



**KERRY PROPERTIES LIMITED**

*(Incorporated in Bermuda with limited liability)*

Stock Code : 683

# **2024 INTERIM REPORT**

For the six months ended 30 June 2024





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# FINANCIAL HIGHLIGHTS

	1H 2024	1H 2023	% Change
	HK\$ Million	HK\$ Million	
<b>Revenue</b>	<b>5,040</b>	5,472	-8%
Property sales	1,792	2,123	-16%
Property rental and others	2,426	2,498	-3%
Hotel operations	822	851	-3%
<b>Underlying profit <sup>(1)</sup></b>	<b>1,403</b>	1,739	-19%
<b>Profit attributable to shareholders</b>	<b>788</b>	1,739	-55%

Financial information	1H 2024	1H 2023	% Change
	HK\$	HK\$	
<b>Earnings per share ("EPS")</b>	<b>0.54</b>	1.20	-55%
<b>Adjusted EPS <sup>(2)</sup></b>	<b>0.97</b>	1.20	-19%
<b>Interim dividend per share</b>	<b>0.40</b>	0.40	Maintain

Note:

- (1) Underlying profit represents profit attributable to shareholders excluding the one-off provision in the first half of 2024 for certain land lots held by the Group in the Kwu Tung North New Development Area and the non-cash change in fair value of investment properties.
- (2) Calculated based on underlying profit.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report our 2024 interim results on behalf of Kerry Properties Limited. The property sector in our core markets of Hong Kong and select cities on the Mainland continued to face strong headwinds in the first half of the year. In Hong Kong, the Government's decision to remove all property cooling measures in late February 2024 was warmly welcomed and residential transactions ticked up significantly from around 5,800 during the first two months of 2024 to over 12,500 between March and April 2024 <sup>(1)</sup>. However, continued softness in overall business and consumer confidence, coupled with persistently high interest rates, resulted in a noticeable slowdown in transactions from May 2024 onwards, with May and June 2024 registering around 9,400 transactions <sup>(1)</sup>.

On the Mainland, residential purchasing sentiment remained weak virtually across the board. This is despite both National and Local Governments reversing a lot of the property cooling measures since the second half of 2022 and the significant easing of financial conditions by The People's Bank of China <sup>(2)</sup>. The national home price index saw a 3% decline in the first half of 2024 compared to the same period last year <sup>(3)</sup>. Interestingly, Renminbi ("RMB") bank deposits increased 4%, rising from RMB284 trillion at the end of 2023 to RMB296 trillion at the end of June 2024 <sup>(2)</sup>. This is a 30% increase from the RMB227 trillion at the end of June 2021 <sup>(2)</sup> when the economic mood on the Mainland was at a multi-year high. This suggests that the current challenges on the Mainland stem more from a lack of confidence rather than liquidity issues.

Against this backdrop, the Group delivered satisfactory results for the period. Our premium development properties sold reasonably well, while our office and retail portfolio delivered steady rental income in local currency terms. Meanwhile, our hotels performed steadily following a significant recovery last year.

## Financial Performance and Dividend

The Group recorded profit attributable to shareholders of HK\$788 million (1H 2023: HK\$1,739 million), representing a decline of 55% year-on-year. Excluding the one-off provision in the first half of 2024 for certain land lots held by the Group in the Kwu Tung North New Development Area and the non-cash change in fair value of investment properties, underlying profit decreased 19% year-on-year to HK\$1,403 million (1H 2023: HK\$1,739 million) due to lower revenue recognition. This was primarily a result of the timing difference between contracted sales and revenue recognition for development properties. EPS for the first half of 2024 was HK\$0.54 per share (1H 2023: HK\$1.20 per share), while adjusted EPS based on underlying profit was HK\$0.97 per share (1H 2023: HK\$1.20 per share).

The Board has declared payment of an interim dividend of HK\$0.40 per share for the six months ended 30 June 2024 (1H 2023: HK\$0.40 per share).

## Stable Business Results

Contracted sales for the first half of 2024 totalled HK\$7,044 million (1H 2023: HK\$8,170 million). The decrease was attributable to lower contracted sales on the Mainland, partially offset by a higher contribution from Hong Kong.

The Group recorded total revenue of HK\$5,040 million (1H 2023: HK\$5,472 million), a decrease of 8% year-on-year, mainly due to lower sales recognition for development properties of HK\$1,792 million (1H 2023: HK\$2,123 million).

Rental income from investment properties, excluding hotels, decreased 3% to HK\$2,426 million (1H 2023: HK\$2,498 million) but was largely in line with that of the same period last year in local currency terms. Hotel performance normalised after a substantial recovery last year, registering a 3% year-on-year decline in revenue to HK\$822 million (1H 2023: HK\$851 million), while maintaining stable revenue in local currency terms as compared with the same period last year.

Note:

- (1) Source: The Land Registry of Hong Kong Special Administrative Region
- (2) Source: The People's Bank of China
- (3) Source: National Bureau of Statistics of the People's Republic of China



### **Sustainable Development**

I am pleased to report that our rating has been upgraded to “AA” from “A” in the MSCI ESG Ratings, and we have been included for the first time in the S&P Global Sustainability Yearbook (China) 2024. These achievements are a reflection of our continued efforts to set a higher bar across Environmental, Social and Governance domains, particularly in areas such as sustainable building, wellness, stakeholder engagement and community investment. We appreciate the recognitions and will continue to improve.

### **Outlook**

We expect that the general demand for residential properties in Hong Kong and on the Mainland will remain subdued in the foreseeable future due to continued softness in business and consumer sentiment, unfavourable supply-and-demand dynamics, and a high-interest rate environment in Hong Kong. On a more positive note, we have noticed over the past six quarters a trend of high net-worth and professional individuals and families from the Mainland relocating to Hong Kong, many of whom are doing so through the Top Talent Pass Scheme <sup>(4)</sup>. These individuals and families represent a potent buying force for high-quality, well-located and immediately available residences. Many of them are drawn to Hong Kong's world-class education and healthcare service, not to mention international lifestyle and favourable tax regime.

We remain optimistic about the longer-term prospects of our core markets and will continue to enhance the value and service that we provide to our customers. However, given our cautious approach, we will continue to prioritise financial discipline and the timely delivery of our projects under development.

On 31 July 2024, Mr. Dennis Au stepped down as our Deputy Chief Executive Officer and Executive Director of the Company. We are grateful to Dennis for his contributions to the Group.

Finally, I wish to extend my gratitude to our colleagues and my fellow directors. Despite the challenges, our team has been consistent in their professionalism and unwavering in their commitment to excellence.

### **Kuok Khoon Hua**

*Chairman*

Hong Kong, 21 August 2024

Note:

(4) Source: Immigration Department of Hong Kong Special Administrative Region

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

### KEY HIGHLIGHTS

Combined revenue for the Group's development properties registered a decrease of 59% year-on-year to HK\$2,325 million (1H 2023: HK\$5,724 million), mainly as a result of a short-term timing difference between contracted sales and revenue recognition for development properties. Combined revenue for investment properties and hotels declined slightly by 3% year-on-year to HK\$3,714 million (1H 2023: HK\$3,819 million), but remained stable in local currency terms. The Group achieved contracted sales of HK\$7,044 million (1H 2023: HK\$8,170 million), a drop of 14% year-on-year, with fewer contracted sales on the Mainland partially offset by improved contracted sales in Hong Kong.

The Group's gearing ratio as of 30 June 2024, representing net debt to total equity, rose to 40.9% (31 December 2023: 34.1%) after the last tranche of scheduled payment for land was completed in respect of the Shanghai Huangpu project. The Group will continue to execute its deleveraging plan, along with disciplined financial management, to maintain gearing at a reasonable level.

Combined revenue of development properties on the Mainland and in Hong Kong				
	1H 2024 HK\$ Million	1H 2023 HK\$ Million	% Change Reporting currency basis	% Change Constant exchange rate basis
<b>Development properties</b>				
Mainland	884	186	375%	395%
Hong Kong	1,441	5,538	-74%	-74%
<b>Total</b>	<b>2,325</b>	<b>5,724</b>	<b>-59%</b>	<b>-59%</b>

Combined revenue of investment properties and hotels on the Mainland and in Hong Kong				
	1H 2024 HK\$ Million	1H 2023 HK\$ Million	% Change Reporting currency basis	% Change Constant exchange rate basis
<b>Investment properties and hotels</b>				
Mainland rental properties	2,053	2,086	-2%	3%
Hong Kong rental properties	596	640	-7%	-7%
Hotel operations	1,065	1,093	-3%	2%
<b>Total</b>	<b>3,714</b>	<b>3,819</b>	<b>-3%</b>	<b>1%</b>

Note: Combined revenue includes revenue from the Company, its subsidiaries and share of associates and joint ventures on the Mainland and in Hong Kong.



Contracted sales on the Mainland and in Hong Kong					
	1H 2024 HK\$ Million	1H 2023 HK\$ Million	% Change	1H 2024 % of total	1H 2023 % of total
<b>Development properties</b>					
Mainland	1,204	6,595	-82%	17%	81%
Hong Kong	5,840	1,575	271%	83%	19%
<b>Total</b>	<b>7,044</b>	<b>8,170</b>	<b>-14%</b>	<b>100%</b>	<b>100%</b>

The Group's gearing ratio			
	As of 30 June 2024	As of 31 December 2023	Change
<b>Gearing ratio</b> ( <i>Net debt to total equity</i> )	<b>40.9%</b>	34.1%	6.8% pts





## PRESENCE ON THE MAINLAND AND IN HONG KONG

### Landbanking Strategy

The Group maintains a diversified landbank of development properties and investment properties in Hong Kong, as well as in key cities on the Mainland, including Beijing, Hangzhou, Shanghai, Shenzhen and Shenyang.

The Group's landbanking strategy is to build a portfolio of premium mixed-use projects comprising office, retail, hotel and apartments-for-lease primarily on the Mainland, while operating a balanced pipeline of development properties on the Mainland and in Hong Kong. The Group presides over a robust landbank capable of driving growth for years to come, and will pursue a prudent and selective landbanking strategy to support long-term sustainable growth.

### Property Portfolio Composition

The Group's property portfolio comprised the Group's share of 51.3 million square feet of gross floor area ("GFA") as of 30 June 2024 (31 December 2023: 50.9 million square feet) on the Mainland, in Hong Kong and elsewhere overseas.

Of the 19.6 million square feet of properties under development on the Mainland, approximately 5.1 million square feet was for a mixed-use development project located in Shanghai's Huangpu district consisting of residential, office, retail and hotel components. This is an important and strategic project that will provide healthy sales revenue from development properties in the medium term, while strengthening our investment property portfolio in downtown Shanghai by progressively growing recurrent rental revenue over the long term. A summary of the Group's property portfolio in attributable GFA follows:

The Group's property portfolio in attributable GFA					
As of 30 June 2024:	Mainland	Hong Kong	Overseas	Total as of	Total as of
				30 June	31 December
				2024	2023
	('000 square feet)				
Properties under development	19,601	1,765	4,747	26,113	26,256
Investment properties	10,825	3,073	1,873	15,771	15,765
Hotel properties	4,652	38	504	5,194	5,009
Properties held for sale	3,770	432	1	4,203	3,874
<b>Total GFA</b>	<b>38,848</b>	<b>5,308</b>	<b>7,125</b>	<b>51,281</b>	<b>50,904</b>



## Development Property Pipeline

Based on a portfolio of properties under development, the Group runs a robust sales pipeline supported by upcoming development properties that will be sufficient for the next five years and beyond. As of 30 June 2024, total attributable GFA of for-sale development properties on the Mainland and in Hong Kong stood at 10.1 million square feet.

