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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 2019

HIGHLIGHTS

	Six months ended 30 June		
	2019	2018	Change
	HK\$ Million	HK\$ Million	
Revenue ^{Note}	34,008	24,118	
Profit before investment property ("IP") revaluation and disposal	14,045	12,068	
IP revaluation (after tax and non-controlling interests)	1,083	926	
IP disposal (after tax and non-controlling interests)	-	11,759	
Profit attributable to shareholders	15,128	24,753	
Earnings per share - profit before IP revaluation and disposal	HK\$3.80	HK\$3.26	+17%
- profit attributable to shareholders	HK\$4.10	HK\$6.69	-39%
Interim dividend per share	HK\$0.52	HK\$0.47	+10.6%

Note: Revenue includes the Group's revenue of HK\$26,836 million and share of joint ventures' revenue of HK\$7,172 million.

PROFIT FOR THE FIRST HALF YEAR

The Group's unaudited profit attributable to shareholders for the six months ended 30 June 2019 amounted to HK\$15,128 million. Earnings per share were HK\$4.10, a decrease of 39% as compared to the same period last year. The Group's unaudited profit before investment property revaluation and disposal for the first half year amounted to HK\$14,045 million, which was higher than that of the corresponding period in 2018. An increase in fair value of investment properties (after tax and non-controlling interests) of HK\$1,083 million was recorded.

INTERIM DIVIDEND

The Directors have declared an interim dividend for 2019 of HK\$0.52 per share (HK\$0.47 per share in 2018) to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 3 September 2019. The interim dividend will be paid on Thursday, 12 September 2019.

PROSPECTS

Growth in Asset Values through Quality Earnings Enhancement based on Solid Foundations

Business Review

CK Asset Holdings Limited's results for the first half of 2019 were in line with expectations, reflecting solid performance by its businesses. By adhering to its prudent strategy of achieving asset growth through improving quality earnings, the Group continued to enhance its property business and explore global opportunities to strengthen the recurrent income base by further expansion of its local and overseas business portfolio. Ample liquidity and solid financial fundamentals allow the Group to maintain strategic flexibility and to pursue quality investments to generate stable returns for its shareholders.

The macro economic and political environment remained challenging during the period under review. Through diversification and globalisation, the Group has enhanced the quality of its portfolio and remained resilient to market volatility.

Property Development

The property market in Hong Kong remained stable for the first half of 2019, largely attributable to the constant demand for residential properties and prospects of a U.S. interest rate cut. Contracted sales of properties during the period amounted to over HK\$10 billion and a satisfactory increase in property sale contribution was recorded. The Group's new property development projects in Wong Chuk Hang, Siu Sau in Tuen Mun and Yau Tong are progressing well as scheduled. Market conditions on the Mainland generally remained steady. Long-term regulatory mechanism of the Central Government supported healthy real estate market development.

Property Investment

Revenue from property rental was slightly less than that of last year whereas contribution from property investment remained stable. Loss of rental income resulting from the commencement of the Hutchison House redevelopment program was offset by the rental income contribution from the commercial property at 5 Broadgate, London which was acquired by the Group in June 2018. The new Hutchison House will bring positive momentum to the Group's investment property portfolio and will be a landmark of modern Grade A office building in Central, while the soon to be completed OP Mall in Tsuen Wan will become one of the largest shopping malls along the West Rail Line. The Group's recurrent income base will be strengthened by the increase in total floor area of investment properties following the completion of these projects.

Hotel and Serviced Suite Operation

Inbound tourism continued to improve in the first half of 2019. Contribution from the Group's hotel and serviced suite operation was similar to that of the same period last year. The addition of a total of approximately 1,200 rooms from the new Hotel Alexandra in North Point and the expansion program of Harbour Grand Kowloon in Hung Hom will enlarge the hotel portfolio. The Group's hotel and serviced suite portfolio will comprise approximately 15,000 rooms.

