



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)

2021 Annual Results

17 March 2022



Disclaimer



Potential investors and shareholders of the Company (the “Potential Investors and Shareholders”) are reminded that information contained in this Presentation comprises extracts of operational data and financial information of the Group. The information included is solely for the use in this Presentation and certain information has not been independently verified. No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions presented or contained in this Presentation. Potential Investors and Shareholders should refer to the 2021 Annual Results of the Company which are published in accordance with the listing rules of the Stock Exchange of Hong Kong Limited.

The performance and the results of operations of the Group contained within this Presentation are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Presentation are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Presentation; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

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

2021 Annual Results Highlights

HK\$21,241 million of reported earnings



HK\$ Million	2021	2020	Change
Revenue	83,241	71,332	+17%
Profit attributable to shareholders	21,241	16,332	+30%
<i>Earnings per share (HK\$ / share)</i>	5.77	4.42	+31%

Note:

- (1) 2021 EPS is based on profit attributable to shareholders and on the weighted average of 3,677,489,596 shares in issue during the year.
- (2) Number of shares in issue as of 31 December 2021 was 3,643,583,833.
- (3) Revenue consists of continuing operations only, excluding aircraft leasing.

2021 Annual Results Highlights

22% increase in DPS



Dividend per share

Interim: HK\$0.41
Final: HK\$1.79
Full Year: HK\$2.20

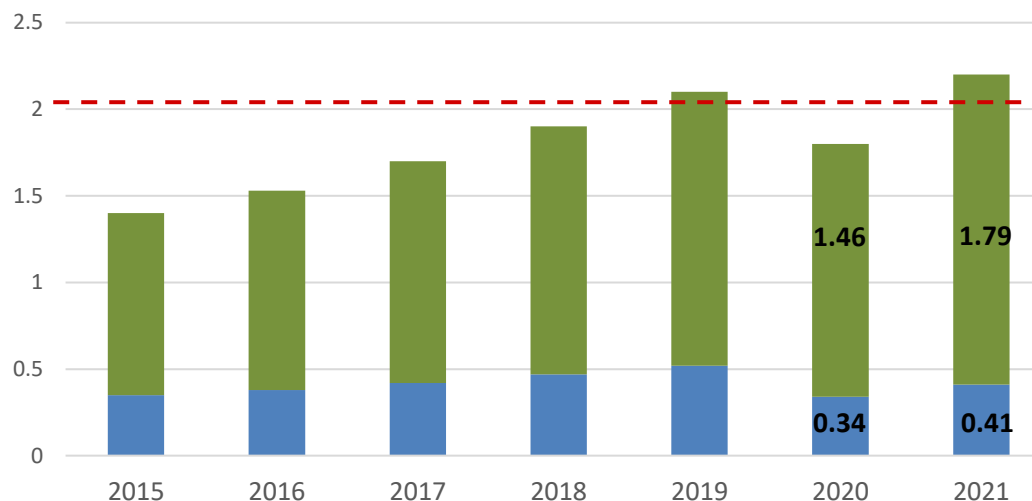
+22.2%

**Net book value
per share⁽¹⁾**

HK\$101.89

+6.1%

DPS (HK\$ / share)



**Guaranteed dividend ⁽²⁾
of HK\$2.08/share for
FY21**

Note:

(1) Based on 3,643,583,833 shares in issue on 31 Dec 2021.

■ Interim ■ Final

(2) Based on the sum of (a) the total amount paid by the Company in dividends in respect of the financial year ended 31 December 2020 (HK\$6,648m) and (b) the 2021 cash distributions received (HK\$940m) from the acquired companies pursuant to the acquisition of minority interests in four infrastructure companies from the Li Ka Shing Foundation in May 2021.