Meanwhile, the Group's well-stocked pipeline of development properties on the Mainland will yield 8.5 million square feet of attributable GFA. All the Group's Mainland development properties are part of a master-planned mixed-use development community located in key areas of their respective cities, and offer the convenience of nearby transport networks. They will be positioned as high-quality premium homes, and with the added attraction of residents being able to enjoy the facilities and amenities offered by the commercial portions of projects, such as shopping malls and well-designed public areas.

In Hong Kong, the Group presides over a landbank of high-quality projects amounting to approximately 1.6 million square feet of attributable GFA. This enables the Group to build a balanced pipeline of development properties, comprising a diverse product mix ranging from high-end and middle-market through to mass-market developments.

The Group's attributable development property completion pipeline				
Target completion	Location	Region	Equity stake	Attributable GFA
				( <i>'000 square feet</i> )
2024	Hangzhou	Mainland	100%	1,007
2024	Shenzhen Qianhai (Phase I)	Mainland	100%	186
2024 onwards	Shenyang	Mainland	60%	1,633
2025	Wong Chuk Hang	Hong Kong	50%	319
2025	Yuen Long	Hong Kong	90%	254
2025	Shanghai Pudong	Mainland	40%	205
2025	Tianjin	Mainland	49%	147
2025	Shenzhen Qianhai (Phase III)	Mainland	70%	42
2025 onwards	Wuhan	Mainland	100%	2,613
2026	Tseung Kwan O	Hong Kong	25%	387
2026 onwards	Qinhuangdao	Mainland	60%	1,348
2027 onwards	Shanghai Huangpu	Mainland	100%	1,319
2028	To Kwa Wan	Hong Kong	100%	370
2029	Tsuen Wan	Hong Kong	100%	314
				<b>10,144</b>
			Mainland Total	8,500
			Hong Kong Total	1,644
			<b>Group Total</b>	<b>10,144</b>



## Investment Property and Hotel Pipeline

As of 30 June 2024, the Group held 18.6 million square feet of attributable GFA in its major investment property and hotel portfolio, comprising office, retail, apartment, hotel and warehouse assets in Hong Kong and on the Mainland. In fact, the Mainland accounted for 83% or 15.5 million square feet, while Hong Kong accounted for 17% or 3.1 million square feet of the total investment property and hotel portfolio in Hong Kong and on the Mainland. The portfolio's composition follows:

The Group's investment property and hotel portfolio in Hong Kong and on the Mainland (attributable GFA)*									
As of 30 June 2024:	Hong Kong	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Others	Total as of 30 June 2024	Total as of 31 December 2023
<i>('000 square feet)</i>									
<b>Office</b>	778	711	1,519	3,003	102	354	195	<b>6,662</b>	6,662
<b>Retail</b>	1,197	98	959	361	798	486	1,188	<b>5,087</b>	5,087
<b>Hotel</b>	38	500	759	121	461	395	2,416	<b>4,690</b>	4,505
<b>Apartment</b>	799	277	774	–	–	–	–	<b>1,850</b>	1,850
<b>Warehouse</b>	299	–	–	–	–	–	–	<b>299</b>	299
<b>Total</b>	<b>3,111</b>	<b>1,586</b>	<b>4,011</b>	<b>3,485</b>	<b>1,361</b>	<b>1,235</b>	<b>3,799</b>	<b>18,588</b>	18,403

Note: \* Excludes 2,377,000 square feet of attributable GFA from investment properties and hotels overseas

Over the next six years, the Group expects to add another 11.0 million square feet of GFA to its investment property and hotel portfolio from a pipeline of major mixed-use projects. This comprises approximately 5.8 million square feet of GFA for office properties, along with approximately 4.6 million square feet of GFA for retail and approximately 0.6 million square feet of GFA for hotel properties and apartments. The top contributing cities to the Group's growth roadmap are Shanghai, with projects in Pudong and Huangpu districts, plus Wuhan and Hangzhou.



The Group's major mixed-use projects under development on the Mainland (attributable GFA)						
Target completion	City	Office	Retail	Hotel	Apartment	Total
<i>('000 square feet)</i>						
2025	Hangzhou	241	1,043	175	197	<b>1,656</b>
2025	Tianjin	489	92	–	–	<b>581</b>
2025	Shenzhen Qianhai	503	76	–	–	<b>579</b>
From 2025	Shenyang	447	595	–	–	<b>1,042</b>
2026	Shanghai Pudong	110	981	–	–	<b>1,091</b>
From 2026	Zhengzhou	349	–	226	–	<b>575</b>
From 2027	Shanghai Huangpu	2,298	1,346	91	–	<b>3,735</b>
2030	Wuhan	1,318	451	–	–	<b>1,769</b>
	<b>Total</b>	<b>5,755</b>	<b>4,584</b>	<b>492</b>	<b>197</b>	<b>11,028</b>

The Group has built a solid pipeline of mixed-use projects in major cities, as a result of its strategic vision and disciplined landbanking track-record over the years. Successive launch of these malls, premium offices, residences-for-lease and hotels over the next few years will act as a growth catalyst for the Group in the form of progressive and steadily increasing recurrent revenue. In parallel, the Group will focus on strategic asset enhancement initiatives to maintain the competitiveness of our properties. Meanwhile, the Group's diligent management of existing assets and high standard of tenant service will support rental reversion, occupancy levels and tenant loyalty.



## MAINLAND PROPERTY DIVISION

### Overview

The Mainland Property Division recorded total revenue of HK\$3,580 million (1H 2023: HK\$2,956 million) and gross profit of HK\$1,903 million (1H 2023: HK\$1,795 million) for the first half of 2024 at the subsidiary level. Contributing to the revenue growth was the increase in recognised sales from development properties, partially offset by a slight decrease in rental revenue, in reporting currency terms.

#### (i) Development property portfolio performance

Revenue from development properties in the Mainland Property Division reached HK\$874 million (1H 2023: HK\$185 million) at the subsidiary level as sales revenue recognition increased year-on-year. The majority of contracted sales achieved in 2023 and the first half of 2024 are expected to be booked in the second half of 2024 on completion of relevant projects. Gross profit from Mainland development properties was HK\$216 million (1H 2023: HK\$41 million) with a corresponding gross profit margin of 25% (1H 2023: 22%). The change in gross profit margin reflected a year-on-year variance in projects sold in different cities. Combined revenue, including contributions from associates and joint ventures, from development properties on the Mainland totalled HK\$884 million (1H 2023: HK\$186 million).

The Mainland Property Division delivered attributable contracted sales of HK\$1,204 million (1H 2023: HK\$6,595 million). In the first half of 2024, sales launches on the Mainland were comparatively smaller in scale and confined largely to second and third-tier cities. The results were mainly generated by Wuhan's River Mansion and Shenyang's The Arcadia, plus other projects in Fuzhou, Qinhuangdao, Tianjin and Kunming. A summary of the Mainland's major attributable contracted sales achieved for the first half of 2024 follows:

Project name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total contracted sales for the six months ended 30 June 2024 (HK\$ Million)
River Mansion	100%	Wuhan	1,561,000	422
The Arcadia	60%	Shenyang	3,283,000	415
Fuzhou Rivercity	100%	Fuzhou	2,908,000	92
Arcadia Terrace	49%	Tianjin	299,000	79*
Habitat Phase II	60%	Qinhuangdao	1,965,000	68
Peakview	55%	Kunming	225,000	55
Others	–	–	–	73
<b>Total</b>				<b>1,204</b>

Note: Others include non-core asset sales in Zhengzhou and other cities.

\* Group's attributable share in associates and joint ventures

**(ii) Investment property and hotel portfolio performance**

On the Mainland, the Group's investment property and hotel portfolio mainly comprises office, retail, apartments-for-lease and hotel properties in key cities. In the first half of 2024, revenue from the Group's Mainland investment property and hotel portfolio was HK\$2,706 million (1H 2023: HK\$2,771 million) at the subsidiary level.

Excluding hotels, the Mainland's investment properties contributed rental revenue of HK\$1,884 million (1H 2023: HK\$1,920 million) and gross profit of HK\$1,402 million (1H 2023: HK\$1,439 million) at the subsidiary level. The corresponding gross profit margin was 74% (1H 2023: 75%), highlighting the resilience and defensive nature of our leasing portfolio. Based on local currency, the Mainland's rental revenue increased slightly by 3% year-on-year at the subsidiary level, with higher retail rental revenue partially offset by lower office rental revenue. Combined rental income from the Mainland's investment properties, excluding hotels but including contributions from associates and joint ventures, was HK\$2,053 million (1H 2023: HK\$2,086 million), declining by 2% year-on-year on reporting currency basis, but improving by 3% on local currency basis. A summary of the Mainland Property Division's combined rental income follows:

<b>Combined rental income of the Mainland Property Division (excluding hotel revenue)</b>				
	<b>1H 2024</b>	<b>1H 2023</b>	<b>% Change</b>	<b>% Change</b>
<b>Investment properties</b>	<b>HK\$ Million</b>	<b>HK\$ Million</b>	<b>Reporting</b>	<b>Constant</b>
			<b>currency</b>	<b>exchange</b>
			<b>basis</b>	<b>rate basis</b>
<b>The Company and its subsidiaries</b>	<b>1,884</b>	1,920	-2%	3%
<b>Share of associates and joint ventures</b>	<b>169</b>	166	2%	7%
<b>Total</b>	<b>2,053</b>	2,086	-2%	3%

The Group's retail segment saw moderate improvement, with increased foot fall and tenant sales, despite an uncertain economic outlook. This was driven in part by the premium nature of locations and quality of our assets, as well as the property upgrades undertaken by the Group to enhance the appeal of our assets. The office segment remained the major revenue driver for the Group's investment property portfolio, with key assets maintaining stable occupancy levels. Given low visibility of the economy ahead, coupled with an oversupply of office buildings, corporations have been spending cautiously, giving rise to subdued leasing activity. In order to lock in recurrent revenue in a weak market, the Group prioritised renewals, while striving for the best leasing terms according to prevailing prices. The residential leasing portfolio remained steady. The Group will continue focusing on revenue management by optimising its retail brand mix and concentrating on renewals within its longstanding blue and red-chip tenant base.