Infrastructure and Utility Asset Operation

The Group's infrastructure and utility asset operation continued to perform solidly for the first half of 2019, and is a key contributor of steady recurrent income to the Group. CK William Group in Australia contributed HK\$816 million from its businesses comprising electricity distribution, gas transmission and distribution, as well as the provision of electricity generation solutions for remote customers. Reliance Home Comfort contributed HK\$500 million from its building equipment and services business in Canada. ista contributed HK\$856 million from its fully integrated energy management services business with Germany as its main market. The economic benefits of infrastructure businesses received by the Group under an economic benefits agreement contributed HK\$370 million. The Group will continue to explore global infrastructure and utility asset and related investment opportunities, with high predictability of revenue, to strengthen quality cash flows and enhance the overall portfolio value.

Aircraft Leasing

In the first half of 2019, aircraft investment demand continued to be buoyant. While this environment provided great support for aircraft trading values, competition for new growth opportunities has also increased. Our aircraft leasing business provides steady income streams to the Group on a medium to long term basis. With solid operational performance for the first half of the year, profit contribution amounted to HK\$717 million, representing an increase of HK\$121 million as compared to the same period last year.

Outlook

Trade negotiations between China and the United States are on track pending resolution of the finer details. Uncertainties about the Brexit process in the United Kingdom lead to market volatility and warrant caution. The increasingly challenging macro environment and global economic slowdown have heightened market risks, and Hong Kong would inevitably be affected.

China's export growth is likely to be impacted by the uncertainty over international trade. Notwithstanding various unfavourable conditions, China recorded real GDP growth of 6.3% for the first half of the year. China's economic development is expected to progress on a steady path given the Central Government's focus on quality economic growth and the strengthening of supply-side structural reform. The Belt and Road Initiative and the Greater Bay Area integration are projected to create more business opportunities for Hong Kong.

Despite the prolonged global political and economic uncertainty, the local property market remains sound. Changes in global market conditions and Hong Kong housing policies will continue to be determining factors for the property sector. The Group has a pipeline of property projects under planning and development, and is anticipated to generate profit contribution in the years to come. The Group will continue to pursue quality investments in varying ways as suitable opportunities arise to enhance our property development portfolio.

The Group has ample cash on hand with a debt ratio of approximately 0.5% as at the interim period end date, and its operating and financial positions remain strong. The Group maintained "A/Stable" and "A2 Stable" credit ratings from Standard & Poor's and Moody's respectively. Based on our solid foundations of strong financial fundamentals and a diversified global business portfolio, the Group is resilient to market challenges.

"Advancing without forgoing stability" will continue to be our motto. The Group will continue to adopt a prudent investment strategy to improve the quality of earnings and enhance the recurrent income base, while achieving asset growth through continual strengthening of our existing property businesses and portfolio and through geographical diversification. The Group will focus on pursuing quality investments and increasing the recurrent income base over time in order to create long-term sustainable value for its shareholders. We remain cautiously optimistic about the Group's future prospects.

Acknowledgement

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.

Victor T K Li
Chairman

Hong Kong, 1 August 2019

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Major Business Activities

1. Developments Completed and Scheduled for Completion in 2019:

Name	Location	Gross Floor Area (sq.ft.)	Group's Interest
Harbour Glory and Hotel Alexandra	Inland Lot No. 8920	755,626	100%
Borrett Road Project Phase 2	Inland Lot No. 8949	149,123	100%
Stars of Kovan	Upper Serangoon Road, Singapore	326,063	100%
Yuhu Mingdi Phase 3	Huangpu District, Guangzhou	689,207	80%
Upper West Shanghai Phase 2 Tender 3, Phase 3 Tender 1, Phase 4 Tender 1, and Phase 5	Putuo District, Shanghai	4,049,357	60%
La Grande Ville Phase 5	Shun Yi District, Beijing	578,894	100%
Noble Hills Phase 4B	Wangcheng District, Changsha	882,801	100%
Regency Hills Land Nos. 13B and 14	Yangjiashan, Nanan District, Chongqing	887,693	95%
Noble Hills Phases 2B and 3A	Zengcheng, Guangzhou	1,077,413	100%
Regency Cove Phase 2A	Caidian District, Wuhan	733,592	100%
Emerald Cove	Wuguishan, Zhongshan	687,953	100%
Chelsea Waterfront West Tower	Chelsea/Fulham, London	157,004	95%

