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)

INTERIM RESULTS FOR 2018

HIGHLIGHTS

	Six months ended 30 June		
	2018	2017[Note 2]	Change
	HK$ Million	HK$ Million	
Revenue [Note 1]	**24,118**	29,863	
Profit before investment property ("IP") revaluation and disposal	**12,068**	10,045	
IP revaluation (after tax and non-controlling interests)	**926**	4,930	
IP disposal (after tax and non-controlling interests)	**11,759**	-	
Profit attributable to shareholders	**24,753**	14,975	
Earnings per share - profit before IP revaluation and disposal	**HK$3.26**	HK$2.67	+22%
- profit attributable to shareholders	**HK$6.69**	HK$3.97	+69%
Interim dividend per share	**HK$0.47**	HK$0.42	+12%

Note 1: Revenue includes the Group's revenue of HK$16,788 million and the Group's share of revenue of joint ventures of HK$7,330 million.
Note 2: 2017 comparative figures have been restated to incorporate the changes required as a result of the adoption of IFRS 9 "Financial Instruments" in the preparation of 2017 annual financial statements.

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2018 amounted to HK$24,753 million. Earnings per share were HK$6.69, an increase of 69% as compared to the same period last year.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2018 of HK$0.47 per share (HK$0.42 per share in 2017) to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 4 September 2018. The interim dividend will be paid on Thursday, 13 September 2018.

PROSPECTS

Building Value from Quality Assets

Business Review

CK Asset Holdings Limited recorded satisfactory results for the first half of 2018 as various businesses continued to perform solidly. Good progress was made in executing our two-pronged strategy. The Group has continued to enhance the property business fundamentals while strengthening the recurring earnings base through portfolio and geographic diversification to generate stable shareholder returns.

The Group's solid performance was mainly due to three factors. While the property operations recorded performance in line with expectations, the newly acquired businesses have started to contribute stable recurring income to the Group. Also, substantial gains were recognised on disposal of the Group's ownerships in Century Link in Shanghai and The Center in Hong Kong. For the six months ended 30 June 2018, the Group's unaudited profit attributable to shareholders was HK$24,753 million, and earnings per share was 69% higher than the corresponding period in 2017. Profit before investment property revaluation and disposal was HK$12,068 million, with earnings per share before investment property revaluation and disposal recording an increase of 22% over the same period last year. An increase in fair value of investment properties of HK$926 million and a surplus on disposal of investment properties of HK$11,759 million, both after tax and non-controlling interests, were recorded.

Solid progress was made by the Group in meeting development targets with stable operational performance across all of its principal activities during the first-half period.

Property Development

Hong Kong recorded steady increases in property transaction volume and revenue in the first half of 2018, whereas market conditions on the Mainland generally remained stable. The Group's total sales of properties amounted to over HK$16 billion for the period. As sales revenue from certain development projects is expected to be recognised in the second half of the year, property sale contribution was lower than that of the same period last year. The Group will maintain a cautious and disciplined approach in the property development business.

Property Investment

Contribution from property rental was similar to that of the same period last year. While the Group's retail leasing business has improved amid the continued recovery of Hong Kong's retail market, a modest decrease in rental revenue from our commercial properties was recorded due to the disposal of The Center at a consideration of HK$40.2 billion in May 2018. The disposal reflected our ongoing strategy to maximise returns by optimising and balancing the property investment portfolio mix through divestment and acquisition as suitable opportunities arise. Acquisition of 5 Broadgate in London was made in June this year at a consideration of GBP1 billion (approximately HK$10.6 billion). This new Grade-A office building will provide a steady income stream and good returns with a tenancy agreement signed through to 2035. The Group's diversified rental income base is further strengthened through the continued expansion of its property investment portfolio in the United Kingdom and continental Europe.

Hotel and Serviced Suite Operation

Inbound tourism continued to improve in the first half of 2018 with Mainland visitors remaining the main growth driver. This contributed positively to the modest improvement in average hotel room occupancy rate and average achieved hotel room rate. Contribution from the Group's hotel and serviced suite operation improved over the same period last year. The addition of a total of approximately 1,200 rooms from two hotel projects in Hong Kong will significantly broaden the Group's hotel portfolio, enhancing its underlying strength to provide steady income streams to the Group.