There has been no change in the Group's Mainland investment property portfolio from 31 December 2023, while the overall occupancy rates were generally in line with those as of 31 December 2023. A breakdown of attributable GFA by asset type and respective occupancy rates follows:

	As of 30 June 2024		As of 31 December 2023	
	Group's attributable GFA ('000 square feet)	Occupancy rate	Group's attributable GFA ('000 square feet)	Occupancy rate
<b>Office</b>	<b>5,884</b>	<b>90%</b>	5,884	90%
<b>Retail</b>	<b>3,890</b>	<b>87%</b>	3,890	85%
<b>Apartment</b>	<b>1,051</b>	<b>92%</b>	1,051	92%
	<b>10,825</b>		10,825	

A summary of overall occupancy rates for the Group's major mixed-use developments in key Mainland cities follows:

Property name	Occupancy rate as of 30 June 2024	Occupancy rate as of 31 December 2023
<b>Shanghai Jing An Kerry Centre*</b>	<b>95%</b>	98%
<b>Shanghai Pudong Kerry Parkside*</b>	<b>97%</b>	96%
<b>Beijing Kerry Centre*</b>	<b>89%</b>	91%
<b>Hangzhou Kerry Centre*</b>	<b>92%</b>	91%
<b>Shenzhen Kerry Plaza</b>	<b>89%</b>	92%

Note: \* Excludes the hotel portion

The Group's hotel business on the Mainland normalised after a strong rebound in 2023, recording revenue of HK\$822 million (1H 2023: HK\$851 million), a slight 3% year-on-year decline at the subsidiary level. In local currency terms, the Mainland's hotel business delivered a mild 1% year-on-year improvement in revenue. Combined revenue, including contributions from associates and joint ventures, from the hotel business on the Mainland decreased 3% year-on-year to HK\$1,050 million (1H 2023: HK\$1,077 million) on reporting currency basis, but improved by 2% on local currency basis.



## HONG KONG PROPERTY DIVISION

### Overview

The Hong Kong Property Division reported revenue of HK\$1,460 million (1H 2023: HK\$2,516 million) and gross profit of HK\$567 million (1H 2023: HK\$966 million) at the subsidiary level for the first half of 2024. The decline in revenue was due to less recognised sales revenue for development properties and reduced rental income as a result of the conversion of an investment property into a for-sale property and ongoing refurbishments within our investment property portfolio.

#### (i) Development property portfolio performance

For the first half of 2024, the Group recognised development property sales revenue of HK\$918 million (1H 2023: HK\$1,938 million) and gross profit of HK\$147 million (1H 2023: HK\$504 million) at the subsidiary level. This reduction was attributed to a short-term timing difference between contracted sales and revenue recognition. Most of the contracted sales achieved in 2023 and the first half of 2024 are expected to be recognised in the second half of 2024 and in 2025 on handover of completed units to buyers. The gross profit margin of Hong Kong's development properties was 16% (1H 2023: 26%), with the change attributed to a different product mix. Combined revenue, including contributions from associates and joint ventures, from development properties in Hong Kong was HK\$1,441 million (1H 2023: HK\$5,538 million).

Benefiting from relaxation of property policy, the Hong Kong Property Division achieved total attributable contracted sales of HK\$5,840 million (1H 2023: HK\$1,575 million) in the first half of 2024. This was largely the result of the Mont Verra high-end project, which recorded HK\$4,807 million of contracted sales. The Aster, previously known as the Group's "Resiglow – Happy Valley" investment property, delivered HK\$515 million. The Group's Wong Chuk Hang MTR station projects, La Marina and La Montagne, together recorded HK\$516 million in attributable contracted sales.

A summary of Hong Kong's contracted sales achieved for the first half of 2024 follows:

Project name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total contracted sales for the six months ended 30 June 2024 (HK\$ Million)
Mont Verra	100%	Beacon Hill	325,000	4,807
The Aster	100%	Happy Valley	71,000	515
La Marina	50%	Wong Chuk Hang	425,800	482*
La Montagne	50%	Wong Chuk Hang	559,000	34*
Others	–	–	–	2
<b>Total</b>				<b>5,840</b>

Note: Others refer to non-residential asset sales including car parks.

\* Group's attributable share in associates and joint ventures





**(ii) Investment property portfolio performance**

In Hong Kong, the Group maintains an investment property portfolio of office and retail assets mainly from the MegaBox/ Enterprise Square Five mixed-use development, Kerry Centre as well as apartments-for-lease mainly from the Group's Mid-Levels residential portfolio.

For the first half of 2024, the Hong Kong investment property portfolio was facing challenging market conditions, resulting in revenue of HK\$542 million (1H 2023: HK\$578 million) and gross profit of HK\$420 million (1H 2023: HK\$462 million) at the subsidiary level. The corresponding gross profit margin was 77% (1H 2023: 80%), with the moderation in part due to lower rental reversion to align with prevailing prices. Combined rental income from investment properties, including contributions from associates and joint ventures, was HK\$596 million (1H 2023: HK\$640 million).

A summary of the Hong Kong Property Division's combined rental income follows:

Combined rental income of the Hong Kong Property Division			
Investment properties	1H 2024 HK\$ Million	1H 2023 HK\$ Million	% Change
The Company and its subsidiaries	542	578	-6%
Share of associates and joint ventures	54	62	-13%
<b>Total</b>	<b>596</b>	<b>640</b>	<b>-7%</b>

The reduction in Hong Kong's rental revenue was mainly attributable to the loss in rental income from the conversion of the "Resiglow – Happy Valley" residence-for-lease project into a development property for sale, The Aster. This was compounded by the effect of ongoing refurbishments on two floors of MegaBox and one block of building in the Mid-Levels residential portfolio. Another factor was reduced unit rent from the office segment after being priced at prevailing market rates – a move that supported the occupancy level. MegaBox performed well despite the city's poor consumer sentiment, thanks to its positioning as a local family-orientated mall. A slight drop in revenue at MegaBox was largely due to certain floor areas being closed off for refurbishment. Lastly, the residential portfolio performed steadily. Excluding the impact of the "Resiglow – Happy Valley" conversion and disruptions caused by the asset enhancement works mentioned above, Hong Kong's combined rental revenue registered a slight 1% drop on a like-for-like basis.



A summary of the Group's Hong Kong investment property portfolio breakdown of attributable GFA by asset type and respective occupancy rates follows:

	As of 30 June 2024		As of 31 December 2023	
	Group's attributable GFA ('000 square feet)	Occupancy rate	Group's attributable GFA ('000 square feet)	Occupancy rate
<b>Retail</b>	<b>1,197</b>	<b>89%</b>	1,197	95%
<b>Apartment</b>	<b>799</b>	<b>93%*</b>	799	89%*
<b>Office</b>	<b>778</b>	<b>82%</b>	778	84%
<b>Warehouse</b>	<b>299</b>	<b>24%</b>	299	43%
	<b>3,073</b>		3,073	

Note: \* As of 30 June 2024 and 31 December 2023, occupancy rate excluded Branksome Crest due to major refurbishments.

A summary of the occupancy rates for the Group's major investment properties in Hong Kong follows:

Property name	Occupancy rate as of 30 June 2024	Occupancy rate as of 31 December 2023
<b>MegaBox/</b>	<b>89%</b>	95%
<b>Enterprise Square Five</b>	<b>81%</b>	82%
<b>Kerry Centre</b>	<b>84%</b>	89%
<b>Mid-Levels Portfolio</b>	<b>95%*</b>	93%*

The drop in MegaBox's occupancy rate was mainly attributable to ongoing refurbishment works on two floors of the mall, affecting approximately 14% of net leasable area.

Note: \* As of 30 June 2024 and 31 December 2023, occupancy rate excluded Branksome Crest from Mid-Levels Portfolio due to major refurbishments.

# MANAGEMENT DISCUSSION & ANALYSIS

## CAPITAL RESOURCES AND LIQUIDITY

### Treasury Policies

The Group adopts prudent policies on liquidity and debt management. The Group's treasury policies, approved by the Finance Committee of the Company and subject to periodic review by the Group's internal audit function, are designed to mitigate the liquidity, foreign exchange, interest rate and credit risks in the normal course of business. The entire Group's liquidity management and financing activities are centrally coordinated and controlled at the corporate level. It achieves better control of the Group's treasury operations and lowers the average cost of funds.

### Foreign Exchange Management

The Group closely reviews and monitors its foreign exchange exposure, and conducts its businesses primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollar. The Group's primary foreign exchange exposure arises from its property developments and investments in the Mainland which are denominated in Renminbi ("RMB") and the bank loans which are denominated in RMB, Australian dollar ("AUD") and Japanese yen ("JPY").

As at 30 June 2024, the total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalent of HK\$1,361 million and RMB bank loans amounted to the equivalent of HK\$18,272 million. As such, total non-RMB denominated foreign currency borrowings and RMB denominated bank borrowings represented approximately 2% and 30% respectively, of the Group's total borrowings of HK\$60,844 million as at 30 June 2024.

As at 30 June 2024, the total foreign currency borrowings of HK\$19,633 million were denominated in RMB, AUD and JPY of RMB17,063 million (equivalent to HK\$18,272 million), AUD187 million (equivalent to HK\$971 million) and JPY8,000 million (equivalent to HK\$390 million), respectively. To hedge the exchange rate exposure of the foreign currency borrowings, the Group arranged cross currency swap contracts amounting to RMB1,000 million, approximately AUD187 million and JPY8,000 million for those bank borrowings drawn in Hong Kong. The remaining RMB16,063 million bank borrowings were mainly for construction projects in the Mainland and the Group endeavoured to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB.

### Interest Rate Management

The Group actively monitors the cash flow forecasts of its subsidiaries and arranges to transfer surplus cash to the corporate level to reduce its gross debt. To effectively utilise surplus cash and minimise overall interest costs, the Group has arranged intra-group loans to meet funding needs of other group companies. The Group regularly reviews the intra-group financing arrangements in response to changes in foreign exchange rates and interest rates.

In addition to raising funds directly on a fixed rate basis, the Group endeavours to manage its interest rate risks arising from its floating rate loans by hedging with floating-to-fixed interest rate swap contracts and applying hedge accounting. As at 30 June 2024, the Group had outstanding interest rate swap contracts of HK\$19,060 million (31 December 2023: HK\$19,500 million), enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile. As at 30 June 2024, the Group's fixed rate debt ratio (after swap contracts and fixed rate loans) was 44% and 55% (31 December 2023: 43% and 58% respectively) on gross debt level and net debt level respectively.

### Liquidity and Financing Management

Total borrowings of HK\$60,844 million (31 December 2023: HK\$55,131 million) included HK\$41,211 million of Hong Kong dollar borrowings, HK\$18,272 million RMB borrowings, HK\$971 million AUD borrowings and HK\$390 million JPY borrowings. The total cash and bank deposit balances amounted to HK\$12,365 million as at 30 June 2024 (31 December 2023: HK\$13,845 million), and the net debt balance was HK\$48,479 million (31 December 2023: HK\$41,286 million). The increase in net debt balance was mainly due to the settlement of the last batch of land costs for the project in Shanghai Huangpu.

The Group applies a proactive approach to manage the Group's liquidity to ensure sufficient headroom for capital resources to meet its financing needs, to pursue disciplined investment opportunities and to protect against unexpected external economic shocks. Funding needs are closely monitored and regularly reviewed to allow a fair degree of financial flexibility and liquidity while optimising the costs of funds. As at 30 June 2024, the Group maintained all of its borrowings on both an unsecured and guaranteed basis, and no assets were pledged. The Group will continue to obtain financing on an unsecured basis whenever possible and supplement such borrowings with secured project financing as and when the need arises.



The Group's available financial resources as at 30 June 2024 was HK\$37,351 million (31 December 2023: HK\$44,971 million), which comprised undrawn bank loan facilities of HK\$24,986 million and cash and bank deposits of HK\$12,365 million, decreasing by 20% and 11% respectively when compared to 31 December 2023. The reduction was mainly attributable to the utilisation of capital resources on the settlement of land costs as mentioned above. The available financial resources can cover over 60% of the total borrowings as at 30 June 2024.