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

- (1) March 2019: A wholly owned subsidiary of the Group (“CKA Sub”), a wholly owned subsidiary of CK Hutchison Holdings Limited (“CK Hutchison”) and CK Hutchison entered into a supplemental agreement to the economic benefits agreement as described in the Company’s announcement of 31 August 2018, pursuant to which CK Hutchison will provide CKA Sub with certain ancillary voting arrangements and director nomination rights in the relevant holding companies of certain relevant businesses.
- (2) March 2019: The Group reached a land exchange agreement with the Government in respect of the site at Tung Yuen Street and Shung Yiu Street alongside the adjoining government land, Yau Tong (to be known as Yau Tong Inland Lot No. 45) for an area of approximately 83,668 sq.ft. The site is designated for private residential development and estimated to have a developable gross floor area of approximately 418,339 sq.ft.

Property Sales

Revenue of property sales (including share of joint ventures) recognised for the period was HK\$19,232 million (2018 – HK\$9,109 million), comprising mainly (i) sale of residential units of The Zumurud, Ocean Pride, Ocean Supreme and My Central in Hong Kong; (ii) sale of residential and commercial units of various projects on the Mainland – Laguna Verona in Dongguan, Noble Hills in Guangzhou, The Harbourfront in Qingdao, Hupan Mingdi in Shanghai and Regency Hills in Chongqing; and (iii) sale of residential units of Chelsea Waterfront in the United Kingdom, and is summarised as follows:

	2019	2018
Location	HK\$ Million	HK\$ Million
Hong Kong	15,674	1,972
The Mainland	3,428	6,417
Overseas	130	720
	19,232	9,109

Contribution from property sales (including share of joint ventures) for the period was HK\$7,530 million (2018 – HK\$2,234 million) and is summarised by locations as follows:

	2019	2018
Location	HK\$ Million	HK\$ Million
Hong Kong	6,653	210
The Mainland	830	1,644
Overseas	47	380
	7,530	2,234

All the residential units of Harbour Glory in Hong Kong and Stars of Kovan in Singapore have been presold and property sales will be recognised when completion of sales takes place in the second half year. On the Mainland, the presales of residential units of various projects including Upper West Shanghai in Shanghai, Laguna Verona in Dongguan and Regency Cove in Wuhan are progressing well and contribution to profit is expected upon completion of these projects.

Property sales contracted (including share of joint ventures) but not yet recognised at 30 June 2019 are as follows:

Location	Scheduled for Sales Recognition		
	In 2019 HK\$ Million	After 2019 HK\$ Million	Total HK\$ Million
Hong Kong	34,796	4,864	39,660
The Mainland	2,307	8,553	10,860
Overseas	3,023	-	3,023
	40,126	13,417	53,543

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 101 million sq.ft., of which 4 million sq.ft., 93 million sq.ft. and 4 million sq.ft. were located in Hong Kong, on the Mainland and overseas respectively.

Property Rental

Revenue of property rental (including share of joint ventures) for the period was HK\$3,756 million (2018 – HK\$3,880 million), comprising rental income derived from leasing of office, retail, industrial and other properties as follows:

Use of Property	2019	2018
	HK\$ Million	HK\$ Million
Office	1,471	1,587
Retail	1,695	1,694
Industrial	371	362
Others	219	237
	3,756	3,880

The Group's investment properties are primarily located in Hong Kong, including Cheung Kong Center, China Building and Hutchison House (currently under redevelopment) 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\$3,567 million (2018 – HK\$3,584 million) and is summarised by locations as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	2,819	3,028
The Mainland	340	348
Overseas	408	208
	3,567	3,584

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\$1,002 million (2018 – HK\$832 million) was recorded at 30 June 2019 based on a professional valuation using capitalisation rates ranging from approximately 4% to 8%.