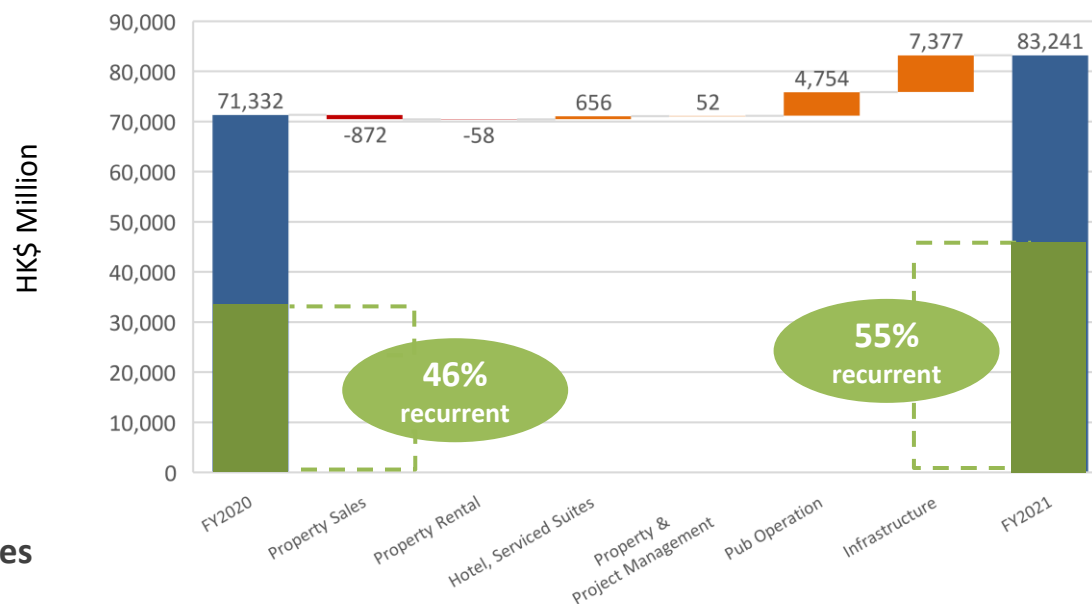
Principal Activities Analysis

42% of our profit contribution is recurrent in nature



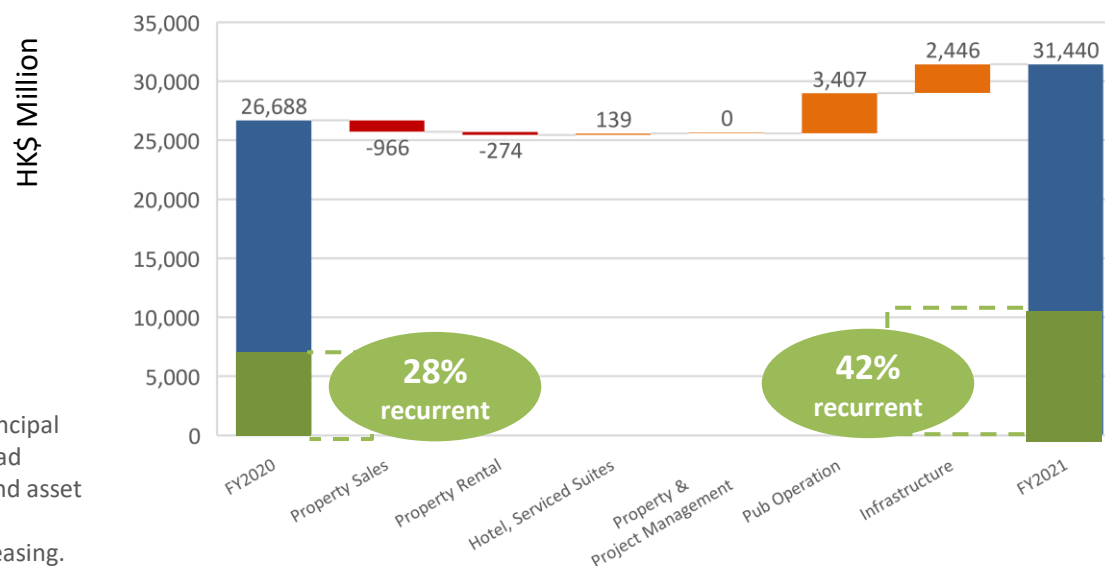
Revenue by Principal Activities

Recurrent Revenue	
FY2021	FY2020
HK\$45,443M	HK\$32,662M



Profit Contribution by Principal Activities

Recurrent Profit Contribution	
FY2021	FY2020
HK\$13,294M	HK\$7,576M



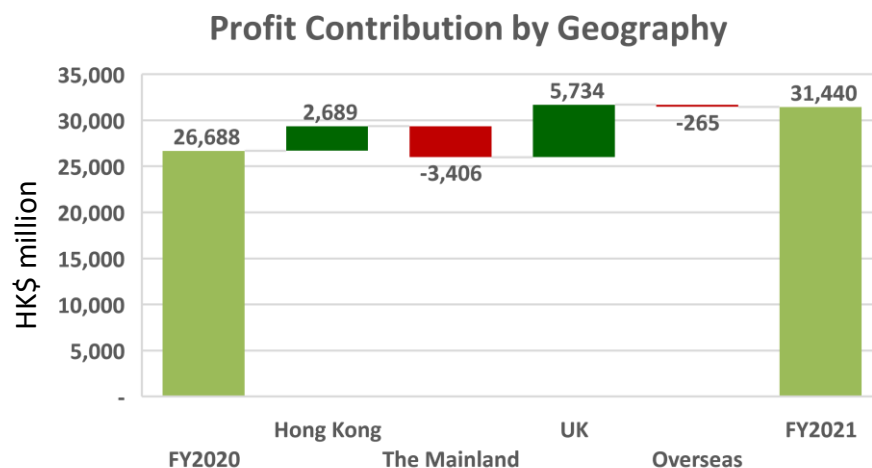
Note:

- (1) Profit Contribution refers to contribution from principal activities after depreciation, absorption of overhead expenses, and exceptionals including provisions and asset impairment but before interest costs and tax.
- (2) Excludes revenue and contribution from aircraft leasing.

2021 Final Results Highlights



38% contribution from HK, 37% from the Mainland, 25% from UK and Overseas



HK\$ Million	2021
	Profit Contribution
Hong Kong	12,085
The Mainland	11,687
UK	3,352
Others	4,316
Total	31,440

Note:

- (1) Profit Contribution refers to contribution from principal activities after depreciation, absorption of overhead expenses and exceptions including provisions and asset impairment, but before interest costs and tax.
- (2) Excludes contribution from aircraft leasing.

Property Sales



Property Sales



HK\$ Million	2021	2020	Change
Revenue	37,798	38,670	-2%
Profit contribution	18,146	19,112	-5%
Margin	48.0%	49.4%	



Property Sales



HK\$ Million	Revenue		Profit Contribution & Margin			
	2021	2020	2021		2020	
Hong Kong	15,724	8,941	6,995	44.5%	3,880	43.4%
The Mainland	21,722	27,114	11,141	51.3%	14,626	53.9%
Overseas	352	2,615	10	2.8%	606	23.2%



HK\$29,536M contracted sales not yet recognized

- About HK\$25,172 million scheduled for recognition in 2022



Hong Kong
HK\$19,323M



The Mainland
HK\$10,018M



Overseas
HK\$195M



Property Rental

Cheung Kong Center, Hong Kong

Property Rental

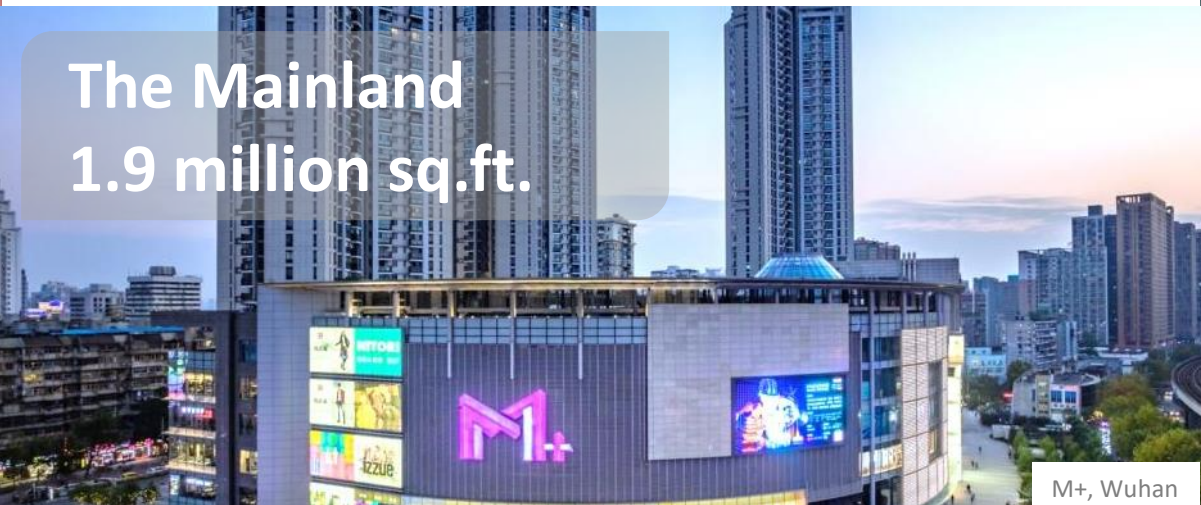
HK\$ Million	2021	2020	Change
Revenue	6,693	6,751	-1%
Profit contribution	5,661	5,935	-5%
Margin	84.6%	87.9%	





Hong Kong
13.0 million sq.ft.