### Sustainable Finance Initiatives

The Group recognises sustainable finance as a key course to facilitate long-term investments in sustainable economic activities and projects. The Group established a sustainable finance framework in 2022 to further set out how the utilisation of sustainable finance instruments would contribute to the Group's sustainability strategy and vision.

During the first half of 2024, the Group entered into various sustainability-linked loan agreements with approximately HK\$5,969 million in loan facilities. As at 30 June 2024, the Group's total sustainability-linked loan facilities stood at approximately HK\$47,019 million, representing 55% of the Group's total loan facilities. These loan facilities are linked to the Group's annual and cumulative sustainability performance to reinforce our commitment to improve sustainability performance and demonstrate our desire to support the development of sustainable loan market in the region. Proceeds will fund measures to drive long-term sustainability targets, and enhance the climate resilience of our property portfolio, as well as general corporate financing. The Group will benefit from discounted interest rates when pre-determined sustainability milestones are achieved. With more sustainability-linked loans in the pipeline, the Group will benefit more from discounted interest rates. We aim to gradually increase the sustainable finance portion of the Group's overall debt portfolio and explore other sustainable financial solutions to support our sustainable development.

### Debt Maturity Profile and Gearing Ratio

The Group's total borrowings as at 30 June 2024 were HK\$60,844 million (31 December 2023: HK\$55,131 million). The debt maturity profile, with around 69% of the borrowings repayable after two years, is set out below:

Repayable:	30 June 2024		31 December 2023	
	HK\$ Million		HK\$ Million	
Within 1 year	7,918	13%	6,636	12%
In the second year	11,112	18%	13,034	24%
In the third to fifth year	41,814	69%	35,001	63%
Over 5 years	–	–	460	1%
<b>Total</b>	<b>60,844</b>	<b>100%</b>	<b>55,131</b>	<b>100%</b>

As at 30 June 2024, the Group's gearing ratio, representing net debt to total equity, is 40.9% (31 December 2023: 34.1%), calculated based on net debt of HK\$48,479 million and total equity of HK\$118,406 million.

The Group provided guarantees for (i) banking facilities of certain associates and joint ventures; and (ii) mortgage facilities provided by banks to first-hand buyers of certain properties developed by the Group in the Mainland.

Details of contingent liabilities are set out in note 12 to the financial information of the Group included in this report.



# INDEPENDENT AUDITOR'S REVIEW REPORT



羅兵咸永道

**Report On Review Of Interim Financial Information**  
**To the Board of Directors of Kerry Properties Limited**  
*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 20 to 44, which comprises the condensed consolidated interim statement of financial position of Kerry Properties Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 21 August 2024

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June	
		2024 HK\$'000	2023 HK\$'000
Revenue	3	<b>5,039,607</b>	5,472,374
Cost of sales and direct expenses		<b>(2,569,805)</b>	(2,711,627)
Gross profit	3	<b>2,469,802</b>	2,760,747
Other income and net gains		<b>25,127</b>	373,832
Selling, administrative and other operating expenses		<b>(871,224)</b>	(904,492)
(Decrease)/increase in fair value of investment properties		<b>(238,714)</b>	146,300
Operating profit before finance costs		<b>1,384,991</b>	2,376,387
Finance costs	4	<b>(195,166)</b>	(317,789)
Operating profit	4	<b>1,189,825</b>	2,058,598
Share of results of associates and joint ventures		<b>389,293</b>	843,236
Profit before taxation		<b>1,579,118</b>	2,901,834
Taxation	5	<b>(450,727)</b>	(871,014)
Profit for the period		<b>1,128,391</b>	2,030,820
Profit attributable to:			
Company's shareholders		<b>788,036</b>	1,738,831
Non-controlling interests		<b>340,355</b>	291,989
		<b>1,128,391</b>	2,030,820
Earnings per share	6		
– Basic		<b>HK\$0.54</b>	HK\$1.20
– Diluted		<b>HK\$0.54</b>	HK\$1.20



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Profit for the period	1,128,391	2,030,820
Other comprehensive income		
<b>Items that may be reclassified to profit or loss</b>		
Cash flow hedges	118,628	104,634
Share of other comprehensive income of associates and joint ventures	(46,815)	(33,705)
Net translation differences on foreign operations	(2,145,323)	(3,618,973)
<b>Items that will not be reclassified to profit or loss</b>		
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	(113,746)	85,144
Release of exchange fluctuation reserve upon disposal of subsidiaries	10,405	–
Other comprehensive income for the period, net of tax	(2,176,851)	(3,462,900)
Total comprehensive income for the period	(1,048,460)	(1,432,080)
Total comprehensive income attributable to:		
Company's shareholders	(1,013,768)	(1,150,107)
Non-controlling interests	(34,692)	(281,973)
	(1,048,460)	(1,432,080)

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

		Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
	Note		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	4,770,076	4,323,428
Investment properties	7	75,770,831	76,964,829
Right-of-use assets	7	1,725,524	1,679,757
Properties under development and land deposits		29,396,668	39,222,688
Associates and joint ventures		24,431,215	24,823,141
Derivative financial instruments		655,723	582,318
Financial assets at fair value through other comprehensive income		849,331	758,168
Financial assets at fair value through profit or loss		643,433	650,701
Mortgage loans receivable		912,838	898,512
Intangible assets	7	122,504	122,504
		<b>139,278,143</b>	<b>150,026,046</b>
<b>Current assets</b>			
Properties under development		36,877,928	23,436,237
Completed properties held for sale		18,867,768	18,623,682
Accounts receivable, prepayments and deposits	8	2,482,631	1,787,467
Current portion of mortgage loans receivable		197,185	193,156
Tax recoverable		424,331	325,570
Tax reserve certificates		15,668	189,255
Derivative financial instruments		15,891	5,889
Restricted bank deposits		372,451	305,449
Cash and bank balances		11,992,932	13,539,631
		<b>71,246,785</b>	<b>58,406,336</b>
<b>Current liabilities</b>			
Accounts payable, deposits received and accrued charges	9	6,945,104	7,507,830
Contract liabilities		9,707,489	8,955,229
Current portion of lease liabilities		43,677	43,646
Taxation		1,504,929	2,588,892
Short-term bank loans and current portion of long-term bank loans	10	7,917,627	6,636,214
Derivative financial instruments		109,829	114,041
		<b>26,228,655</b>	<b>25,845,852</b>
<b>Net current assets</b>		<b>45,018,130</b>	<b>32,560,484</b>





	Note	Unaudited As at 30 June 2024 HK\$'000	Audited As at 31 December 2023 HK\$'000
<b>Total assets less current liabilities</b>		<b>184,296,273</b>	182,586,530
<b>Non-current liabilities</b>			
Long-term bank loans	10	52,926,461	48,494,864
Amounts due to non-controlling interests		2,257,560	2,237,084
Lease liabilities		17,388	40,529
Derivative financial instruments		234,486	278,874
Deferred taxation		10,454,675	10,378,358
		<b>65,890,570</b>	61,429,709
<b>ASSETS LESS LIABILITIES</b>		<b>118,405,703</b>	121,156,821
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital		1,451,306	1,451,306
Shares held for share award scheme		(50,171)	(50,171)
Share premium		13,132,615	13,105,221
Other reserves		1,749,026	3,981,697
Retained profits		88,580,440	88,768,527
		<b>104,863,216</b>	107,256,580
Non-controlling interests		<b>13,542,487</b>	13,900,241
<b>TOTAL EQUITY</b>		<b>118,405,703</b>	121,156,821

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>		
Net cash generated from operations	911,228	3,660,812
Interest paid	(1,336,333)	(1,163,173)
Income tax paid	(1,110,174)	(646,125)
Net cash (used in)/generated from operating activities	(1,535,279)	1,851,514
<b>Investing activities</b>		
Additions of property, plant and equipment	(26,692)	(37,349)
Additions of investment properties	(166,043)	(85,223)
Increase in land deposits	(4,856,016)	–
Disposal of subsidiaries	36,638	–
Increase in investment in associates and joint ventures	(19,459)	(84,090)
Dividends received from associates and joint ventures	298,717	295,992
Additional loans to associates and joint ventures	(371,932)	(559,058)
Repayment of loans by associates and joint ventures	702,704	879,518
Additional loans from associates and joint ventures	268	166,934
Repayment of loans to associates and joint ventures	(42)	(4)
Mortgage loans to buyers	(64,363)	(7,885)
Repayment of mortgage loans from buyers	45,110	87,078
Interest received	300,270	306,933
Return of investment from financial assets at fair value through profit or loss	6,097	–
Increase in restricted bank deposits	(73,970)	(93,270)
(Increase)/decrease in bank deposits maturing after more than three months	(196)	2,254
Dividends received from listed and unlisted investments	31,198	31,791
Proceeds from sale of property, plant and equipment	711	1,256
Net cash (used in)/generated from investing activities	(4,157,000)	904,877



	Unaudited	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<b>Financing activities</b>		
Purchase of shares for share award scheme	–	(24,076)
Repayment of bank loans	<b>(25,949,081)</b>	(14,751,963)
Drawdown of bank loans	<b>32,058,532</b>	18,567,531
Principal elements of lease payments	<b>(23,503)</b>	(23,612)
Dividends paid	<b>(1,378,740)</b>	(1,378,740)
Return of capital to non-controlling interests	<b>(246,129)</b>	(136,286)
Dividends of subsidiaries paid to non-controlling interests	<b>(58,148)</b>	(29,841)
Additional loans from non-controlling interests	<b>24,142</b>	83,434
Net cash generated from financing activities	<b>4,427,073</b>	2,306,447
(Decrease)/increase in cash and cash equivalents	<b>(1,265,206)</b>	5,062,838
Effect of exchange rate changes	<b>(282,908)</b>	(376,355)
Cash and cash equivalents at 1 January	<b>13,519,446</b>	11,325,404
Cash and cash equivalents at 30 June	<b>11,971,332</b>	16,011,887
Analysis of cash and cash equivalents		
Cash and bank balances (excluding bank deposits maturing after more than three months)	<b>11,971,332</b>	16,011,887

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to the shareholders of the Company							
	Share capital	Shares held for share award scheme	Share premium	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2024	1,451,306	(50,171)	13,105,221	3,981,697	88,768,527	107,256,580	13,900,241	121,156,821
Profit for the period	-	-	-	-	788,036	788,036	340,355	1,128,391
Cash flow hedges	-	-	-	118,628	-	118,628	-	118,628
Share of other comprehensive income of associates and joint ventures	-	-	-	(46,815)	-	(46,815)	-	(46,815)
Net translation differences on foreign operations	-	-	-	(1,770,276)	-	(1,770,276)	(375,047)	(2,145,323)
Fair value losses on financial assets at fair value through other comprehensive income	-	-	-	(113,746)	-	(113,746)	-	(113,746)
Release of exchange fluctuation reserve upon disposal of subsidiaries	-	-	-	10,405	-	10,405	-	10,405
Total comprehensive income for the six months ended 30 June 2024	-	-	-	(1,801,804)	788,036	(1,013,768)	(34,692)	(1,048,460)
Lapse of share options	-	-	27,394	(27,394)	-	-	-	-
Share-based compensation under share award scheme	-	-	-	3,039	-	3,039	-	3,039
Dividends paid	-	-	-	-	(1,378,740)	(1,378,740)	(58,148)	(1,436,888)
Transfer	-	-	-	(402,617)	402,617	-	-	-
Share of other reserves of associates and joint ventures	-	-	-	(3,895)	-	(3,895)	-	(3,895)
Capital reduction of subsidiaries	-	-	-	-	-	-	(246,129)	(246,129)
Release of other reserves upon disposal of subsidiaries	-	-	-	-	-	-	(18,785)	(18,785)
Total transactions with owners	-	-	27,394	(430,867)	(976,123)	(1,379,596)	(323,062)	(1,702,658)
Balance as at 30 June 2024	1,451,306	(50,171)	13,132,615	1,749,026	88,580,440	104,863,216	13,542,487	118,405,703