Hotel and Serviced Suite Operation

Revenue of hotel and serviced suite operation (including share of joint ventures) for the period was HK\$2,374 million (2018 – HK\$2,425 million), comprising mainly revenue of Harbour Grand Hotels, Harbour Plaza Hotels & Resorts, and Horizon Hotels & Suites operated by the Group. The Group's completed hotel and serviced suite properties provide approximately 15,000 rooms for guest accommodation and are mostly located in Hong Kong.

Contribution (including share of joint ventures) after depreciation charge of HK\$197 million on properties was HK\$876 million (2018 – HK\$870 million) and is summarised by location as follows:

	2019	2018
Location	HK\$ Million	HK\$ Million
Hong Kong	897	903
The Mainland	(21)	(14)
Overseas	-	(19)
	876	870

An average occupancy rate of 89.5% was achieved for the period and the average hotel operating profit per square foot was HK\$23 per month, representing an annualised yield of 21% on the carrying amount of completed hotel and serviced suite properties at 30 June 2019.

The new Hotel Alexandra, an 840-room hotel developed in Hong Kong, has been completed and a soft opening will take place in early 2020.

Property and Project Management

Revenue of property and project management (including share of joint ventures) for the period was HK\$432 million (2018 – HK\$431 million), comprising mainly management fees 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\$183 million (2018 – HK\$182 million) and is summarised by locations as follows:

	2019	2018
Location	HK\$ Million	HK\$ Million
Hong Kong	130	126
The Mainland	40	39
Overseas	13	17
	183	182

At the interim period end date, the total floor area of completed properties managed by the Group was approximately 270 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\$1,556 million (2018 – HK\$1,385 million), comprising lease income derived from leasing of narrow body aircraft and wide body aircraft to airlines.

Contribution (including share of joint ventures) after depreciation charge of HK\$794 million on aircraft was HK\$717 million (2018 – HK\$596 million), an increase of HK\$121 million when compared with the same period last year as the Group has since acquired some more aircraft, and is analysed by location with reference to lessee's place of operation as follows:

Location	2019 HK\$ Million	2018 HK\$ Million
Asia	272	234
Europe	219	136
North America	174	149
Latin America	52	77
	717	596

At the interim period end date, the Group (including interest in joint ventures) owned 129 narrow body aircraft and 5 wide body aircraft with an average age of 5.7 years and an average remaining lease term of 4.9 years, and had commitments (including share of joint ventures) of approximately HK\$11.9 billion for the acquisition of another 31 aircraft.

Infrastructure and Utility Asset Operation

The Group has invested in the economic benefits of the following infrastructure and utility asset businesses since October 2018:

Business	Principal Activity	Interest in Economic Benefit
Park’N Fly	An off-airport car park provider in Canada	20%
UK Rails	A rolling stock operating company in the United Kingdom	20%
Northumbrian Water	A regulated water and sewerage company in England and Wales	16%
Dutch Enviro Energy	An energy-from-waste company in the Netherlands	14%
Wales & West Gas Networks	A gas distributor that serves Wales and the South West of England	12%
Australian Gas Networks	A distributor of natural gas in Australia	11%

The Group also has equity interests in the following joint ventures in infrastructure and utility asset operations acquired in 2017:

Joint Venture	Principal Activity	Equity Interest
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%

During the period, the Group shared the revenue of joint ventures in infrastructure and utility asset operations as follows:

	2019 HK\$ Million	2018 HK\$ Million
CK William JV	2,132	2,267
CKP (Canada) JV	1,698	1,680
Sarvana JV	2,828	2,941
	6,658	6,888

Profit contribution of the Group's investments in infrastructure and utility assets amounted to HK\$2,542 million (2018 – HK\$2,205 million) for the period, and is summarised by location as follows:

	Australia	Europe	North America	2019 Total	2018 Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
CK William JV	792	8	16	816	864
CKP (Canada) JV	-	-	500	500	470
Sarvana JV	-	856	-	856	871
Other investments	118	252	-	370	-
	910	1,116	516	2,542	2,205

Interests in Real Estate Investment Trusts

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

	Principal Activity	Equity Interest
Hui Xian REIT	Investment in hotels and serviced suites, office and retail properties on the Mainland	32.2%
Fortune REIT	Investment in retail properties in Hong Kong	27.2%
Prosperity REIT	Investment in office, retail and industrial properties in Hong Kong	18.4%

During the period, the Group shared a profit of HK\$166 million (2018 – HK\$197 million) of Hui Xian REIT, an associate, and received a cash distribution in the amount of HK\$260 million (2018 – HK\$287 million).

