



**KERRY PROPERTIES LIMITED**

嘉里建設有限公司

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

(Stock Code: 00683)

15 March 2019

**FY 2018 Financial Highlights**

FY 2018 Financial Highlights		FY 2018 (HK\$ million)	Change (%) (vs. FY 2017)
<b>Turnover</b>	- recurrent (rental and hotel business)	6,958	+8%
	- non-recurrent (property sales)	14,475	-50%
	- total	21,433	-40%
<b>Gross Profit</b>	- recurrent (rental and hotel business)	4,223	+6%
	- non-recurrent (property sales)	4,780	-17%
	- total	9,003	-8%
<b>Underlying Profit (before exceptional items)</b>		5,981	-10%
<b>Exceptional items</b>	- provision for impairment loss for property under development	(1,175)	n/a
	- net decrease in fair value on financial assets at fair value through profit and loss	(1,461)	-73,150%
<b>Profit Attributable to Shareholders</b>	- underlying profit (after exceptional items)	3,345	-50%
	- reported profit	7,499	-19%
<b>Earnings per Share</b>	- based on underlying profit (after exceptional items)	HK\$2.30	-50%
	- based on reported profit	HK\$5.16	-19%
<b>Dividend per Share</b>	- interim	HK\$0.40	-11%
	- final	HK\$0.95	+6%
	- special	-	-100%
	- total	HK\$1.35	-10%
<b>Net Asset Value per Share</b>		HK\$67.03	+3%
<b>Net Debt to Total Equity</b>		16.9%	-5.6% pts

**Business Highlights:**

- Profit attributable to shareholders during FY 2018 was HK\$7.5bn, representing a decrease of 19% compared with HK\$9.2bn reported for the same period in 2017. Before taking into account the net increase in fair value of HK\$4.1bn in FY 2018 (FY 2017: HK\$2.6bn) and exceptional items amounted to HK\$2.6bn, underlying profit decreased 10% to HK\$6.0bn in FY 2018 (FY 2017: HK\$6.7bn), which was mainly due to the adoption of new accounting standards starting from 1 January 2018.
- In FY 2018, in terms of contracted sales, the Group achieved HK\$8.4bn from projects in HK, and HK\$6.7bn from projects in the PRC, totalling HK\$15.1bn.
  - In HK, key projects sold include the inventory units of Mantin Heights and The Bloomsway.
  - In the PRC, key projects sold include 1) Qianhai Kerry Centre, 2) Jinling Arcadia Court in Nanjing, 3) Shenyang Arcadia Height, 4) Castalia Court in Hangzhou, and 5) Habitat in Qinhuangdao.
- In pursuance of the Group's focus on maintaining a steady revenue base, the resulting rental property portfolio is now posting rental and occupancy rates that meet expectations.
  - Excluding newly completed projects at Jinan and Shenyang, overall PRC occupancy for office, commercial and serviced apartments maintained at 95% as of 31 December 2018.
  - Hotel recorded a steady growth during the year and together with new contribution from a new hotel, Shangri-La Hotel, Jinan, which commenced operations in Q4 2017, total revenue increased by 10% YoY.
  - The Group has been growing its recurrent income base on the foundation of its portfolio of iconic mixed-use developments in the CBDs of major metropolises, with the addition of Shenyang Kerry Centre during the past year.
- Net asset value increased by 3% from beginning of the year to HK\$67.03 per share as of 31 December 2018.
- Balance sheet position is solid, with HK\$14.4bn in cash and bank balances and HK\$12.3bn in available undrawn bank loan facilities, making up a total of HK\$26.7bn in available funds as of 31 December 2018. Net debt to total equity decreased 5.6% points to 16.9% as of 31 December 2018 from 22.5% as of 31 December 2017.
- A final dividend of HK\$0.95/share, increase of 6% YoY has been declared. Together with the interim dividend of HK\$0.40/share, the total full year dividend will be HK\$1.35/share and represents an annual payout ratio of 59%.
- During the past year, the Group has acquired new sites in Qianhai, Wuhan and Fuzhou and will continue to selectively replenish its land bank to sustain growth momentum. While in HK, the Group will also participate actively in government land bids. While maintaining a steady pace of development, the Group will cast a proactive eye on opportunities to grow revenue. Management is confident of sustaining a solid performance over the long term in the face of any challenges.