



# 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)

2017 Annual Results  
16 March 2018





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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.

# 2017 Annual Results Highlights



HK\$ Million	2017	2016	Change %
Revenue	63,780	69,910	↓ 9%
Profit before investment property revaluation	20,320	18,032	↑ 13%
Investment property revaluation (net of tax)	9,805	1,383	
Profit attributable to shareholders	30,125	19,415	↑ 55%

## Earnings per share before revaluation

HK\$ 5.44 (↑16%)

## Earnings per share

HK\$ 8.07 (↑60%)

## Net book value per share

HK\$ 78.85 (↑12%)

## Dividend per share

Interim: HK\$ 0.42

Final: HK\$ 1.28

Full Year: HK\$ 1.70 (↑11.1%)

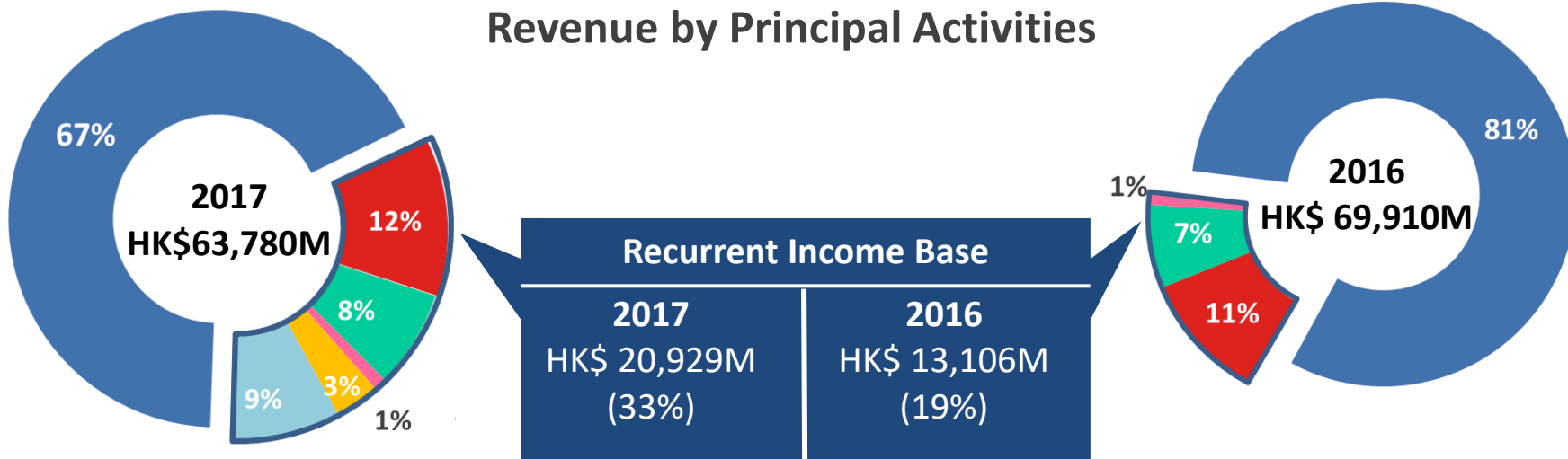
## Payout ratio before revaluation

30.9%

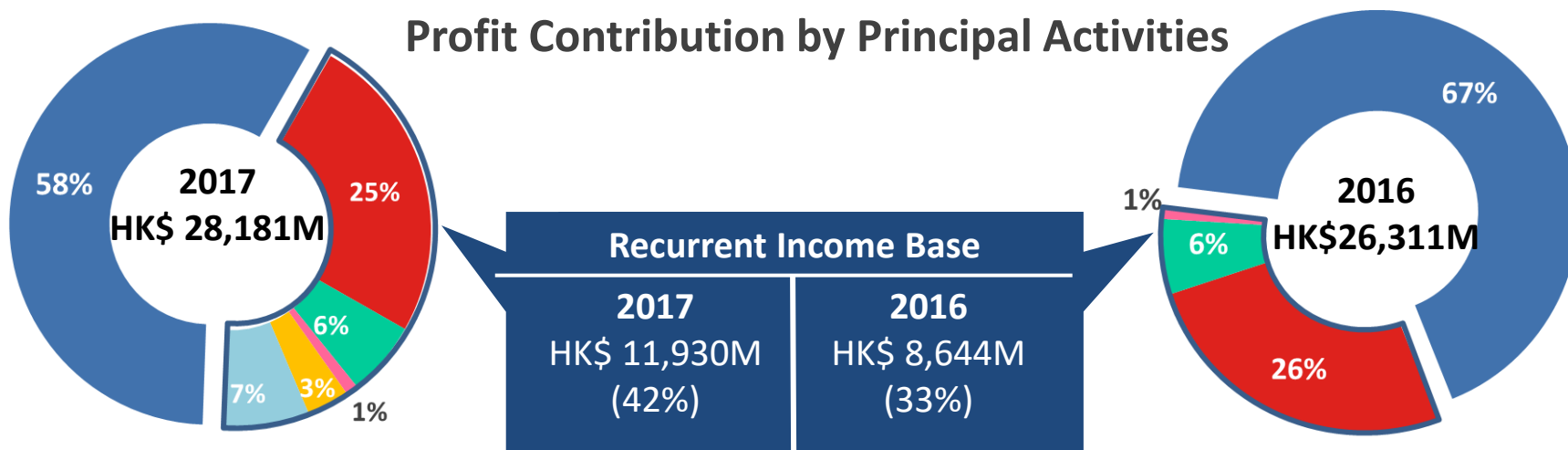
# Principal Activities Diversification



## Revenue by Principal Activities



## Profit Contribution by Principal Activities



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

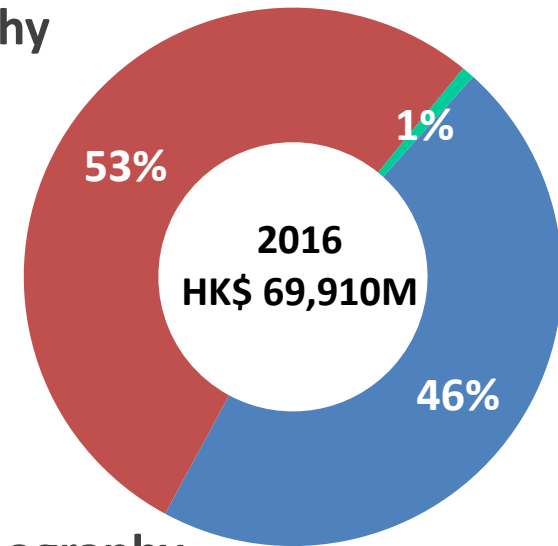
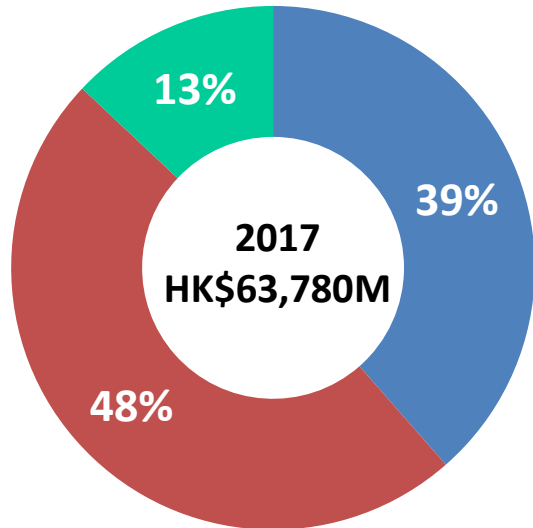
Note:

(1) Profit Contribution refers to contribution from principal activities after depreciation and absorption of overhead expenses, but before interest costs and tax. 4