	Attributable to the shareholders of the Company							
	Share capital	Shares held for share award scheme	Share premium	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2023	1,451,306	(18,097)	13,102,767	6,834,882	87,415,992	108,786,850	13,695,311	122,482,161
Profit for the period	-	-	-	-	1,738,831	1,738,831	291,989	2,030,820
Cash flow hedges	-	-	-	104,634	-	104,634	-	104,634
Share of other comprehensive income of associates and joint ventures	-	-	-	(33,705)	-	(33,705)	-	(33,705)
Net translation differences on foreign operations	-	-	-	(3,045,011)	-	(3,045,011)	(573,962)	(3,618,973)
Fair value gains on financial assets at fair value through other comprehensive income	-	-	-	85,144	-	85,144	-	85,144
Total comprehensive income for the six months ended 30 June 2023	-	-	-	(2,888,938)	1,738,831	(1,150,107)	(281,973)	(1,432,080)
Lapse of share options	-	-	545	(545)	-	-	-	-
Purchase of shares for share award scheme	-	(24,076)	-	-	-	(24,076)	-	(24,076)
Dividends paid	-	-	-	-	(1,378,740)	(1,378,740)	(29,841)	(1,408,581)
Transfer	-	-	-	(102,718)	102,718	-	-	-
Capital reduction of subsidiaries	-	-	-	-	-	-	(136,286)	(136,286)
Total transactions with owners	-	(24,076)	545	(103,263)	(1,276,022)	(1,402,816)	(166,127)	(1,568,943)
Balance as at 30 June 2023	1,451,306	(42,173)	13,103,312	3,842,681	87,878,801	106,233,927	13,247,211	119,481,138

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's 2023 annual financial statements. The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023. The adoption of amended standards which are effective for the accounting period beginning on 1 January 2024 had no material impact on these condensed consolidated interim financial statements.

## 2. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

### (i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Group's 2023 annual financial statements. There have been no changes in the Group's financial risk management structure and policies since the year end.

### (ii) Fair value estimation of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).



## 2. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### (ii) Fair value estimation of financial instruments (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2024:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Derivative financial instruments	–	671,614	–	671,614
Financial assets at fair value through other comprehensive income	114,960	–	734,371	849,331
Financial assets at fair value through profit or loss	9,016	–	634,417	643,433
First mortgage loans receivable	–	–	153,439	153,439
<b>Total assets</b>	<b>123,976</b>	<b>671,614</b>	<b>1,522,227</b>	<b>2,317,817</b>
<b>Liabilities</b>				
Derivative financial instruments	–	344,315	–	344,315
<b>Total liabilities</b>	<b>–</b>	<b>344,315</b>	<b>–</b>	<b>344,315</b>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Derivative financial instruments	–	588,207	–	588,207
Financial assets at fair value through other comprehensive income	–	–	758,168	758,168
Financial assets at fair value through profit or loss	10,093	–	640,608	650,701
First mortgage loans receivable	–	–	154,753	154,753
<b>Total assets</b>	<b>10,093</b>	<b>588,207</b>	<b>1,553,529</b>	<b>2,151,829</b>
<b>Liabilities</b>				
Derivative financial instruments	–	392,915	–	392,915
<b>Total liabilities</b>	<b>–</b>	<b>392,915</b>	<b>–</b>	<b>392,915</b>

There were no transfers between levels during the period.

## 2. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### (iii) Valuation techniques used to derive fair values of Level 2 financial instruments

Level 2 financial instruments of the Group comprise cross currency swap and interest rate swap contracts. The fair value is calculated as the present value of the estimated future cash flows based on forward exchanges rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

### (iv) Fair value measurements of financial instruments using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 instruments:

	First mortgage loans receivable		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	154,753	256,512	758,168	522,122	640,608	655,620
(Losses)/gains recognised in other comprehensive income or profit or loss	-	-	(23,797)	85,144	-	264
Repayments	(1,314)	(47,373)	-	-	-	-
Exchange adjustment	-	-	-	-	(6,191)	(243)
At 30 June	153,439	209,139	734,371	607,266	634,417	655,641

The Group established fair value of unlisted financial assets by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the period.

### (v) Group's valuation processes for financial instruments

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. Discussions of valuation processes and results are held between the management and the valuation team at each reporting date. Reasons for the fair value movements will be explained during the discussions.





## 2. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### (vi) Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables
- Bank loans
- Second mortgage loans receivable

### (vii) Valuation of investment properties

	Residential	Commercial	Completed		Completed		Completed	Total
	properties	properties	residential properties		commercial properties		warehouses	
	under	under						
	development	development	Hong Kong	Mainland	Hong Kong	Mainland	Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	397,000	195,000	16,759,500	4,288,001	10,186,000	44,656,328	483,000	76,964,829
Additions	27,388	44,643	40,638	5,786	17,810	29,725	53	166,043
Change in fair value	(41,388)	(8,643)	195,632	(5,742)	(167,810)	(188,710)	(22,053)	(238,714)
Exchange adjustment	-	-	-	(97,853)	-	(1,023,474)	-	(1,121,327)
At 30 June 2024	383,000	231,000	16,995,770	4,190,192	10,036,000	43,473,869	461,000	75,770,831
At 1 January 2023	484,000	404,000	16,096,100	4,375,903	10,346,000	44,857,005	500,000	77,063,008
Additions	4,998	-	2,542	7,785	11,387	58,421	90	85,223
Change in fair value	(59,998)	(19,916)	(62,542)	30,459	(11,387)	269,774	(90)	146,300
Disposals	-	-	-	-	-	(4,847)	-	(4,847)
Transfer	-	25,916	-	-	-	-	-	25,916
Exchange adjustment	-	-	-	(166,941)	-	(1,710,522)	-	(1,877,463)
At 30 June 2023	429,000	410,000	16,036,100	4,247,206	10,346,000	43,469,831	500,000	75,438,137



## 2. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### (vii) Valuation of investment properties (continued)

#### **Valuation processes of the Group**

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield Limited at 30 June 2024.

#### **Valuation techniques**

Fair value of completed properties in Hong Kong and the Mainland is mainly derived using the income approach and wherever appropriate, by market approach.

Income approach is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Market approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of investment properties under development in Hong Kong and the Mainland is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit from the estimated capital value of the proposed development assuming completed as at the date of valuation.

The valuation techniques used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023.

#### **Significant unobservable inputs used to determine fair value**

Capitalisation rates are estimated based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 30 June 2024, capitalisation rates of 2.4% to 5.0% (31 December 2023: 2.4% to 5.0%) and 4.8% to 7.3% (31 December 2023: 4.8% to 7.3%) are used in the income approach for Hong Kong and the Mainland properties respectively.

Prevailing market rents are estimated based on recent lettings for Hong Kong and the Mainland investment properties, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion and developer's profit required are estimated based on market conditions at the reporting date for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and developer's profit, the lower the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and information available to management as of 30 June 2024.



### 3. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(i) An analysis of the Group's revenue and gross profit for the period by principal activity and market is as follows:

	Six months ended 30 June 2024			
	Revenue			Gross profit
	The Company and its subsidiaries	Share of associates and joint ventures	Combined	The Company and its subsidiaries
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property rental and others				
– Mainland property	1,883,626	169,391	2,053,017	1,401,596
– Hong Kong property	541,935	54,160	596,095	420,391
	2,425,561	223,551	2,649,112	1,821,987
Property sales				
– Mainland property	874,140	9,850	883,990	216,310
– Hong Kong property	917,906	522,836	1,440,742	146,863
	1,792,046	532,686	2,324,732	363,173
Hotel operations				
– Mainland property	822,000	227,727	1,049,727	284,642
– Hong Kong property	–	14,887	14,887	–
	822,000	242,614	1,064,614	284,642
<b>Total</b>	<b>5,039,607</b>	<b>998,851</b>	<b>6,038,458</b>	<b>2,469,802</b>

### 3. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (continued)

- (i) An analysis of the Group's revenue and gross profit for the period by principal activity and market is as follows:  
(continued)

	Six months ended 30 June 2023			
	Revenue			Gross profit
	The Company and its subsidiaries HK\$'000	Share of associates and joint ventures HK\$'000	Combined HK\$'000	The Company and its subsidiaries HK\$'000
Property rental and others				
– Mainland property	1,919,970	166,015	2,085,985	1,438,932
– Hong Kong property	578,030	62,002	640,032	461,403
	2,498,000	228,017	2,726,017	1,900,335
Property sales				
– Mainland property	185,198	476	185,674	41,027
– Hong Kong property	1,938,226	3,599,908	5,538,134	504,161
	2,123,424	3,600,384	5,723,808	545,188
Hotel operations				
– Mainland property	850,950	226,364	1,077,314	315,224
– Hong Kong property	–	15,860	15,860	–
	850,950	242,224	1,093,174	315,224
<b>Total</b>	<b>5,472,374</b>	<b>4,070,625</b>	<b>9,542,999</b>	<b>2,760,747</b>



### 3. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (continued)

(ii) An analysis of the Group's financial results by operating segment is as follows:

	Six months ended 30 June 2024				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	3,579,766	1,459,841	5,039,607	–	5,039,607
Results					
Segment results – gross profit	1,902,548	567,254	2,469,802	–	2,469,802
Other income and net gains					25,127
Selling, administrative and other operating expenses					(871,224)
Decrease in fair value of investment properties					(238,714)
Operating profit before finance costs					1,384,991
Finance costs					(195,166)
Operating profit					1,189,825
Share of results of associates and joint ventures					389,293
Profit before taxation					1,579,118
Taxation					(450,727)
Profit for the period					1,128,391
Profit attributable to:					
Company's shareholders					788,036
Non-controlling interests					340,355
					1,128,391
Depreciation	181,217	30,005	211,222	2,124	213,346

### 3. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (continued)

(ii) An analysis of the Group's financial results by operating segment is as follows: (continued)

	Six months ended 30 June 2023				
	Mainland Property	Hong Kong Property	Total Operating Segments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2,956,118	2,516,256	5,472,374	–	5,472,374
Results					
Segment results – gross profit	1,795,183	965,564	2,760,747	–	2,760,747
Other income and net gains					373,832
Selling, administrative and other operating expenses					(904,492)
Increase in fair value of investment properties					146,300
Operating profit before finance costs					2,376,387
Finance costs					(317,789)
Operating profit					2,058,598
Share of results of associates and joint ventures					843,236
Profit before taxation					2,901,834
Taxation					(871,014)
Profit for the period					2,030,820
Profit attributable to:					
Company's shareholders					1,738,831
Non-controlling interests					291,989
					2,030,820
Depreciation	198,382	30,155	228,537	1,395	229,932