Infrastructure and Utility Asset Operation

The Group's infrastructure and utility asset operations performed solidly in the first half year, with overall results in line with expectations. A full half-year contribution of HK$864 million was generated by DUET in Australia from its businesses comprising electricity distribution, gas transmission and distribution, as well as the provision of electricity generation solutions for remote customers. We also recorded a newly added contribution of HK$470 million from Reliance Home Comfort, a Canadian provider of building equipment and services, and a full half-year contribution of HK$871 million from ista, a fully integrated energy management services provider with the main market being Germany. The Group will continue to pursue quality investments in infrastructure and utility assets with a track record of solid performance and strong capacity to generate stable, predictable cash flows with a view to maximising sustainable growth in shareholder returns.

Aircraft Leasing

The aircraft leasing business provides steady income streams to the Group on a medium to long term basis. Solid operational performance was recorded for the first half of the year, with an increase of HK$79 million in profit contribution.

In general, several potential acquisitions are currently being explored including a large-scale project in Australia.

Outlook

As escalating international trade tensions unfold, this uncertainty adds to the concern of the unclear Brexit outcome and accelerated tightening in certain nations. Despite these challenges, the fundamentals for global growth should remain solid and a cautiously optimistic outlook is expected for the second half year.

China recorded real GDP growth of 6.8% for the first half of 2018. While export growth is likely to be impacted if the uncertainty over external trade continues, China's ongoing reforms to enhance the economic structure should strengthen its growth resilience. The Central Government's focus on transforming economic development from "high speed" to "high quality", with policies on financial de-leveraging and risk prevention firmly in place, is conducive to fostering a steady and healthy economic growth over the long term.

Intensifying trade frictions present uncertainties to the economies of the U.S. and China as well as the global economy, and Hong Kong would inevitably be impacted. However, Hong Kong is poised to benefit from the opportunities presented by the development of the Greater Bay Area over the long term. Also, stable property market conditions are expected in Hong Kong despite the growing prospect of interest rate rises in the second half year. A new round of government initiatives to stabilise the property market were announced earlier in June, and housing policies will continue to be a determining factor for the market.

The Group has made various investments since late 2016 which include investment properties and hotel projects in Hong Kong and overseas markets; infrastructure and utility assets in continental Europe, Australia, Canada and the United Kingdom; and the aircraft leasing business. As recurring income and profit contribution of these investments grow, the Group is expected to record an increase of over 50% in recurrent profit contribution for 2018 as compared to 2016. In furtherance of our fundamental principle "To advance while maintaining stability", the Group will focus on potential investments with stable recurring income to propel earnings growth and enhance strategic flexibility, while ensuring its financial strength is not compromised. A strong recurring income base is strategically critical to stable and sustainable dividend distributions in a changing and unpredictable property market. Barring any unforeseen adverse circumstances, we expect to achieve our scheduled investment target of expanding stable income in the near term.

Notwithstanding all the recent acquisitions, the Group has ample cash on hand with a debt ratio below 2% as at the interim period end date. The established strong operating and financial platform of the Group that is anchored in stability is the cornerstone for sustainable growth of our diversified businesses and generating solid and stable returns for shareholders in a challenging market environment. We will continue to pursue selective investments in global quality assets that would create synergistic benefits and contribute to long-term sustainable earnings. We are confident that the Group is well placed for the next phase of growth.

Acknowledgement

During the period under review, Mr. Li Ka-shing retired as Chairman and Executive Director of the Group. Mr. Li is the founder of the CK Group. For the past 46 years, he has led the CK Group as Chairman on a steady path of diversification and globalisation to maximise value and returns for shareholders. On behalf of the Board, I would like to extend our sincere gratitude to Mr. Li for his invaluable contributions at practically no cost to the Group, and deep appreciation that Mr. Li has agreed to stay on as Senior Advisor to continue to contribute to the Group.