For investments in Fortune REIT and Prosperity REIT, cash distributions received in the total amount of HK\$156 million (2018 – HK\$157 million) were recognised as income for the period and an increase in value of HK\$1,056 million based on market closing price at 30 June 2019 was accounted for as gain on financial instruments (2018 – loss of HK\$268 million on financial instruments).

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\$8.3 billion when compared with bank and other borrowings at 31 December 2018. The maturity profile was spread over a period of 10 years, with HK\$3.7 billion repayable within 1 year, HK\$51.3 billion within 2 to 5 years and HK\$6.2 billion beyond 5 years.

The Group's net debt to net total capital ratio at 30 June 2019 was approximately 0.5%. Net debt is arrived at by deducting bank balances and deposits of HK\$59.4 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 investments in infrastructure and utility asset operation in Australia. The Group derives its revenue from property businesses mainly in HK\$ and RMB and maintains bank balances and deposits substantially in HK\$ and RMB. Income in foreign currencies is generated by overseas investments 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\$18,452 million (31 December 2018 – HK\$13,393 million) were charged to secure bank loans arranged for property development projects on the Mainland.

Contingent Liabilities

At the interim period end date, the Group provided guarantees for (i) the hotel revenue to be shared by the land owner of a hotel property amounting to HK\$521 million (31 December 2018 – HK\$536 million); and (ii) the mortgage loans provided by banks to purchasers of properties developed and sold by the Group on the Mainland amounting to HK\$2,740 million (31 December 2018 – HK\$3,005 million).

Employees

At the interim period end date, the Group (including its subsidiaries) employed approximately 18,500 employees and remuneration for the period (excluding directors' emoluments) amounted to approximately HK\$2,823 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 2019, 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 had 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 2019. In respect of code provision A.2.1 of the CG Code, the positions of the Chairman of the Board and the Managing Director are held by the same individual, namely, Mr. Victor T K Li. 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 at present. 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. The Board comprises five Independent Non-executive Directors who will continue to provide their views and comments to Mr. Victor T K Li as Chairman and Managing Director as they have done so previously. Furthermore, Mr. Li Ka-shing has been the Senior Advisor of the Company following his retirement as Chairman, and has in that capacity continued to contribute to the Group on significant matters. In respect of code provision A.5.1 of the CG Code, the Company established its nomination committee ("Nomination Committee") on 1 January 2019 which comprises all Directors of the Company, and the Chairman of the Board is the Chairman of the Nomination Committee. When the need to select, nominate or re-elect Directors arises, a sub-committee will be established comprising members from the Nomination Committee in compliance with the requirements under the Listing Rules in relation to the composition of nomination committee.

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 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 2019 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 comprises the Chairman and Managing Director, Mr. Victor T K Li and two Independent Non-executive Directors, namely, Ms. Hung Siu-lin, Katherine (Chairman of the Remuneration Committee) and Mr. Cheong Ying Chew, Henry.

NOMINATION COMMITTEE

The Company established its Nomination Committee on 1 January 2019 which comprises all Directors of the Company, and the Chairman of the Board is the Chairman of the Nomination Committee. When the need to select, nominate or re-elect Directors arises, a sub-committee will be established comprising members from the Nomination Committee in compliance with the requirements under the Listing Rules in relation to the composition of nomination committee.



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)

**NOTICE OF PAYMENT
OF INTERIM DIVIDEND, 2019**

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 2019 amounted to HK\$15,128 million which represents earnings of HK\$4.10 per share. The Directors have declared an interim dividend for 2019 of HK\$0.52 per share to shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 3 September 2019, being the record date for determination of entitlement to the interim dividend. The dividend will be paid on Thursday, 12 September 2019.