### 3. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (continued)

(iii) An analysis of the Group's total assets and total liabilities by operating segment is as follows:

As at 30 June 2024							
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Overseas Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Total assets	138,330,616	70,484,334	4,184,793	212,999,743	84,130,825	(86,605,640)	210,524,928
Total liabilities	87,955,605	26,992,261	1,479,245	116,427,111	62,297,754	(86,605,640)	92,119,225

  

As at 31 December 2023							
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Overseas Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Total assets	135,965,594	70,735,061	4,098,985	210,799,640	81,158,507	(83,525,765)	208,432,382
Total liabilities	85,744,115	26,178,983	1,459,794	113,382,892	57,418,434	(83,525,765)	87,275,561

**4. OPERATING PROFIT**

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
Operating profit is stated after crediting/charging the following:		
<i>Crediting</i>		
Dividend income	31,198	31,791
Interest income	300,270	306,933
<i>Charging</i>		
Depreciation of property, plant and equipment and right-of-use assets	213,346	229,932
Loss on sale of investment properties, net	–	4,847
Loss on disposal of subsidiaries	52,221	–
Provision for properties under development	410,426	–
Total finance costs incurred	1,305,604	1,162,884
Less: amount capitalised in properties under development and investment properties under development	(1,110,438)	(845,095)
Total finance costs expensed during the period	195,166	317,789





## 5. TAXATION

	Six months ended 30 June	
	2024 HK\$'000	2023 HK\$'000
The taxation (charge)/credit comprises:		
Mainland taxation		
Current	(311,324)	(320,069)
Under-provision in prior years	(35,253)	–
Deferred	(326,236)	(406,152)
	<b>(672,813)</b>	<b>(726,221)</b>
Hong Kong profits tax		
Current	(81,686)	(126,174)
Over/(Under)-provision in prior years	318,614	(3,870)
	<b>236,928</b>	<b>(130,044)</b>
Overseas taxation		
Current	(6,641)	(6,749)
Over-provision in prior years	93	–
Deferred	(8,294)	(8,000)
	<b>(14,842)</b>	<b>(14,749)</b>
	<b>(450,727)</b>	<b>(871,014)</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the six months ended 30 June 2024. Income tax on the Mainland and overseas profits has been calculated on the estimated assessable profit for the six months ended 30 June 2024 at the respective rates of taxation prevailing in the Mainland and the overseas countries in which the Group operates.

Land appreciation tax in the Mainland is levied on properties developed and sold by the Group, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

## 6. EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
Weighted average number of ordinary shares in issue	1,451,305,728	1,451,305,728
Profit attributable to shareholders	HK\$'000 788,036	HK\$'000 1,738,831
Basic earnings per share	HK\$0.54	HK\$1.20

### Diluted

Diluted earnings per share is calculated by adjusting the profit attributable to shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2024	2023
Weighted average number of ordinary shares in issue	1,451,305,728	1,451,305,728
Adjustment for share options (note)	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,451,305,728	1,451,305,728
Profit attributable to shareholders	HK\$'000 788,036	HK\$'000 1,738,831
Diluted earnings per share	HK\$0.54	HK\$1.20

Note: The share options outstanding during the six months ended 30 June 2024 had an anti-dilutive effect.



## 7. CAPITAL EXPENDITURE

	Property, plant and equipment HK\$'000	Investment properties HK\$'000	Right-of-use assets HK\$'000	Intangible assets HK\$'000
Net book value at 1 January 2024	4,323,428	76,964,829	1,679,757	122,504
Additions	26,692	166,043	–	–
Fair value losses	–	(238,714)	–	–
Lease termination	–	–	(1,573)	–
Disposals	(1,005)	–	–	–
Disposal of subsidiaries	(5,106)	–	–	–
Depreciation	(162,256)	–	(51,090)	–
Transfer	678,698	–	134,658	–
Exchange adjustment	(90,375)	(1,121,327)	(36,228)	–
<b>Net book value at 30 June 2024</b>	<b>4,770,076</b>	<b>75,770,831</b>	<b>1,725,524</b>	<b>122,504</b>
Net book value at 1 January 2023	4,617,237	77,063,008	1,830,251	122,504
Additions	37,349	85,223	–	–
Fair value gains	–	146,300	–	–
Disposals	(1,860)	(4,847)	–	–
Depreciation	(178,202)	–	(51,730)	–
Transfer	112,124	25,916	–	–
Exchange adjustment	(164,907)	(1,877,463)	(63,788)	–
Net book value at 30 June 2023	4,421,741	75,438,137	1,714,733	122,504



## 8. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

Included in accounts receivable, prepayments and deposits are trade receivables. The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. The ageing analysis of trade receivables as at 30 June 2024 based on date of the invoice or the terms of the related sales and purchase agreements and net of impairment losses is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Below 1 month	98,824	90,948
Between 1 month and 3 months	36,148	18,465
Over 3 months	17,401	12,869
	<b>152,373</b>	<b>122,282</b>

## 9. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in accounts payable, deposits received and accrued charges are trade payables. The ageing analysis of trade payables as at 30 June 2024 based on invoice date is as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Below 1 month	247,565	199,065
Between 1 month and 3 months	16,604	26,498
Over 3 months	18,928	3,177
	<b>283,097</b>	<b>228,740</b>



## 10. BANK LOANS

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Bank loans – unsecured		
Non-current	52,926,461	48,494,864
Current	7,917,627	6,636,214
	<b>60,844,088</b>	55,131,078

As at 30 June 2024, the Group's bank loans were repayable as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Within one year	7,917,627	6,636,214
In the second to fifth year		
– In the second year	11,111,966	13,034,398
– In the third year	16,857,138	11,599,390
– In the fourth year	12,758,852	13,752,748
– In the fifth year	12,198,505	9,648,328
	<b>52,926,461</b>	48,034,864
Repayable within five years	<b>60,844,088</b>	54,671,078
Over five years	–	460,000
	<b>60,844,088</b>	55,131,078

## 11. COMMITMENTS

At 30 June 2024, the Group had capital and other commitments in respect of investment properties, land costs and properties under development contracted for at the end of the period but not provided for in these financial statements as follows:

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
Investment properties	1,202,002	438,163
Land costs	145,680	5,475,436
Properties under development	7,022,325	7,174,606
	<b>8,370,007</b>	<b>13,088,205</b>

## 12. CONTINGENT LIABILITIES

### Guarantees for banking facilities

	As at 30 June 2024 HK\$'000	As at 31 December 2023 HK\$'000
– Guarantees for banking facilities of certain associates and joint ventures (note (i))	4,147,538	4,058,893
– Guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties in the Mainland (note (ii))	1,304,652	1,911,199
	<b>5,452,190</b>	<b>5,970,092</b>

- (i) The Group has executed guarantees for banking facilities granted to certain associates and joint ventures. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 30 June 2024 amounted to approximately HK\$4,147,538,000 (31 December 2023: HK\$4,058,893,000). The total amount of such facilities covered by the Group's guarantees as at 30 June 2024 amounted to approximately HK\$5,214,586,000 (31 December 2023: HK\$5,240,316,000).
- (ii) The Group has executed guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties developed by the Group in the Mainland. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 30 June 2024 amounted to approximately HK\$1,304,652,000 (31 December 2023: HK\$1,911,199,000).

Apart from the above, there are no material changes in contingent liabilities of the Group since 31 December 2023.



# CORPORATE GOVERNANCE & OTHER INFORMATION

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) sets out (a) the mandatory requirements for disclosure in Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a “comply or explain” basis and certain recommended best practices.

The Company complied with all the code provisions set out in the CG Code throughout the six months ended 30 June 2024, except C.2.1 of the code provisions as Mr Kuok Khoon Hua (“**Mr Kuok**”) has served as both the Chairman and the Chief Executive Officer of the Company (“**CEO**”).

As Mr Kuok has extensive experience in the business of the Group, the Company is of the view that it is in the best interest and is more efficient for Mr Kuok to perform the role of Chairman as well as CEO. It is also more favourable to the development and management of the business of the Group. Moreover, the powers and authorities had not been concentrated as all major decisions were made in consultation with the Board of Directors of the Company (the “**Board**”), appropriate Board Committees and Mr Au Hing Lun, Dennis, the Deputy CEO of the Company (resigned with effect on 31 July 2024) who was responsible for the day-to-day management of the business of the Group throughout the six months ended 30 June 2024. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code for securities transactions by directors of the Company (the “**Director(s)**”). A copy of the Model Code has been sent to all Directors by the Company. In addition, regular reminders are sent to the Directors regarding restrictions on dealings in the securities and derivatives of the Company during the black-out period before the interim and final results of the Company are published.

Under the Model Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of the Company and, in case of the Chairman himself, he must notify a Director designated by the Board and receive a dated written acknowledgement before any dealing.

The Company made specific enquiries with all Directors and they have confirmed compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2024. The Company’s employees who are likely to be in possession of unpublished and price-sensitive inside information have been requested to comply with provisions similar to those terms in the Model Code.

The Company is not aware of any non-compliance with the Model Code throughout the six months ended 30 June 2024.



## HIGHLIGHTS FOR THE FIRST HALF OF 2024

The Company embraces high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company's businesses. During the six months ended 30 June 2024:

- The Board reviewed and updated the policies and practices of the Company, including, but not limited to, Board Diversity Policy, Inside Information Disclosure Policy, Charitable Donations Policy and the Procedure for Securities Dealing by Directors, which enhanced the corporate governance practices of the Group.
- The Audit and Corporate Governance Committee quarterly reviewed legal and regulatory updates, requirements and trends that may affect the Group and their implications.
- The Audit and Corporate Governance Committee held two meetings during the period: one in March 2024 focusing on annual financial reporting, annual review of continuing connected transactions and risk matrix review; and another one in May 2024 focusing on corporate governance updates, risk matrix review and quarterly business and financial updates. The Committee has also reviewed information security risks and the mitigation measures of the Group during the first half of 2024.
- The Remuneration Committee reviewed the compensation of all Directors and the senior management. In reviewing and determining their remuneration (including bonus, share options and awarded shares (if any) for the Executive Directors and the senior management), the following determining factors were considered as and when appropriate:

Category	Determining factors
Market condition	Market practice and real estate industry norms
Company performance	Company's financial and operational targets (e.g. operating profits, revenue, earnings per share, profit attributable to shareholders, etc)
Individual performance	Experience, competencies and contributions to the Company's objectives
Social and Environmental performance	Commitment to the Company's sustainability strategy and management of sustainability-related risks

All Directors and the senior management or their associates are not involved in deciding their own remuneration. The Independent Non-executive Directors do not receive performance bonus, share options and awarded shares from the Company and their fee structure contains no equity-based remuneration or performance-related elements which may lead to bias in their decision-making and compromise their objectivity and independence.

- The Nomination Committee reviewed the Board Diversity Policy, including an assessment of its implementation and effectiveness, which was then recommended to the Board for approval.

## RISK MANAGEMENT AND INTERNAL CONTROLS

Details of the risk management and internal control systems of the Company were set out in the section headed "RISK MANAGEMENT AND INTERNAL CONTROLS" on pages 67 to 74 in the Corporate Governance Report of the Annual Report 2023 of the Company.