Mr. Anthony Yeh also resigned as an Independent Non-executive Director of the Group during the period under review by reason of age. He has been with the CK Group since 1993. On behalf of the Board, I would also like to express our appreciation for his invaluable contributions to the Group over the years.

Intelligent, creative, dedicated, experienced and loyal employees are the Group's most valuable asset in this extremely competitive and challenging global environment. I take this opportunity to thank our colleagues on the Board and diligent employees for their hard work, loyal service and contributions during the period.

Li Tzar Kuoi, Victor
Chairman and Managing Director

Hong Kong, 2 August 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2018:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Ocean Pride Development	Tsuen Wan Town Lot No. 401		
Ocean Pride and Ocean Supreme		1,798,648	Joint Venture
OP Mall		436,476	100%*
Harbour Glory and Hotel Development	Inland Lot No. 8920	755,626	100%
Seanorama	Sha Tin Town Lot No. 574	562,156	100%
Borrett Road Project	Inland Lot No. 8949	435,296	100%
My Central	Inland Lot No. 9038	159,414	Joint Venture
Hupan Mingdi Land No. 905	Jiading District, Shanghai	1,633,820	100%
Yuhu Mingdi Phases 2(1) and 3	Huangpu District, Guangzhou	862,589	80%
Upper West Shanghai Phase 2 Tenders 1 and 2, Phase 3 Tender 1, Phase 4 Tenders 1 and 2, and Phase 5	Putuo District, Shanghai	6,772,311	60%
Noble Hills Phases 4A, 4B and 5B	Wangcheng District, Changsha	1,678,221	100%
Le Parc Phases 6C and 7B	Chengdu High-Tech Zone, Chengdu	2,668,285	100%
Regency Hills Land Nos. 13A and 13B	Yangjiashan, Nanan District, Chongqing	2,305,896	95%
Laguna Verona Phase G1b/G2a Zone 2	Hwang Gang Lake, Dongguan	687,878	99.8%

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Noble Hills Phases 2A and 2B	Zengcheng, Guangzhou	1,077,972	100%
City Link	Jing An District, Shanghai	726,757	60%
Emerald Cove	Wuguishan, Zhongshan	687,802	100%
Chelsea Waterfront Chartwell House, Compton House and West Tower	Chelsea/Fulham, London	140,311	95%

* As the purchaser under an Agreement for Sale and Purchase dated 24 May 2017, pending completion of the relevant sale and purchase.

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

In June 2018, a wholly owned subsidiary of the Group acquired 5 Broadgate in London, the United Kingdom at a consideration of GBP1 billion (approximately HK$10.6 billion). This is a new Grade-A office building with a gross external area of approximately 1.2 million sq.ft. The existing tenancy agreement of 5 Broadgate is signed through to 2035.

During the period under review, the Group continued to actively pursue quality investments in different business areas in order to optimise capital utilisation and maximise returns for shareholders. The Group continues to develop the property business in a cautious and disciplined manner and provide innovative property concepts, enhance property qualities, and upgrade asset management levels.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK$9,109 million (2017 – HK$21,831 million), comprising mainly (i) sale of the remaining residential units of The Zumurud in Hong Kong; (ii) sale of residential and commercial units of various projects on the Mainland – Laguna Verona in Dongguan, The Harbourfront in Qingdao, Royal Waterfront and Hupan Mingdi in Shanghai, Emerald City in Nanjing and Millennium Waterfront in Wuhan; and (iii) sale of residential units of Chelsea Waterfront in the United Kingdom, and is summarised by locations as follows:

Location	**2018 HK$ Million**	2017 HK$ Million
Hong Kong	**1,972**	7,535
The Mainland	**6,417**	14,292
Overseas	**720**	4
	9,109	21,831

Contribution from property sales (including share of joint ventures) for the period was HK$2,234 million (2017 – HK$9,132 million) and was derived from the following locations:

Location	**2018** **HK$ Million**	2017 HK$ Million
Hong Kong	**210**	3,018
The Mainland	**1,644**	6,136
Overseas	**380**	(22)
	2,234	9,132

Revenue and contribution of property sales for the period decreased when compared with the same period last year as property sales and contribution of development projects scheduled for the year will be recognised upon completion in the second half year.

