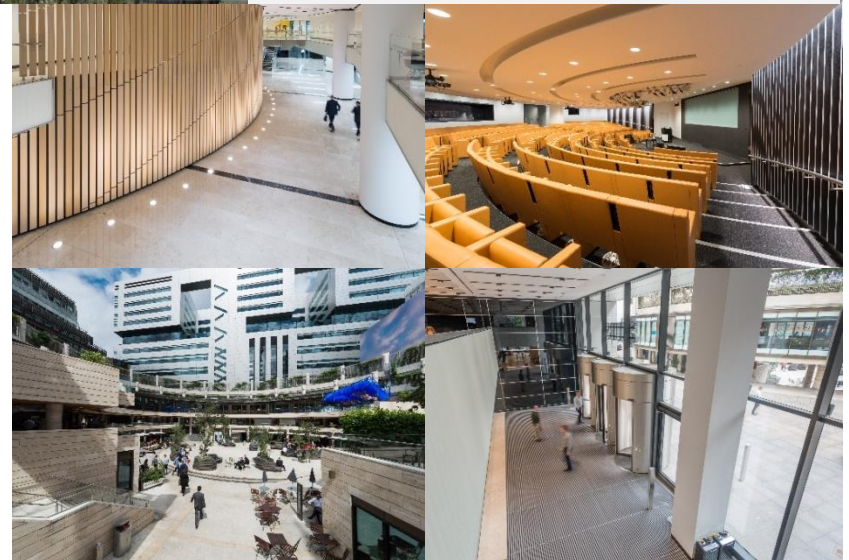


Completed in 2015, this office building is leased to UBS as its UK headquarters until 2035

5 Broadgate, London

Acquisition completed in June 2018

Purchase consideration of £ 1 billion



Hotel and Serviced Suite Operation

27% Increase in profit contribution



HK\$ Million	2018	2017	Change
Revenue	2,425	2,228	↑ 9%
Profit contribution	870 ⁽¹⁾	685	↑ 27%
Margin	35.9%	30.7%	

Profit Contribution by Geography

HK\$ Million	Profit Contribution ⁽¹⁾	
	2018	2017
Hong Kong	903	765
The Mainland	(14)	(30)
Overseas	(19)	(50)
Total	870	685

20 Hotels and serviced suites in HK, the Mainland and Overseas (including hotel development and extension projects)

> 16,000 rooms and serviced suites

88.8% average occupancy rate

Note:

(1) Profit Contribution for 2018 refers to pre-tax contribution from the hotel and serviced suite division after depreciation charge of HK\$195 million on properties and absorption of overhead expenses.

Property and Project Management

274 million of sq.ft. under management, 69% contribution from Hong Kong



HK\$ Million	2018	2017	Change
Revenue	431	309	↑ 39%
Profit contribution	182	138	↑ 32%
Margin	42.2%	44.7%	



Aircraft Leasing

Steady contribution from a growing division



HK\$ Million	2018	2017	Change
Revenue	1,385	1,057	↑ 31%
Profit contribution	596 ⁽¹⁾	517	↑ 15%
Margin	43.0%	48.9% ⁽²⁾	

Profit Contribution based on Lessee's Place of Operation

HK\$ Million	Profit Contribution	
	2018	2017
Asia	234	185
Europe	136	154
North America	149	111
Latin America	77	67
Total	596	517

121 Aircraft
(116 narrow body; 5 wide body)

Average age 5.4 years

Average remaining lease term
5.3 years

Note:

(1) Profit Contribution for 2018 refers to pre-tax contribution from the aircraft leasing business after depreciation charge of HK\$690 million on aircraft and absorption of overhead expenses.

(2) Profit Contribution margin would have been 43.3% if the gain on disposal of aircraft held under joint-venture was excluded.