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, 3 September 2019.

By Order of the Board
CK ASSET HOLDINGS LIMITED
Eirene Yeung
*Executive Committee Member
& Company Secretary*

Hong Kong, 1 August 2019

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, Raymond, 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 2019

	(Unaudited)	
	2019	2018
	HK\$ Million	HK\$ Million
Group revenue	26,836	16,788
Share of revenue of joint ventures	7,172	7,330
Total	<u>34,008</u>	<u>24,118</u>
Group revenue	26,836	16,788
Interest from joint ventures	1,007	1,095
Investment and other income	2,094	627
Operating costs		
Property and related costs	(11,531)	(6,802)
Salaries and related expenses	(1,817)	(1,912)
Interest and other finance costs	(580)	(601)
Depreciation	(889)	(870)
Other expenses	(246)	(245)
	(15,063)	(10,430)
Profit on disposal of a property development joint venture	-	6,989
Gain (loss) on financial instruments	1,803	(47)
Change in fair value of investment properties	1,002	832
Surplus on disposal of investment properties	-	11,781
Share of profit of joint ventures	447	362
Share of profit of associates	166	197
Profit before taxation	18,292	28,194
Taxation	(2,568)	(2,885)
Profit after taxation	15,724	25,309
Profit attributable to		
Non-controlling interests	(326)	(285)
Perpetual capital securities	(270)	(271)
Profit attributable to shareholders	<u>15,128</u>	<u>24,753</u>
Earnings per share	HK\$4.10	HK\$6.69

	2019	2018
	HK\$ Million	HK\$ Million
Interim dividend	<u>1,921</u>	<u>1,738</u>
Dividend per share	HK\$0.52	HK\$0.47

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2019

	(Unaudited)	
	2019	2018
	HK\$ Million	HK\$ Million
Profit after taxation	15,724	25,309
Other comprehensive income (loss) - reclassifiable to profit or loss		
Translation of financial statements of operations outside Hong Kong		
Exchange loss	(160)	(1,775)
Exchange loss reclassified to profit or loss	-	162
Exchange gain on translation of bank loans for hedging	72	394
Gain (loss) on derivative financial instruments		
Net investment hedges	(300)	2,443
Cash flow hedges	59	131
Change in fair value of investments	-	(3)
Share of other comprehensive loss of joint ventures	(255)	(676)
Other comprehensive income (loss) - not reclassifiable to profit or loss		
Share of other comprehensive income (loss) of joint ventures	(78)	11
Other comprehensive income (loss)	(662)	687
Total comprehensive income	15,062	25,996
Total comprehensive income attributable to		
Non-controlling interests	(318)	(289)
Perpetual capital securities	(270)	(271)
Total comprehensive income attributable to shareholders	14,474	25,436

Consolidated Statement of Financial Position
As at 30 June 2019

	(Unaudited) 30/6/2019 HK\$ Million	(Audited) 31/12/2018 HK\$ Million
Non-current assets		
Fixed assets	39,872	37,660
Investment properties	123,772	123,478
Joint ventures	59,394	59,842
Associates	7,205	7,256
Investments	19,087	16,796
Loan receivables	3,789	3,848
Derivative financial instruments	3,233	3,006
Deferred tax assets	2,691	3,134
	<u>259,043</u>	<u>255,020</u>
Current assets		
Properties for sale	142,806	143,373
Debtors, prepayments and others	5,192	3,710
Loan receivables	10,129	17,117
Bank balances and deposits	59,402	56,725
	<u>217,529</u>	<u>220,925</u>
Current liabilities		
Bank and other loans	3,720	1,829
Creditors, accruals and others	16,837	15,622
Customers' deposits received	32,985	33,916
Provision for taxation	2,948	3,080
	<u>56,490</u>	<u>54,447</u>
Net current assets	<u>161,039</u>	<u>166,478</u>
Non-current liabilities		
Bank and other loans	57,443	67,663
Deferred tax liabilities	11,969	12,474
Derivative financial instruments	304	167
Pension obligations	173	166
	<u>69,889</u>	<u>80,470</u>
Net assets	<u>350,193</u>	<u>341,028</u>
Representing:		
Share capital and share premium	245,639	245,639
Reserves	87,073	77,881
Shareholders' funds	332,712	323,520
Perpetual capital securities	11,670	11,670
Non-controlling interests	5,811	5,838
Total equity	<u>350,193</u>	<u>341,028</u>