Besides, the sale of the Group's 50% interest in a joint venture for the development of Century Link in Shanghai was completed in January 2018 and a profit of HK$6,989 million was recognised.

During the period, the presales of residential units of Seanorama, Harbour Glory and Ocean Pride in Hong Kong, various projects on the Mainland including Noble Hills in Changsha, Le Parc in Chengdu and Noble Hills in Guangzhou were in good progress and all residential units of Stars of Kovan in Singapore were sold out. Profit contribution is expected when property sales are recognised upon completion of these projects.

At the interim period end date, the Group had a development land bank (including developers' interests in joint development projects but excluding agricultural land and completed properties) of approximately 115 million sq.ft., of which 5 million sq.ft., 106 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively; and property sales contracted (including share of joint ventures) but not yet recognised were as follows:

Location	Contracted Sales HK$ Million
Hong Kong	57,726
The Mainland	17,709
Overseas	2,965
	78,400

Property Rental

Revenue of property rental (including share of joint ventures) for the period was HK$3,880 million (2017 – HK$3,889 million), comprising rental income derived from leasing of office, retail, industrial and other properties as follows:

Use of Property	**2018** **HK$ Million**	2017 HK$ Million
Office	**1,587**	1,590
Retail	**1,694**	1,673
Industrial	**362**	393
Others	**237**	233
	3,880	3,889

The Group's investment properties are mostly located in Hong Kong, including Cheung Kong Center, China Building and Hutchison House in Central, 1881 Heritage in Tsimshatsui, Whampoa Garden in Hunghom, Hutchison Logistics Centre in Kwai Chung and others.

Contribution from property rental (including share of joint ventures) for the period was HK$3,584 million (2017 – HK$3,594 million) and was derived from the following locations:

Location	**2018** **HK$ Million**	2017 HK$ Million
Hong Kong	**3,028**	3,205
The Mainland	**348**	226
Overseas	**208**	163
	3,584	3,594

The disposal of The Center in Hong Kong was completed in May 2018 and a surplus of HK$11.6 billion over its carrying value was recognised upon completion.

In June 2018, the Group acquired a commercial property at 5 Broadgate, London for £1 billion (approximately HK$10.6 billion) as an investment property. The newly acquired investment property provides immediate rental income contribution to group profit and helps to make up the loss of rental due to disposal of The Center.

At the interim period end date, the Group had an investment property portfolio of approximately 17 million sq.ft. (including share of joint ventures but excluding car parking spaces) as follows:

Location	Office Million sq.ft.	Retail Million sq.ft.	Industrial Million sq.ft.	Total Million sq.ft.
Hong Kong	3	3	7	13
The Mainland	1	1	-	2
Overseas	1	1	-	2
	5	5	7	17

An increase in fair value of investment properties of HK$832 million (2017 – HK$4,832 million) was recorded at the interim period end date based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%. The Group also shared an increase in fair value of investment properties of HK$9 million (2017 – HK$5 million) of joint ventures.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK$2,425 million (2017 – HK$2,228 million), comprising revenue generated mainly by Harbour Grand Hotels, Harbour Plaza Hotels & Resorts and Horizon Hotels & Suites operated by the Group in Hong Kong.

Contribution (including share of joint ventures) after depreciation charge of HK$195 million on properties was HK$870 million (2017 – HK$685 million), an increase of HK$185 million when compared with the same period last year as inbound travel improved in Hong Kong during the period, and was derived from the following locations:

Location	**2018** **HK$ Million**	2017 HK$ Million
Hong Kong	**903**	765
The Mainland	**(14)**	(30)
Overseas	**(19)**	(50)
	870	685

An average occupancy rate of 88.8% for the period was achieved by the Group's hotel and serviced suite operation and the average hotel operating profit per square foot was HK$21 per month, representing an annualised yield of 19.9% on the carrying amount of the Group's completed hotel and serviced suite properties at the interim period end date.

The Group's hotel and serviced suite portfolio comprises 20 hotel and serviced suite properties, including hotel development and extension projects scheduled for completion later this year, and provides over 16,000 rooms for guest accommodation.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK$431 million (2017 – HK$309 million), comprising mainly management fee received for provision of property management and related services to property projects developed and sold by the Group.