The Audit and Corporate Governance Committee continued to review the risk management and internal control approaches of the Company and the internal audit reports for the six months ended 30 June 2024 submitted by the Internal Audit Department, including action plans to address identified control weaknesses and recommendations.





## BOARD OF DIRECTORS

The composition of the Board as at the date of this report is set out below:

### Executive Director

Mr Kuok Khoon Hua (Chairman and Chief Executive Officer)

### Independent Non-executive Directors

Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Dr Li Rui

### Non-executive Director

Ms Tong Shao Ming

### Board Committees

The composition of the Board Committees is set out in the section headed "CORPORATE INFORMATION" of this report.

## CHANGES IN INFORMATION OF DIRECTORS

Set out below are the changes in the Directors' information since the publication of the Annual Report 2023 of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Directors' Information	Effective Date
Mr Au Hing Lun, Dennis <ul style="list-style-type: none"> <li>• Kerry Properties Limited               <ul style="list-style-type: none"> <li>– Resigned as a Deputy Chief Executive Officer, an Executive Director and a member of the Executive Committee and the Finance Committee</li> </ul> </li> </ul>	31 July 2024
Ms Wong Yu Pok, Marina, JP <ul style="list-style-type: none"> <li>• Kerry Properties Limited               <ul style="list-style-type: none"> <li>– Retired as an Independent Non-executive Director, the chairman of the Audit and Corporate Governance Committee and the Remuneration Committee, and a member of the Nomination Committee</li> </ul> </li> </ul>	With effect from the conclusion of the annual general meeting of the Company held on 20 May 2024 (" <b>2024 AGM</b> ")
Mr Hui Chun Yue, David <ul style="list-style-type: none"> <li>• Kerry Properties Limited               <ul style="list-style-type: none"> <li>– Appointed as the chairman of the Remuneration Committee</li> </ul> </li> </ul>	With effect from the conclusion of 2024 AGM
Mr Chum Kwan Lock, Grant <ul style="list-style-type: none"> <li>• Kerry Properties Limited               <ul style="list-style-type: none"> <li>– Appointed as a member of the Remuneration Committee and the Nomination Committee</li> </ul> </li> </ul>	With effect from the conclusion of 2024 AGM
Dr Li Rui <ul style="list-style-type: none"> <li>• Kerry Properties Limited               <ul style="list-style-type: none"> <li>– Appointed as the chairman of the Audit and Corporate Governance Committee</li> </ul> </li> </ul>	With effect from the conclusion of 2024 AGM

Save as disclosed above, there is no other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

The biographical details of the Directors are available at the website of the Company ([www.kerryprops.com/en/our-management](http://www.kerryprops.com/en/our-management)).



## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) (the "Associated Corporations") as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (a) Long position in ordinary and underlying shares of the Company

Name of Directors	Number of ordinary shares interested			Number of underlying shares held under equity derivatives	Total interests	Approximate % of shareholding <sup>4</sup>
	Personal interests <sup>1</sup>	Corporate interests <sup>2</sup>	Other interests <sup>3</sup>			
Kuok Khoon Hua	4,115,913 <sup>5</sup>	1,000,000	3,297,763	–	8,413,676	0.58
Au Hing Lun, Dennis (resigned on 31 July 2024)	–	–	50,000	–	50,000	<0.01
Tong Shao Ming	–	–	50,000	–	50,000	<0.01

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 30 June 2024 (i.e. 1,451,305,728 ordinary shares).
5. Mr Kuok Khoon Hua is interested in (i) 3,465,913 ordinary shares of the Company as beneficial owner; and (ii) award granted under the share award scheme of the Company conferring the conditional right upon vesting to 650,000 ordinary shares of the Company.



## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(continued)

### (b) Long position in ordinary shares of the Associated Corporations

Associated Corporations	Name of Directors	Number of ordinary shares interested				Approximate % of shareholding <sup>4</sup>
		Personal interests <sup>1</sup>	Corporate interests <sup>2</sup>	Other interests <sup>3</sup>	Total interests	
Kerry Group Limited	Kuok Khoon Hua	2,000,000	–	242,229,116	244,229,116	16.00
	Au Hing Lun, Dennis (resigned on 31 July 2024)	–	–	3,115,476	3,115,476	0.20
	Tong Shao Ming	1,000,000	–	3,115,476	4,115,476	0.27
Kerry Logistics Network Limited	Kuok Khoon Hua	600,428	–	1,132,479	1,732,907	0.10
	Au Hing Lun, Dennis (resigned on 31 July 2024)	–	–	717,588	717,588	0.04
	Tong Shao Ming	–	–	717,588	717,588	0.04
Hopemore Ventures Limited	Kuok Khoon Hua	50	–	–	50	3.57
Kerry Mining (Mongolia) Limited	Kuok Khoon Hua	–	–	500	500	0.46
Majestic Tulip Limited	Kuok Khoon Hua	10	–	–	10	3.33
Marine Dragon Limited	Kuok Khoon Hua	1,200	–	–	1,200	4.00
Medallion Corporate Limited	Kuok Khoon Hua	48	–	–	48	4.80
Ocean Fortune Enterprises Limited	Kuok Khoon Hua	91,262	–	–	91,262	6.96
Oceanic Ally Global Limited	Kuok Khoon Hua	1,500	3,000	–	4,500	15.00
Rubyhill Global Limited	Kuok Khoon Hua	1	–	–	1	10.00
United Beauty Limited	Kuok Khoon Hua	–	–	15	15	15.00
Vencedor Investments Limited	Kuok Khoon Hua	5	–	–	5	5.00

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2024, the following companies, other than the Directors, had long positions of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO. Their interests were as follows:

### Long position in ordinary shares of the Company

Name	Capacity in which ordinary shares were held	Number of ordinary shares interested	Approximate % of shareholding <sup>2</sup>
<b>Kerry Group Limited</b>	Interest of controlled corporations	874,090,494 <sup>1</sup>	60.23
<b>Kerry Holdings Limited</b>	Interest of controlled corporations	746,230,656 <sup>1</sup>	51.42
<b>Caninco Investments Limited</b>	Beneficial owner	312,248,193 <sup>1</sup>	21.51
<b>Darmex Holdings Limited</b>	Beneficial owner	256,899,261 <sup>1</sup>	17.70
<b>Moslane Limited</b>	Beneficial owner	73,821,498 <sup>1</sup>	5.09

Notes:

1. Caninco Investments Limited ("**Caninco**"), Darmex Holdings Limited ("**Darmex**") and Moslane Limited ("**Moslane**") are wholly-owned subsidiaries of Kerry Holdings Limited ("**KHL**"). KHL itself is a wholly-owned subsidiary of Kerry Group Limited ("**KGL**"). Accordingly, the shares in which Caninco, Darmex and Moslane were shown to be interested had also been included in the shares in which KHL was shown to be interested, and KGL was deemed to be interested in the shares in which KHL was shown to be interested.
2. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 30 June 2024 (i.e. 1,451,305,728 ordinary shares).

Save as disclosed above, as at 30 June 2024, no other person (other than Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.



## SHARE OPTION SCHEMES

At the 2024 AGM, the Board proposed to terminate the share option scheme adopted by the Company on 20 May 2020 (the “**2020 Share Option Scheme**”) given the similar purposes served by the 2020 Share Option Scheme and the share award scheme adopted by the Company on 25 November 2022 (the “**Share Award Scheme**”), and the shareholders of the Company (the “**Shareholders**”) approved the termination. The share option scheme adopted by the Company on 5 May 2011 (the “**2011 Share Option Scheme**”) was also terminated on 20 May 2020. In this regard, no further share options of the Company (the “**Share Option(s)**”) shall be offered or granted under the 2011 Share Option Scheme and the 2020 Share Option Scheme.

### (1) Purpose of the Share Option Schemes

Both the 2020 Share Option Scheme and the 2011 Share Option Scheme fell within the ambit of and were subject to the provisions under Chapter 17 of the Listing Rules. The purposes of the said two schemes were to motivate Directors, executives and key employees of the Group and other participants as defined in these schemes (collectively referred to as the “**Eligible Participant(s)**”) to optimise their future contributions to the Group and/or to reward them for their past contributions, and also to attract, retain or otherwise maintain ongoing relationships with the Eligible Participants who were significant to and/or whose contributions were or would be beneficial to the performance, growth and success of the Group.

### (2) Participants of the Share Option Schemes

The Eligible Participants under the 2020 Share Option Scheme and the 2011 Share Option Scheme were:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an “**Employee**” in this section), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- (b) a director or proposed director of any member of the Group;
- (c) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (d) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; or
- (e) an associate (having the meaning ascribed to it under the Listing Rules) of any of the foregoing persons.

In light of the amendments made to Chapter 17 of the Listing Rules, the Company shall only grant Share Options under the 2020 Share Option Scheme to Eligible Participants who fall within Rule 17.03A of the Listing Rules. No Share Option had been granted under the 2020 Share Option Scheme since its adoption on 20 May 2020.



## SHARE OPTION SCHEMES (continued)

### (3) Maximum Number of Shares Available for Issue

Given the termination of both the 2011 Share Option Scheme and 2020 Share Option Scheme, no further Share Options shall be offered or granted under the 2011 Share Option Scheme and the 2020 Share Option Scheme.

### (4) Maximum Entitlement of Each Eligible Participant

The maximum entitlement of each Eligible Participant in any 12-month period was 1% of the shares of the Company (the "Shares") in issue from time to time.

### (5) Exercise and Vesting Period

The period within which a Share Option may be exercised would be determined by the Board at its absolute discretion but no Share Option may be exercised later than ten years from the date on which the Share Option was granted. The vesting period of the Share Options was from the date of grant until the commencement of the exercise period.

### (6) Acceptance of Share Options

The amount payable on acceptance of a Share Option was HK\$1 and the period within which payments may be made would be specified in the letter containing the offer of the grant of the Share Option.

### (7) Exercise Price of Share Options

The subscription price of the Share Option under the 2020 Share Option Scheme shall be determined by the Board at its absolute discretion at the time of grant of the Share Option but it shall not be less than whichever was the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Board resolution approving the grant of Share Options; and
- (c) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the Board resolution approving the grant of Share Options.

145,650,122 Share Options were available for grant under the 2020 Share Option Scheme as at 1 January 2024, and given the termination of the 2020 Share Option Scheme, no further Share Option may be granted.

A total of 5,023,000 Share Options granted under the 2011 Share Option Scheme were outstanding as at 31 December 2023, all of which have lapsed on 8 January 2024.



## SHARE OPTION SCHEMES (continued)

### Movement of Share Options

Details of movement of the Share Options of the 2011 Share Option Scheme during the six months ended 30 June 2024 are listed below in accordance with Rule 17.07 of the Listing Rules:

Category of option holders	Date of grant	Tranche	Number of Share Options			Exercise price per share HK\$	Vesting period <sup>1</sup>	Exercise period
			Outstanding as at 01/01/2024	Lapsed during the period	Outstanding as at 30/06/2024			
Other Employee Participants <sup>2</sup>	08/01/2014	I	1,780,000	(1,780,000)	-	26.88	08/01/2014 – 07/07/2014	08/07/2014 – 07/01/2024
	08/01/2014	II	3,243,000	(3,243,000)	-	26.88	08/01/2014 – 07/01/2015	08/01/2015 – 07/01/2024
<b>Total:</b>			<b>5,023,000</b>	<b>(5,023,000)</b>	<b>-</b>			

Notes:

1. The vesting period of the Share Options set out above, for Tranche I was 6 months and Tranche II was 12 months, in each case from the date of grant until the commencement date of the exercise period.
2. Other employee participants included former Directors, and both former and current employees of the Company and its subsidiaries or former subsidiary.
3. During the six months ended 30 June 2024, no Share Option was granted, exercised or cancelled under the 2011 Share Option Scheme.