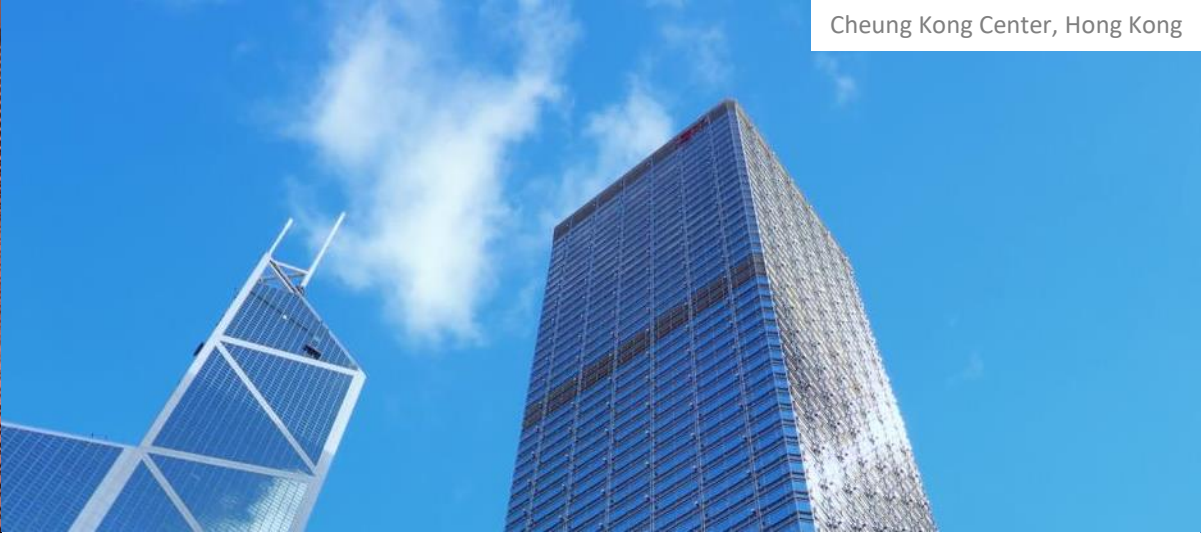
17.6 million sq.ft. of investment properties



The Mainland
1.9 million sq.ft.



Overseas
2.7 million sq.ft.



**Increase in fair value of investment
properties of HK\$1,513 million**



4% - 8% cap rate



Hotel and Serviced Suite Operation

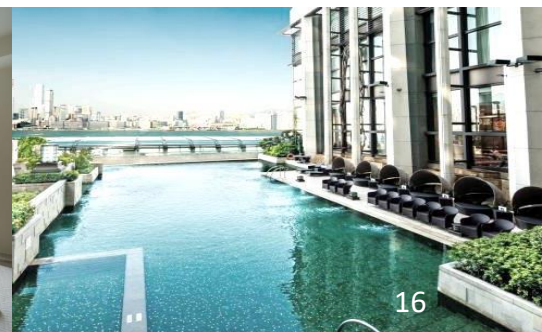
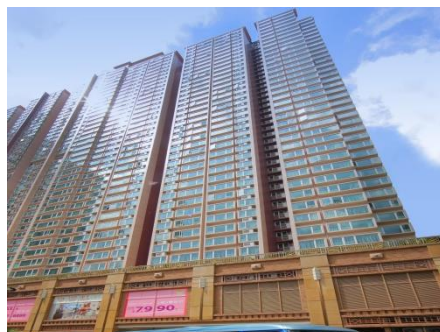