Contribution from property and project management (including share of joint ventures) for the period was HK$182 million (2017 – HK$138 million) and was derived from the following locations:

Location	**2018** **HK$ Million**	2017 HK$ Million
Hong Kong	**126**	108
The Mainland	**39**	17
Overseas	**17**	13
	182	138

During the period, the Group increased its shareholding in the manager of Hui Xian Real Estate Investment Trust to 70%, which has since become a subsidiary of the Group and increased its contribution to group profit.

At the interim period end date, the total floor area of properties managed by the Group was approximately 274 million sq.ft. and this is expected to grow steadily following gradual completion of the Group's 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 period was HK$1,385 million (2017 – HK$1,057 million), comprising lease income derived from leasing of narrow body and wide body aircraft to airlines.

Contribution (including share of joint ventures) after depreciation charge of HK$690 million on aircraft was HK$596 million (2017 – HK$517 million), an increase of HK$79 million when compared with the same period last year as the Group continued to acquire more aircraft during the period, and is analysed by location with reference to lessee's place of operation as follows:

Location	**2018** **HK$ Million**	2017 HK$ Million
Asia	**234**	185
Europe	**136**	154
North America	**149**	111
Latin America	**77**	67
	596	517

At the interim period end date, the Group (including interest in joint ventures) owned a total of 116 narrow body and 5 wide body aircraft with an average age of 5.4 years and an average remaining lease term of 5.3 years, and was committed to acquiring another 20 aircraft for an aggregate consideration of approximately HK$6 billion.

Infrastructure and Utility Asset Operation

At the interim period end date, the Group had equity interests in the following joint ventures in infrastructure and utility asset operation:

Joint Venture	Principal Activities	Equity Interest
DUET Group (since May 2017)	An owner and operator of energy utility assets in Australia, the United States, Canada and the United Kingdom	40%
Reliance Group (since July 2017)	A building equipment and service provider under the consumer brand identity of "Reliance Home Comfort" in Canada	75%
ista Group (since October 2017)	A fully integrated energy management service provider in Europe	65%

The Group's share of revenue for the period amounted to HK$6,888 million (2017 – HK$549 million) as follows:

Joint Venture	**2018** **HK$ Million**	2017 HK$ Million
DUET Group	**2,267**	549
Reliance Group	**1,680**	-
ista Group	**2,941**	-
	6,888	549

The Group's share of contribution for the period amounted to HK$2,205 million (2017 – HK$247 million), which was derived from the following locations:

Joint Venture	Australia HK$ Million	Europe HK$ Million	North America HK$ Million	**2018** **Total** **HK$ Million**	2017 Total HK$ Million
DUET Group	820	17	27	**864**	247
Reliance Group	-	-	470	**470**	-
ista Group	-	871	-	**871**	-
	820	888	497	**2,205**	247

Interests in Real Estate Investment Trusts

At the interim period end date, the Group had equity interests in the following real estate investment trusts ("REITs") listed in Hong Kong:

	Principal Activities	Equity Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	32.5%
Fortune REIT	Investment in retail properties in Hong Kong	27.4%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.6%

During the period, the Group shared a profit of HK$197 million (2017 – HK$240 million) of Hui Xian REIT, an associate, and received a distribution of HK$287 million (2017 – HK$263 million).

For the Group's investment in Fortune REIT and Prosperity REIT, cash distributions of HK$157 million (2017 – HK$153 million) received during the period was taken as income and a decrease in fair value of HK$268 million (2017 – increase in fair value of HK$503 million) was recorded at the interim period end date.

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.

At the interim period end date, the Group's bank and other borrowings amounted to HK$61.2 billion, a decrease of HK$10.8 billion from last year end date. The maturity profile was spread over a period of 10 years, with HK$1.9 billion repayable within 1 year, HK$54.6 billion within 2 to 5 years and HK$4.7 billion beyond 5 years.