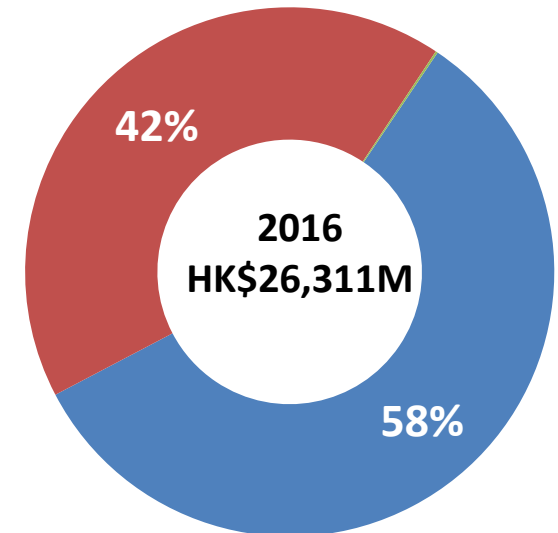
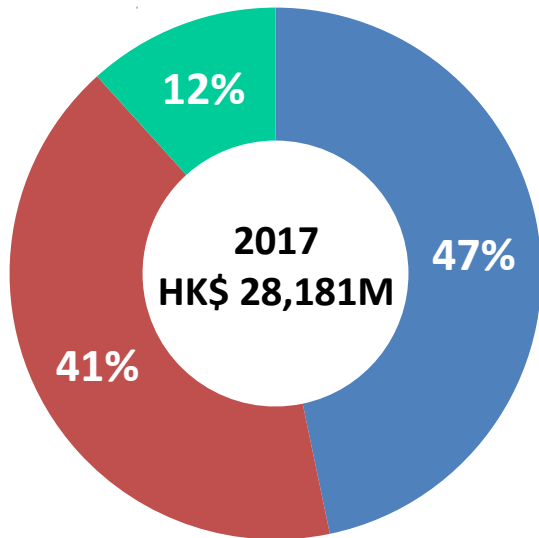
# Geographical Diversification



## 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



HK\$ Million	2017	2016	Change
Revenue	42,851	56,804	↓ 25%
Profit Contribution	16,251	17,667	↓ 8%
<i>Margin</i>	<b>37.9%</b>	31.1%	

## Revenue and Profit Contribution by Geography

HK\$ Million	Revenue		Profit Contribution & Margin			
	2017	2016	2017		2016	
Hong Kong	12,792	20,882	4,889	38.2%	7,108	34.0%
The Mainland	29,555	35,914	11,106	37.6%	10,635	29.6%
Overseas	504	8	256	50.8%	(76)	n/a
<b>Total</b>	<b>42,851</b>	<b>56,804</b>	<b>16,251</b>	<b>37.9%</b>	<b>17,667</b>	<b>31.1%</b>

## Major Contributors to Revenue and Profit in 2017

### Hong Kong

Stars by the Harbour  
Yuccie Square  
The Zumurud

### The Mainland

La Grande Ville (Beijing)  
Cape Coral (Guangzhou)  
The Harbourfront (Qingdao)  
Millennium Waterfront (Wuhan)  
Laguna Verona (Dongguan)  
Hupan Mingdi (Shanghai)  
The Greenwich (Xian)

### Overseas

Chelsea Waterfront (the United Kingdom)



# Property Sales – Contracted Sales Not Yet Recognised



HK\$48,427M

Hong Kong

HK\$21,028M

The Mainland

HK\$3,306M

Overseas

Total HK\$72,761M





# Property Rental



HK\$ Million	2017	2016	Change
Revenue	7,830	7,430	↑ 5%
Profit Contribution	7,130	6,784	↑ 5%
<i>Margin</i>	<i>91.1%</i>	<i>91.3%</i>	

## Revenue by Property Type

HK\$ Million	Revenue	
	2017	2016
Office	3,223	3,164
Retail	3,354	3,023
Industrial	785	791
Others	468	452
<b>Total</b>	<b>7,830</b>	<b>7,430</b>

## Profit Contribution by Geography

HK\$ Million	Profit Contribution	
	2017	2016
Hong Kong	6,304	6,290
The Mainland	503	398
Overseas	323	96
<b>Total</b>	<b>7,130</b>	<b>6,784</b>

- Increase in fair value of HK\$ 9,525 million from investment properties held by subsidiaries and HK\$ 14 million from investment properties held by joint ventures.

## Investment Property Portfolio<sup>(1)</sup> by Type

	Hong Kong Million sq.ft.	The Mainland Million sq.ft.	Overseas Million sq.ft.	Total Million sq.ft.	Cap. Rate
Office	4	1	-	5	4%-8%
Retail	3	1	1	5	
Industrial	7	-	-	7	
<b>Total</b>	<b>14</b>	<b>2</b>	<b>1</b>	<b>17</b>	

Note:

(1) Including share of joint ventures but excluding car parking spaces.

# Hotel and Serviced Suite Operation



HK\$ Million	2017	2016	Change
Revenue	4,798	4,850	↓ 1%
Profit Contribution	1,572 <sup>(1)</sup>	1,509	↑ 4%
Margin	32.8%	31.1%	

## Profit Contribution by Geography

HK\$ Million	Profit Contribution <sup>(1)</sup>	
	2017	2016
Hong Kong	1,745	1,619
The Mainland	(71)	(24)
Overseas	(102)	(86)
<b>Total</b>	<b>1,572</b>	<b>1,509</b>

19 completed hotels and serviced suites in Hong Kong, the Mainland and Overseas

> 15,000 rooms and serviced suites  
89% average occupancy rate

~1,200 additional rooms upon completion of 2 hotel projects in Hong Kong

Note:

(1) Profit Contribution for 2017 refers to pre-tax contribution from the hotel and serviced suite division after depreciation charge of HK\$395 million on properties and absorption of overhead expenses.