Hotel and Serviced Suite Operation

Hotel operation continued to be impacted by the pandemic



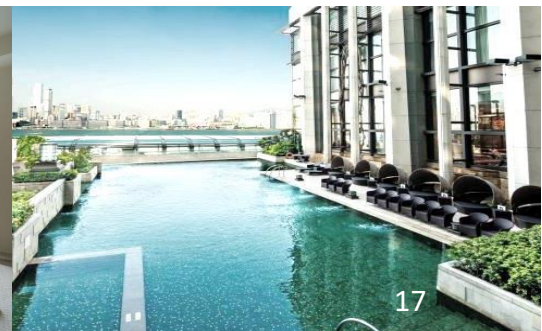
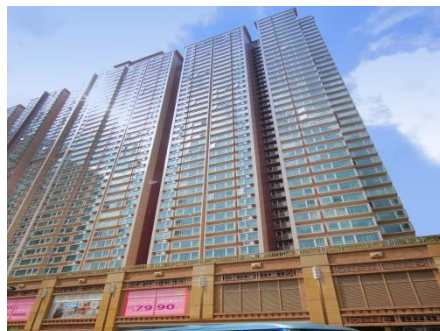
HK\$ Million	2021	2020	Change
Revenue	2,711	2,055	+32%
Profit contribution	399	260	+53%
Margin	14.7%	12.6%	



Hotel and Serviced Suite Operation



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



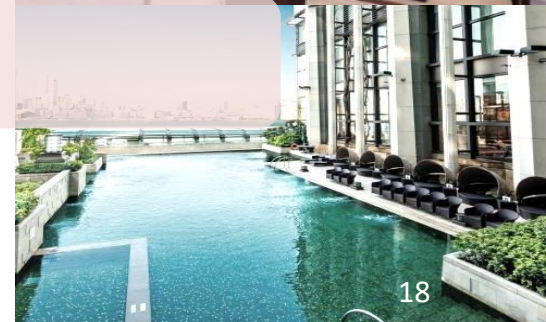
Hotel and Serviced Suite Operation

Serviced suite operation managed to protect its occupancy

Approximately 15,000 rooms and serviced suites

37% Average hotel room occupancy rate

93% Average serviced suites occupancy rate



Property and Project Management



HK\$ Million	2021	2020	Change
Revenue	888	836	+6%
Profit contribution	355	355	-
Margin	40.0%	42.4%	



1881 HERITAGE, Hong Kong



Aircraft Leasing



Aircraft Leasing



Respectable margin despite impact of pandemic

HK\$ Million	2021	2020	Change
Revenue	2,534	2,820	-10%
Profit contribution	887	1,119 ⁽¹⁾	-21%
Margin	35.0%	39.7%	

Note:

(1) Profit Contribution for 2020 includes a gain of HK\$201 million on disposal of aircraft.

Disposal of the Group's investment in aircraft leasing is expected to be completed in the first half of 2022, subject to the fulfilment of certain terms and conditions.



Aircraft Leasing



HK\$ Million	Profit Contribution	
Lessee's Place of Operation	2021	2020
Asia	164	388
Europe	198	266
North America	436	471
Latin America	89	(6)
Total	887	1,119





Pub Operation



Pub Operation



A leading integrated brewer and pub retailer operating about 2,700 pubs restaurants and hotels across England, Wales and Scotland



Pub Operation

Improved operating conditions in 2H21 with lifting of restrictions

	Pub Company HK\$ Million	Pub Partners HK\$ Million	Brewing & Brands HK\$ Million	2021 Total HK\$ Million	2020 Total HK\$ Million	Change
Revenue	11,486	1,167	1,631	14,284	9,530	+50%
Profit contribution	(350)	363	(68)	(55) ⁽¹⁾	(3,462)	+98%
Margin	-3.0%	31.1%	-4.2%	-0.4%	-36.3%	

Note:

(1) Included fixed asset impairment of HK\$144m.

(2) The above does not include goodwill impairment of HK\$2,005m which was determined based on the assessment at the year end date.





Infrastructure and Utility Asset Operation



Infrastructure and Utility Asset Operation



The acquisition of minority shareholding interests in four infrastructure companies from the Li Ka Shing Foundation was completed in May 2021.



AVR.



Infrastructure and Utility Asset Operation



	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 energy-from-waste company in the Netherlands	24%
Wales & West Utilities JV	A gas distributor that serves Wales and the South West of England	22%

Infrastructure and Utility Asset Operation

Significant increase in income from infrastructure and utility assets



	Revenue (HK\$ Million)	Profit Contribution (HK\$ Million)	Margin
CK William JV (DUET Group)	4,181	1,332	31.9%
CKP (Canada) JV (Reliance Group)	4,217	1,379	32.7%
Sarvana JV (ista Group)	5,820	1,338	23.0%
UK Power Networks JV	2,757	1,530	55.5%
Northumbrian Water JV	2,581	617	23.9%
Dutch Enviro Energy JV	554	78	14.1%
Wales & West Utilities JV	757	255	33.7%
Others	-	405	-
2021 Total	20,867	6,934	33.2%
2020 Total	13,490	4,488	
<i>Change</i>	<i>+55%</i>	<i>+55%</i>	