## SHARE AWARD SCHEME

A share award scheme of the Company was adopted by the Board on 25 November 2022 (the “**Adoption Date**”), together with an addendum thereto dated 28 March 2024 (the “**Share Award Scheme**”), which shall be valid for a term of ten years from the Adoption Date.

### (1) Purpose of the Share Award Scheme

The Share Award Scheme falls within the ambit of, and is subject to the regulations under Chapter 17 of the Listing Rules. The purposes of the Share Award Scheme are to support the long-term growth of the Group, to attract and incentivise suitable personnel for the further development of the Group, to recognise contributions by Directors, executives and key employees of the Group and other participants as defined in the Share Award Scheme, to retain talent, and to help align the interests of Directors and senior management of the Group with the Group’s long-term performance.

### (2) Participants of the Share Award Scheme

The eligible participants of the Share Award Scheme are:

- (a) any individual being an employee (whether full-time or part-time employee) of any members of the Group or any Affiliate (defined as below) (an “**Employee**” in this section) provided that the Selected Participant (defined as below) shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or the relevant Affiliate; or (ii) transfer amongst the Company and any Affiliates or any successor, and provided further that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his employment; or
- (b) any individual being a director, officer, consultant or advisor of any members of the Group or any Affiliate who the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

Affiliate in the above means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (i) the holding company of the Company; or (ii) a subsidiary of holding company of the Company; or (iii) a subsidiary of the Company; or (iv) a fellow subsidiary of the Company; or (v) the controlling shareholder of the Company; or (vi) a company controlled by the controlling shareholder of the Company; or (vii) a company controlled by the Company; or (viii) an associated company of the holding company of the Company; or (ix) an associated company of the Company.

Selected Participant in the above means any eligible person approved for participation in the Share Award Scheme and who has been granted any awarded Share.

However, no individual who is a resident in a place where the grant, acceptance or vesting of an awarded Share pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations (including without limitation the Listing Rules) in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme.





## SHARE AWARD SCHEME (continued)

### (3) Maximum Number of Shares Available to be Granted

No new Shares will be issued under the Share Award Scheme. The share awards will be satisfied by existing Shares to be acquired through on-market transactions by a trustee on the instruction of the Company.

The maximum number of Shares (excluding those that have been lapsed or forfeited) which can be awarded under the Share Award Scheme shall not exceed 10% of the Shares in issue from time to time. As at 1 January 2024 and 30 June 2024, a total of 145,130,572 Shares are available for grant under the Share Award Scheme. No further grant may be made under the Share Award Scheme if this will result in the aforesaid limit being exceeded.

### (4) Maximum Entitlement of Each Selected Participant

The maximum number of non-vested awarded Shares granted to a Selected Participant under the Share Award Scheme shall not exceed 1% of the Shares in issue from time to time.

### (5) Vesting

The vesting criteria and conditions or period for the awarded Shares granted under the Share Award Scheme shall be determined by the Board or the committee of the Board or person(s) to which the Board delegated its authority in its absolute discretion at the time of grant. The awarded Shares shall be subject to a vesting period, to the satisfaction of performance and/or other conditions to be determined by the Board. If such conditions are not satisfied, the awarded Shares shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

### (6) Acceptance of Share Awards

An award may be accepted by a Selected Participant within five business days after receipt of the award letter.

There is no prescribed amount payable on acceptance of the award and the Board may specify an amount payable on acceptance of the award in the award letter.

### (7) Other Information

The price/consideration (if any) per awarded Share to be granted under the Share Award Scheme shall be determined by the Board in its absolute discretion at the time of grant.

Details of the awarded Shares and their movements will be disclosed in the Annual Report 2024 of the Company in accordance with Chapter 17 of the Listing Rules.



## EMPLOYEES

As at 30 June 2024, the Group had approximately 7,400 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. The Group's emolument policy is formulated based on the performance, contribution and responsibilities of individual employees 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. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as a share award scheme. Further information regarding the share award scheme of the Company is set out in the section headed "Share Award Scheme" of this report.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

## REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the Audit and Corporate Governance Committee of the Company. The review report of the independent auditor is set out on page 19 of this report. The interim results have also been reviewed by the Audit and Corporate Governance Committee of the Company.

## CORPORATE STRATEGY

Our strategic focus is to develop and sell premium and luxury properties in prime locations in Hong Kong and major Mainland cities, while operating investment properties predominately on the Mainland with top-notch services to generate a stable recurring income stream. In addition, we exercise financial prudence by regularly scrutinising capital resources and liquidity. On the sustainability front, we aim to achieve best-in-class sustainability standards for our assets and throughout our communities. We ensure our projects in the pipeline are designed to achieve sustainable building certifications. At the same time, we strive to create a positive social impact, and value the relationships with our staff, suppliers, partners, government agencies and other key stakeholders.

## PAST PERFORMANCE & FORWARD-LOOKING STATEMENTS

The performance and results of the operations of the Group within this interim report are historical in nature, and past performance is no guarantee for the future results of the Group. This interim report may contain forward-looking statements and opinions, and all forward-looking statements, although based on reasonable estimates, assumptions and projections, involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim report; and (b) no liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.



## INTERNAL CONTROL PROCEDURES FOR THE CONTINUING CONNECTED TRANSACTIONS

In order to ensure that the continuing connected transactions of the Group are being conducted in a fair and reasonable manner, the Group adopts the following internal control procedures to monitor these transactions:

- (i) the Company conducts regular reviews to ensure the transaction amounts are within the relevant annual caps;
- (ii) the Independent Non-executive Directors will review the continuing connected transactions on an annual basis as required under Rule 14A.55 of the Listing Rules and confirm in the Company's annual report whether such transactions have been entered into (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms or better; and (3) on the terms of the relevant agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole;
- (iii) for compliance with Rule 14A.56 of the Listing Rules, the Company will also engage its external auditors to conduct an annual review of the continuing connected transactions to ensure that, among others, the transaction amounts are within the annual cap limit and the transactions are conducted in accordance with the terms of the relevant agreements; and
- (iv) the Audit and Corporate Governance Committee of the Company will review reports on the continuing connected transactions and consider the annual confirmation from the external auditors of the Company to confirm the continuing connected transactions are entered into in accordance with the Listing Rules.

During the six months ended 30 June 2024, the Company has entered into four agreements which constituted continuing connecting transactions (the details of which have been disclosed in the announcement of the Company dated 29 April 2024) (the "**Kunming Transactions**").

The Kunming Transactions were entered into in accordance with the Company's pricing policy and will be monitored under the above internal control procedures. The hotel management fees and other services fees under the Kunming Transactions were determined based on the Group's experience in hotel operation and had taken into account historical transaction amounts under similar agreements, the expected occupancy level of the relevant hotels in Kunming, the prevailing and projected market rates for similar hotels in the nearby area, and possible changes in the macroeconomic environment.

The Company had also reviewed and compared the terms of the relevant agreements of the Kunming Transactions with other market comparables, and confirms that the relevant agreements are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and its shareholders as a whole.



# INFORMATION FOR SHAREHOLDERS

## FINANCIAL CALENDAR FOR INTERIM DIVIDEND

Interim Results Announcement Date	21 August 2024
Ex-dividend Date	11 September 2024
Latest Time to Lodge Transfer Documents for Registration with Tricor Abacus Limited	12 September 2024 (at 4:30 p.m.)
Closure of Register of Members and Record Date	13 September 2024
Interim Dividend Payment Date	25 September 2024

## INTERIM DIVIDEND AND CLOSURE OF REGISTERS OF MEMBERS

The Board has declared the payment of an interim dividend of HK\$0.40 per share for the six months ended 30 June 2024 (the “**Interim Dividend**”), amounting to approximately HK\$581 million in aggregate based on 1,451,305,728 ordinary shares in issue as at 30 June 2024 and payable on Wednesday, 25 September 2024 to the Shareholders (except for the holders of treasury shares, if any) whose names appear on the registers of members of the Company on Friday, 13 September 2024. Currently, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise). The registers of members will be closed on Friday, 13 September 2024, on which date no transfer of shares will be registered. The ex-dividend date will be Wednesday, 11 September 2024. The actual amount of the Interim Dividend payable will be subject to the actual number of ordinary shares in issue on Friday, 13 September 2024.

For the purpose of determining the eligible Shareholders’ entitlement to the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited (“**HK Share Registrar**”), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 September 2024.

The Interim Dividend warrants will be despatched to the eligible Shareholders on or about Wednesday, 25 September 2024.

## SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the HK Share Registrar:

Tricor Abacus Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong  
Telephone: (852) 2980 1333  
Email: [kerryprops@hk.tricorglobal.com](mailto:kerryprops@hk.tricorglobal.com)

Shareholders should notify the HK Share Registrar promptly of any change of their address.



## INVESTOR RELATIONS

The Group actively participates in meetings and conferences to maintain regular communications with financial analysts, fund managers and the investor community. The Group met different investors and participated in various roadshows and investors' conferences during the six months ended 30 June 2024.

By Order of the Board

**Cheng Wai Sin**

*Company Secretary*

Hong Kong, 21 August 2024

## BOARD OF DIRECTORS

### Executive Director

Mr Kuok Khoon Hua (Chairman and Chief Executive Officer)

### Independent Non-executive Directors

Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Dr Li Rui

### Non-executive Director

Ms Tong Shao Ming

## AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Dr Li Rui (Chairman)  
Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Ms Tong Shao Ming

## REMUNERATION COMMITTEE

Mr Hui Chun Yue, David (Chairman)  
Mr Kuok Khoon Hua  
Mr Chum Kwan Lock, Grant

## NOMINATION COMMITTEE

Mr Kuok Khoon Hua (Chairman)  
Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant

## FINANCE COMMITTEE

Mr Kuok Khoon Hua  
Ms Cheng Wai Sin

## COMPANY SECRETARY

Ms Cheng Wai Sin

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants and  
Registered Public Interest Entity Auditor

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House, 41 Cedar Avenue  
Hamilton HM 12, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

## CORPORATE COMMUNICATION

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
Telephone: (852) 2967 2200  
Facsimile: (852) 2967 2900  
Email: [communication@kerryprops.com](mailto:communication@kerryprops.com)

## INVESTOR RELATIONS

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
Telephone: (852) 2967 2200  
Facsimile: (852) 2967 2900  
Email: [ir@kerryprops.com](mailto:ir@kerryprops.com)

## THE OMBUDSPERSON OF KERRY PROPERTIES LIMITED

(For receipt of all whistleblowing/complaints reports)

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
Email: [ombuds@kerryprops.com](mailto:ombuds@kerryprops.com)

## WEBSITE

[www.kerryprops.com](http://www.kerryprops.com)

## STOCK CODES

Stock Exchange of Hong Kong: 683  
Bloomberg: 683 HK  
Reuters: 683.HK