The Group's net debt to net total capital ratio at the interim period end date was approximately 1.8%. Net debt is arrived at by deducting bank balances and deposits of HK$55.2 billion from bank and other borrowings, 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 on a regular basis. For investment overseas and at times of exchange rate and interest rate 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 interim period end date, the Group's borrowings were primarily in HK$ and US$, bank loans in RMB were borrowed for property development projects on the Mainland and bank loans in AUD were borrowed for infrastructure and utility asset operation in Australia. The Group derives its revenue from property businesses mainly in HK$ and RMB and maintains cash balances substantially in HK$ and RMB. Income in other foreign currencies is generated by the Group's overseas projects and joint venture operations, and cash in these foreign currencies is maintained for operational requirements.

Charges on Assets

At the interim period end date, properties amounting to HK$16,497 million (31 December 2017 – HK$15,512 million) were charged to secure bank loans arranged for property projects on the Mainland.

Contingent Liabilities

At the interim period end date, the Group provided guarantees to (i) land owner of a hotel project for its share of revenue amounting to HK$536 million (31 December 2017 – HK$552 million); and (ii) banks for mortgage loans provided to purchasers of properties developed and sold by the Group on the Mainland amounting to HK$3,246 million (31 December 2017 – HK$4,103 million).

Employees

At the interim period end date, the Group (including its subsidiaries) employed approximately 19,800 employees and remuneration for the period (excluding directors' emoluments) amounted to approximately HK$2,982 million. The Group ensures that the pay levels of its employees are competitive and employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group does not have any share option scheme for employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2018, 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 has 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 of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2018. In respect of code provision A.2.1 of the CG Code, the positions of the Chairman of the Board (the "Chairman") and the Managing Director are held by the same individual, namely, Mr. Li Tzar Kuoi, Victor, following the retirement of Mr. Li Ka-shing as Chairman and Executive Director of the Company after the conclusion of the annual general meeting of the Company held on 10 May 2018 ("2018 AGM"). 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, especially given that Mr. Li Tzar Kuoi, Victor, has worked side-by-side with Mr. Li Ka-shing at the CK Group for 33 years. 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. In addition, Mr. Li Ka-shing has agreed to stay on as Senior Advisor of the Company at the request of the Board and in that capacity to continue to contribute to the Group on significant matters. Furthermore, the Board of Directors comprises five Independent Non-executive Directors who will continue to provide their views and comments to Mr. Li Tzar Kuoi, Victor as Chairman and Managing Director as previously. In respect of code provisions A.5.1 to A.5.4 of the CG Code, the Company does not have a nomination committee. At present, the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new Directors from time to time to ensure that it has a balanced and diversified composition of skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the Directors, in particular the positions of Chairman and Managing Director. In respect of code provision A.6.7 of the CG Code, an Independent Non-executive Director was not in a position to attend the 2018 AGM due to indisposition.

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 Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters. 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 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 now comprises five 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 and Mr. Donald Jeffrey Roberts. 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 interim results for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

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 now comprises the Chairman and Managing Director, Mr. Li Tzar Kuoi, Victor and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry.

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NOTICE OF PAYMENT OF INTERIM DIVIDEND, 2018

The Board of Directors of CK Asset Holdings Limited announces that the Group's unaudited profit attributable to shareholders for the six months ended 30 June 2018 amounted to HK$24,753 million which represents earnings of HK$6.69 per share. The Directors have declared an interim dividend for 2018 of HK$0.47 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 4 September 2018, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Thursday, 13 September 2018.

In order to qualify for the interim dividend, all share certificates with completed transfer forms, either overleaf or separately, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 4 September 2018.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
Company Secretary

Hong Kong, 2 August 2018

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, Mr. CHIU Kwok Hung, Justin, Mr. CHOW Wai Kam, 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 and Mr. Donald Jeffrey ROBERTS as Independent Non-executive Directors.