- Total floor area of properties under management has reached approximately 269 million sq.ft.

HK\$ Million	2017	2016	Change
Revenue	626	620	↑ 1%
Profit Contribution	275	267	↑ 3%
<i>Margin</i>	<b>43.9%</b>	43.1%	

## Profit Contribution by Geography

HK\$ Million	Profit Contribution	
	2017	2016
Hong Kong	210	209
The Mainland	39	35
Overseas	26	23
<b>Total</b>	<b>275</b>	<b>267</b>

HK\$ Million	2017	2016	Change
Revenue	2,192	206	N/A
Profit Contribution	984 <sup>(1)</sup>	84	N/A
Margin	44.9%	40.8%	

## Profit Contribution based on Lessee's Place of Operation

HK\$ Million	Profit Contribution	
	2017	2016
Asia	373	15
Europe	256	6
North America	224	43
Latin America	131	20
<b>Total</b>	<b>984</b>	<b>84</b>

**86 Aircraft**  
(81 narrow body; 5 wide body)

**Average age 5.1 years**

**Average remaining lease term 5.6 years**

Note:

- (1) Profit Contribution for 2017 refers to pre-tax contribution from the aircraft leasing business after depreciation charge of HK\$1,089 million on aircraft and absorption of overhead expenses.



	DUET Group 40% JV HK\$ Million	Reliance Group 75% JV HK\$ Million	ista Group 65% JV HK\$ Million	2017 Total HK\$ Million
<b>Revenue</b>	2,823	1,565	1,095	5,483
<b>Profit Contribution</b>	1,264	440	265	1,969
<i>Margin</i>	44.8%	28.1%	24.2%	35.9%
Date of Acquisition	May 2017	July 2017 with 25% sold to CKI in Sep 2017	Oct 2017	
Pro-rata Equity Consideration	HK\$17.3 Billion	HK\$12.7 Billion	HK\$26.1 Billion	HK\$56.1 Billion

Note:

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



## Profit Contribution by Geography

Joint Venture	Australia HK\$ Million	Europe HK\$ Million	North America HK\$ Million	Others HK\$ Million	2017 Total HK\$ Million
DUET Group	1,238	23	3	-	1,264
Reliance Group	-	-	440	-	440
ista Group	-	262	-	3	265
<b>Total</b>	<b>1,238</b>	<b>285</b>	<b>443</b>	<b>3</b>	<b>1,969</b>

# Interests in Real Estate Investment Trusts



- Contribution to profit for the year by the Group's interests in REITs amounted to HK\$ 1,390 million (Huixian REIT – HK\$549 million; Fortune REIT and Prosperity REIT – HK\$841 million)
- Cash distribution of HK\$ 863 million in total was received from Hui Xian REIT, Fortune REIT and Prosperity REIT (Huixian REIT – HK\$551 million; Fortune REIT and Prosperity REIT – HK\$312 million)

	Principal Activities	Effective Interest as of 31 Dec 2017	Assets Under Management <sup>(1)</sup> Million sq.ft.
<b>Hui Xian REIT</b>	Investment in hotels and serviced suites, office and retail properties on the Mainland	<b>32.1%</b>	<b>11.8</b>
<b>Fortune REIT</b>	Investment in retail properties in Hong Kong	<b>27.5%</b>	<b>3.2</b>
<b>Prosperity REIT</b>	Investment in office, retail and industrial properties in Hong Kong	<b>18.7%</b>	<b>1.3</b>
<b>Total</b>			<b>16.3</b>

Note:

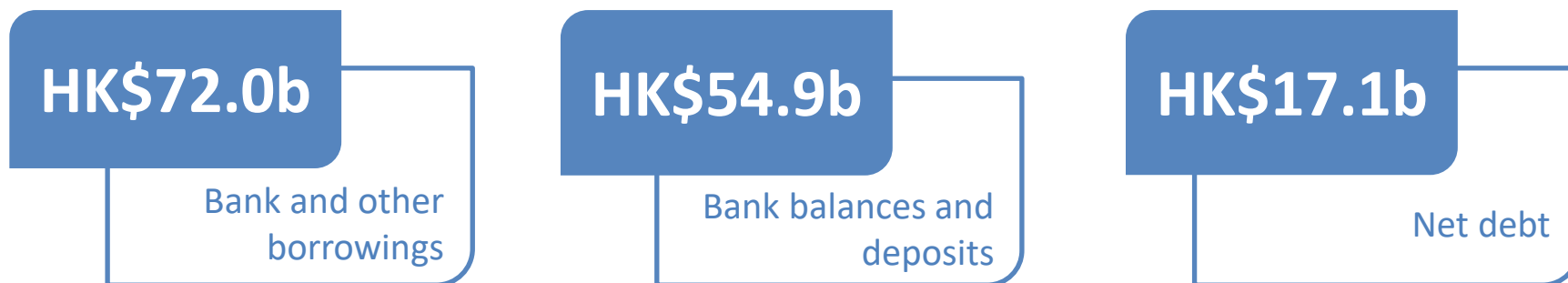
(1) Assets Under Management as of 31 Dec 2017.



# Gearing and Maturity Profile



- During the year, the Group issued notes amounting to HK\$3.4 billion with 5-year and 10-year term under the Euro Medium Term Note programme. The Group also issued perpetual capital securities with an annual distribution rate of 4.6% in the amount of US\$1.5 billion in May 2017.



## Bank and Other Loans with Maturities

	HK\$ Billion
Within one year	14.3
Within two to five years	47.7
Beyond five years	10.0
<b>TOTAL</b>	<b>72.0</b>

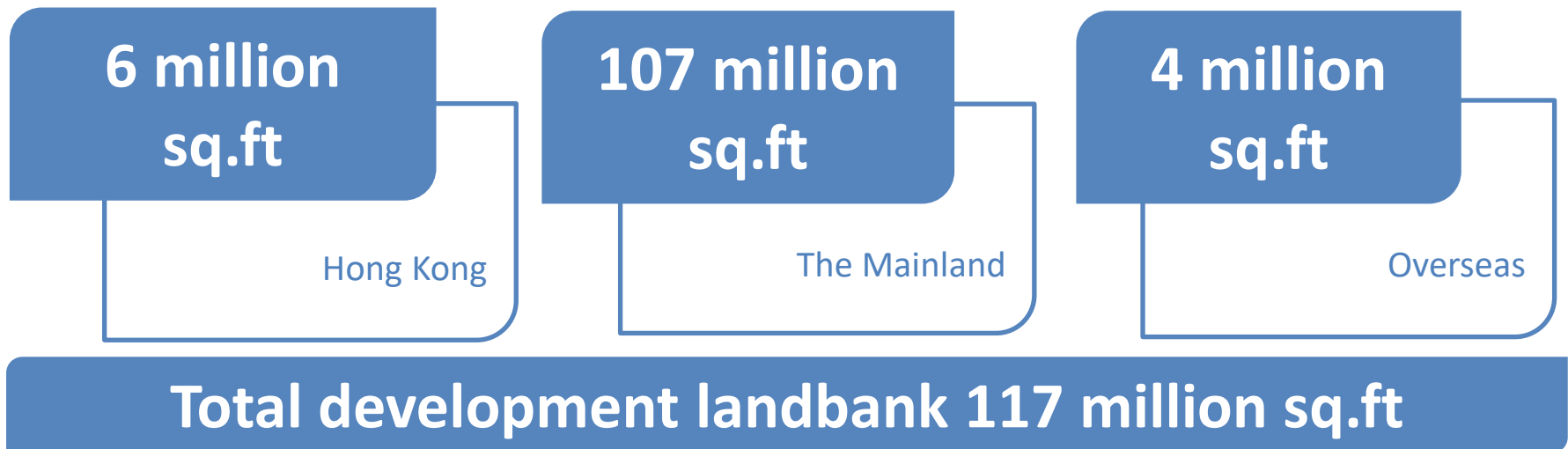
**5.9% Net Debt to Shareholders' Funds**

**5.2% Net Debt to Net Total Capital**

### Corporate Ratings:

**Moodys: A2 (Stable)**

**S&P: A (Stable)**



Note:

(1) Development landbank excludes agricultural land, project under planning, land lots in Australia and U.S. and completed properties but includes developers' interests in joint development projects.



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## Thank you