Interests in Real Estate Investment Trusts

HK\$621 million⁽¹⁾ total distribution received



HK\$ Million	2021	2020
Share of profit of Hui Xian REIT	288	189
Cash distributions received from Fortune REIT and Prosperity REIT	310	300
	598	489

	Hui Xian REIT	Fortune REIT	Prosperity REIT
Interest as of 31 December 2021	32.7%	26.7%	18.3%
Asset under management (Million sq.ft.)	11.8 ⁽²⁾	3.0 ⁽²⁾	1.3 ⁽²⁾

Note:

(1) HK\$311 million of distribution was received from Hui Xian REIT. Cash distributions received from Fortune REIT and Prosperity REIT totaled HK\$310 million.

(2) Based on latest public announcements.

(3) Fair value change was recorded under "Change in fair values: real estate investment trusts".

Gearing and Maturity Profile



Bank and other borrowings with maturities	HK\$ Billion
Within one year	28.8
Within two to five years	52.1
Beyond five years	15.6
Total	96.5
Bank balances and deposits	63.4
Net debt	33.1

8.9% Net Debt to Shareholders' Funds

7.9% Net Debt to Net Total Capital

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

Landbank Summary

Total landbank of 125 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	4	65	4	73
Investment Properties	13	1	3	17
Hotels and Serviced Suites	8	1	-	9
Pub Properties	-	-	26	26
Total	25	67	33	125

Note:

(1) 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.

(2) Total landbank excludes agricultural land and projects under planning but includes developers' interests in joint development projects.

Landbank Summary

Major Property Acquisitions in Hong Kong



Date	Project Location	Approximate Developable Gross Floor Area (sq.ft.)	Group's Interest
February 2021	Kai Tak Area 4E, Site 2, Kai Tak, Kowloon (New Kowloon Inland Lot No. 6604)	648,137	100%
May 2021	Lot No. 2206 in D.D. 109, Kam Tai Road, Kam Tin, Yuen Long	137,584	100%
August 2021	Lot No. 1677 in D.D. 115, Yuen Long	78,574	100%
March 2022	Combined development of projects located at Hung Fook Street, Kai Ming Street and Wing Kwong Street, To Kwa Wan	526,807	100%

Climate Change Target Setting

In support of the global governments' efforts to combat climate change, the board-level Sustainability Committee has committed to group level environmental targets to reach by 2030 - **to reduce electricity consumption by 11%, water consumption by 5%, waste by 11% and carbon emissions by 9%.**

Green Buildings

The Group's property develop "Ocean Pride Development" and "My Central", received the BEAM Plus Final Gold rating for its successful implementation of green buildings. 26 existing properties also received "Good" or "Excellent ratings under BEAM Plus Existing Building Version 2.0 Selective Scheme.

Green Financing

In 2021, the Group's aggregate amount of **sustainability-linked loans** with financial institutions reached **HK\$5.5 billion**. These have been tailored with specific emissions KPIs as incentives for obtaining financial benefits. The sustainability-linked loans mark a milestone in CKA's sustainability journey.

Property Development

Upcoming and completed property development projects to receive BEAM Plus green building certificates:

- *Platinum* - City Point & Trinity Towers
- *Gold* – Ocean Pride, My Central, Sea to Sky, Seaside Sonata

Hotel and Serviced Suite Operation

Mixed plastic and soap recycling programme in 2021 to collect, sanitise and recycle minimally used soaps and bathroom amenities to distribute underprivileged families and schools in disadvantaged communities.

Property Management

Cheung Kong Center and The Harbourfront received “Excellent Class” Indoor Air Quality Certification. Solar panels installed at the rooftop of Laguna City & Plaza reduce 242,838 kg of CO2 emissions. More will be installed in hotels and managed properties.

Aircraft Leasing

Investment in new technology, fuel efficient aircraft and lease to our airline customers

Pub Operation

Greene King won the Judges’ Choice Talent Acquisition Team of the Year Award in the TALiNT International Annual Recruitment Awards 2021, and the prize for best diversity and inclusion initiative in the CorpComms Awards 2021

Infrastructure

Clear emission and carbon footprint target setting by UK Power Networks, Wales & West Utilities

AVR was the first European energy-from-waste company capable of large-scale CO₂ capture and delivery



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Thank you