Consolidated Income Statement
For the six months ended 30 June 2018

	(Unaudited) 2018 HK$ Million	2017 (Restated) HK$ Million
Group revenue	**16,788**	28,931
Share of revenue of joint ventures	**7,330**	932
Total	**24,118**	29,863
Group revenue	**16,788**	28,931
Investment and other income	**1,943**	737
Operating costs		
Property and related costs	**(6,802)**	(12,392)
Salaries and related expenses	**(1,912)**	(1,920)
Interest and other finance costs	**(601)**	(576)
Depreciation	**(870)**	(768)
Other expenses	**(245)**	(256)
	(10,430)	(15,912)
Change in fair value of investments in securities	**(268)**	565
Change in fair value of investment properties	**832**	4,832
Surplus on disposal of investment properties	**11,781**	-
Profit on disposal of hotel properties	**-**	363
Profit on disposal of a property development joint venture	**6,989**	-
Share of profit of joint ventures	**362**	(7)
Share of profit of associates	**197**	240
Profit before taxation	**28,194**	19,749
Taxation	**(2,885)**	(4,576)
Profit after taxation	**25,309**	15,173
Profit attributable to		
Shareholders	**24,753**	14,975
Non-controlling interests and holders of perpetual capital securities	**556**	198
	25,309	15,173
Earnings per share	**HK$6.69**	HK$3.97

	2018 HK$ Million	2017 HK$ Million
Interim dividend	**1,738**	1,553
Dividend per share	**HK$0.47**	HK$0.42

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2018

	(Unaudited) 2018 HK$ Million	2017 (Restated) HK$ Million
Profit after taxation	**25,309**	15,173
Other comprehensive income (loss) - reclassifiable to profit or loss		
Translation of financial statements of operations outside Hong Kong		
Exchange gain (loss)	**(1,775)**	2,177
Exchange loss reclassified to profit or loss	**162**	180
Exchange gain on translation of bank loans for hedging	**394**	-
Derivative financial instruments - gain (loss) in fair value		
Net investment hedges	**2,443**	(800)
Cash flow hedges	**131**	(16)
Investments in securities - gain (loss) in fair value	**(3)**	2
Share of other comprehensive income (loss) of joint ventures	**(676)**	290
Other comprehensive income - not reclassifiable to profit or loss		
Share of other comprehensive income of joint ventures	**11**	-
Other comprehensive income	**687**	1,833
Total comprehensive income	**25,996**	17,006
Total comprehensive income attributable to		
Shareholders	**25,436**	16,809
Non-controlling interests and holders of perpetual capital securities	**560**	197
	25,996	17,006

Consolidated Statement of Financial Position
As at 30 June 2018

	(Unaudited) 30/6/2018 HK$ Million	(Audited) 31/12/2017 HK$ Million
Non-current assets		
Fixed assets	**37,074**	35,337
Investment properties	**121,057**	135,998
Joint ventures	**64,029**	65,293
Associates	**7,486**	7,402
Investments in securities	**6,825**	6,706
Long term receivables and others	**11,072**	2,905
Deferred tax assets	**2,723**	2,720
	250,266	256,361
Current assets		
Stock of properties	**137,445**	135,589
Short term loan receivable	**10,230**	-
Debtors, prepayments and others	**5,476**	4,979
Joint venture contracted for sale	**-**	1,493
Bank balances and deposits	**55,222**	54,917
	208,373	196,978
Current liabilities		
Bank and other loans	**1,889**	14,342
Creditors, accruals and others	**13,546**	19,958
Customers' deposits received	**41,361**	35,680
Provision for taxation	**1,474**	3,426
	58,270	73,406
Net current assets	**150,103**	123,572
Non-current liabilities		
Bank and other loans	**59,347**	57,650
Deferred tax liabilities	**10,951**	11,655
Derivative financial instruments	**146**	1,317
Pension obligations	**137**	131
	70,581	70,753
Net assets	**329,788**	309,180
Representing:		
Share capital and share premium	**245,875**	245,875
Reserves	**66,380**	45,677
Shareholders' funds	**312,255**	291,552
Perpetual capital securities	**11,670**	11,670
Non-controlling interests	**5,863**	5,958
Total equity	**329,788**	309,180

Notes:

(1) Revenue for the period by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million	**HK$ Million**	HK$ Million
Property sales	**9,107**	21,810	**2**	21	**9,109**	21,831
Property rental	**3,801**	3,823	**79**	66	**3,880**	3,889
Hotel and serviced suite operation	**2,416**	2,216	**9**	12	**2,425**	2,228
Property and project management	**406**	251	**25**	58	**431**	309
Aircraft leasing	**1,058**	831	**327**	226	**1,385**	1,057
Infrastructure and utility asset operation	**-**	-	**6,888**	549	**6,888**	549
	16,788	28,931	**7,330**	932	**24,118**	29,863

and is derived from the following locations:

	Six months ended 30 June	
	2018	2017
	HK$ Million	HK$ Million
Hong Kong	**7,751**	13,227
The Mainland	**7,255**	14,961
Overseas	**9,112**	1,675
	24,118	29,863

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

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million	**HK$ Million**	HK$ Million
Property sales	**2,237**	9,119	**(3)**	13	**2,234**	9,132
Property rental	**3,512**	3,539	**72**	55	**3,584**	3,594
Hotel and serviced suite operation	**880**	692	**(10)**	(7)	**870**	685
Property and project management	**165**	113	**17**	25	**182**	138
Aircraft leasing	**446**	342	**150**	175	**596**	517
Infrastructure and utility asset operation	**-**	-	**2,205**	247	**2,205**	247
	7,240	13,805	**2,431**	508	**9,671**	14,313
Interest and other finance costs	**(601)**	(576)	**(638)**	(123)	**(1,239)**	(699)
	6,639	13,229	**1,793**	385	**8,432**	13,614
Interests in real estate investment trusts					**86**	896
Change in fair value of investment properties						
Group					**832**	4,832
Joint ventures					**9**	5
Surplus on disposal of investment properties					**11,781**	-
Profit on disposal of hotel properties					**-**	363
Profit on disposal of a property development joint venture					**6,989**	-
Others					**406**	108
Taxation						
Group					**(2,885)**	(4,576)
Joint ventures					**(341)**	(69)
Profit attributable to non-controlling interests and holders of perpetual capital securities					**(556)**	(198)
Profit attributable to shareholders					**24,753**	14,975

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

	Six months ended 30 June	
	2018	2017
	HK$ Million	HK$ Million
Interest and other finance costs		
Bank and other loans	**1,029**	836
Less: Amount capitalised	**(428)**	(260)
	601	576
Costs of properties sold	**5,631**	10,797
and after crediting:		
Interest on loans to joint ventures	**1,095**	170

(3) Taxation

	Six months ended 30 June	
	2018	2017
	HK$ Million	HK$ Million
Current tax		
Hong Kong	**574**	984
Outside Hong Kong	**3,056**	3,657
Deferred tax	**(745)**	(65)
	2,885	4,576

(4) The calculation of earnings per share is based on profit attributable to shareholders and on 3,697,498,500 shares (2017 - weighted average of 3,767,484,133 shares) in issue during the period.

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

	30/6/2018	31/12/2017
	HK$ Million	HK$ Million
Current to one month	**476**	502
Two to three months	**52**	48
Over three months	**58**	50
	586	600

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

	30/6/2018	31/12/2017
	HK$ Million	HK$ Million
Current to one month	**3,607**	4,852
Two to three months	**57**	54
Over three months	**23**	18
	3,687	4,924

(6) The principal accounting policies used in the preparation of the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2017 of which changes required as a result of the early adoption of International Financial Reporting Standard ("IFRS") 9 "Financial Instruments" were incorporated.

The adoption of the new and revised IFRSs, other than the IFRS 9 adopted, which are effective for the Group's annual accounting periods beginning on 1 January 2018 has no significant impact on the Group's results and financial position. For those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

(7) Following the adoption of IFRS 9 "Financial Instruments" in the preparation of 2017 annual financial statements, gain in fair value of investments in securities amounting to HK$565 million for the six months ended 30 June 2017 was reclassified from consolidated statement of comprehensive income to consolidated income statement. Hence, profit attributable to shareholders for the six months ended 30 June 2017 was restated from HK$14,410 million (previously reported) to HK$14,975 million and earnings per share was restated from HK$3.82 (previously reported) to HK$3.97.

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