Notes:

(1) Revenue by principal activities is as follows:

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2019 HK\$ Million	2018 HK\$ Million	2019 HK\$ Million	2018 HK\$ Million	2019 HK\$ Million	2018 HK\$ Million
Property sales	19,226	9,107	6	2	19,232	9,109
Property rental	3,682	3,801	74	79	3,756	3,880
Hotel and serviced suite operation	2,366	2,416	8	9	2,374	2,425
Property and project management	413	406	19	25	432	431
Aircraft leasing	1,149	1,058	407	327	1,556	1,385
Infrastructure and utility asset operation	-	-	6,658	6,888	6,658	6,888
	26,836	16,788	7,172	7,330	34,008	24,118

and is summarised by location as follows:

	Six months ended 30 June	
	2019 HK\$ Million	2018 HK\$ Million
Hong Kong	21,139	7,751
The Mainland	4,252	7,255
Overseas	8,617	9,112
	34,008	24,118

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

	Six months ended 30 June					
	Group		Joint ventures		Total	
	2019 HK\$ Million	2018 HK\$ Million	2019 HK\$ Million	2018 HK\$ Million	2019 HK\$ Million	2018 HK\$ Million
Property sales	7,534	2,237	(4)	(3)	7,530	2,234
Property rental	3,501	3,512	66	72	3,567	3,584
Hotel and serviced suite operation	886	880	(10)	(10)	876	870
Property and project management	170	165	13	17	183	182
Aircraft leasing	487	446	230	150	717	596
Infrastructure and utility asset operation	370	-	2,172	2,205	2,542	2,205
	12,948	7,240	2,467	2,431	15,415	9,671
Interest and other finance costs	(580)	(601)	(624)	(638)	(1,204)	(1,239)
	12,368	6,639	1,843	1,793	14,211	8,432
Profit on disposal of a property development joint venture					-	6,989
Interests in real estate investment trusts					322	354
Gain (loss) on financial instruments					1,803	(47)
Change in fair value of investment properties						
Group					1,002	832
Joint ventures					-	9
Surplus on disposal of investment properties					-	11,781
Others					1,322	185
Taxation						
Group					(2,568)	(2,885)
Joint ventures					(368)	(341)
Profit attributable to non-controlling interests and perpetual capital securities					(596)	(556)
Profit attributable to shareholders					15,128	24,753

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

	Six months ended 30 June	
	2019	2018
	HK\$ Million	HK\$ Million
Interest and other finance costs		
Bank and other loans	977	1,029
Less: amount capitalised	(397)	(428)
	580	601
Costs of properties sold	10,062	5,631

(3) Taxation

	Six months ended 30 June	
	2019	2018
	HK\$ Million	HK\$ Million
Current tax		
Hong Kong	1,464	574
Outside Hong Kong	1,148	3,056
Deferred tax	(44)	(745)
	2,568	2,885

(4) The calculation of earnings per share is based on profit attributable to shareholders and on 3,693,400,500 shares (2018 - 3,697,498,500 shares) in issue during the period.

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

	30/6/2019	31/12/2018
	HK\$ Million	HK\$ Million
Current to one month	1,646	458
Two to three months	68	76
Over three months	84	65
	1,798	599

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

	30/6/2019	31/12/2018
	HK\$ Million	HK\$ Million
Current to one month	4,890	4,999
Two to three months	19	28
Over three months	11	22
	4,920	5,049

(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 2018.

The adoption of new and revised International Financial Reporting Standards ("IFRSs") effective for the Group's annual accounting periods beginning on 1 January 2019 has no significant impact on the Group's results and financial position. For the IFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

(7) Certain comparative information has been reclassified to conform to the current period's presentation.

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