Infrastructure and Utility Asset Operation

Full six-month results with over HK\$2 billion profit contribution



	DUET Group 40% JV HK\$ Million	Reliance Group 75% JV HK\$ Million	ista Group 65% JV HK\$ Million	2018 Total HK\$ Million
Revenue	2,267	1,680	2,941	6,888
Profit contribution	864	470	871	2,205
Margin	38.1%	28.0%	29.6%	32.0%



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\$444 million⁽¹⁾ total distribution received



HK\$ Million	2018	2017
Share of profit of Hui Xian REIT	197	240
Cash distributions received from Fortune REIT and Prosperity REIT	157	153
	354	393
Fair value change of investment in Fortune REIT and Prosperity REIT ⁽²⁾	(268)	503
Contribution	86	896

	Hui Xian REIT	Fortune REIT	Prosperity REIT
	Investment in hotels and serviced suites, office and retail properties on the Mainland	Investment in retail properties in Hong Kong	Investment in office, retail and industrial properties in Hong Kong
Equity Interest as of 30 Jun 2018	32.5%	27.4%	18.6%
Asset under management (Million sq. ft.)	11.8 ⁽³⁾	3.0 ⁽³⁾	1.3 ⁽³⁾

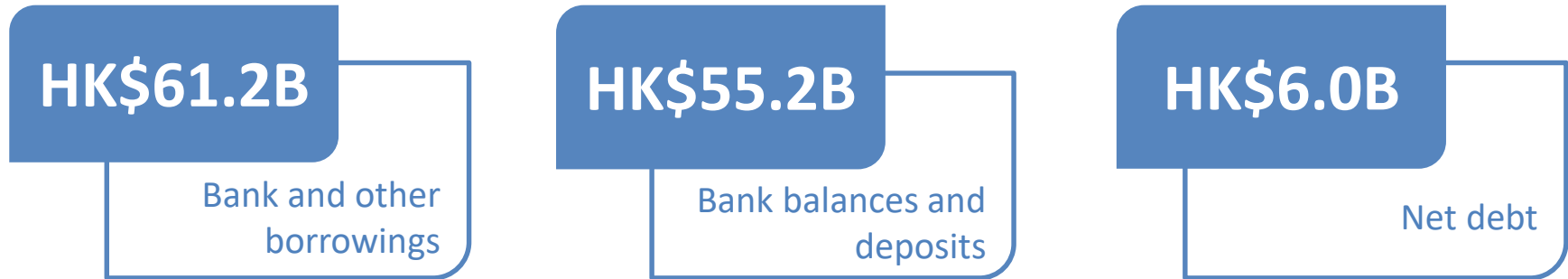
Note:

(1) HK\$287 million of distribution was received from Hui Xian REIT. Cash distributions received from Fortune REIT and Prosperity REIT totaled HK\$157 million.

(2) Fair value change was recorded per IFRS 9 requirements.

(3) Based on latest public announcements.

Gearing and Maturity Profile



Bank and Other Borrowings with Maturities

	HK\$ Billion
Within one year	1.9
Within two to five years	54.6
Beyond five years	4.7
TOTAL	61.2

1.9% Net Debt to Shareholders' Funds

1.8% Net Debt to Net Total Capital

Corporate Ratings:

Moody's: A2 (Stable)

S&P: A (Stable)

Landbank Summary

Total landbank of 142 million sq.ft.



	Hong Kong Million sq.ft.	The Mainland Million sq.ft.	Overseas Million sq.ft.	Total ⁽¹⁾⁽²⁾ Million sq.ft.
Properties under Development	5	106	4	115
Investment Properties	13	2	2	17
Hotels and Serviced Suites	8	1	1	10
Total	26	109	7	142⁽¹⁾⁽²⁾



Note:

- (1) Excludes a total of 16.1 million sq.ft. assets under management by Hui Xian REIT, Fortune REIT and Prosperity REIT based on latest public announcements.
- (2) Total landbank excludes agricultural land, projects under planning, and completed properties but includes developers' interests in joint development projects.



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Thank you

