



嘉里建設有限公司
KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)
website: www.kerryprops.com
(Stock Code: 00683)

17 March 2020

Underlying profit -10%*; Final dividend remains flat

FY 2019 Financial Highlights		FY 2019 (HK\$ million)	Change (%) (vs. FY 2018)
Revenue	- recurrent (rental and hotel business)	6,864	-1%
	- non-recurrent (property sales)	11,161	-23%
	- total	18,025	-16%
Gross Profit	- recurrent (rental and hotel business)	4,542	-3%
	- non-recurrent (property sales)	4,442	-7%
	- total	8,984	-5%
Profit Attributable to Shareholders	- underlying profit (before 2018 exceptional items)	5,396	-10%
	- underlying profit (after 2018 exceptional items)	5,396	+61%
	- reported profit	6,897	-8%
Earnings per Share	- based on underlying profit	HK\$3.71	+61%
	- based on reported profit	HK\$4.74	-8%
Dividend per Share	- interim	HK\$0.40	+0%
	- final	HK\$0.95	+0%
	- total	HK\$1.35	+0%
Net Asset Value per Share (vs. 31 December 2018)		HK\$69.83	+4%
Net Debt to Total Equity (vs. 31 December 2018)		23.6%	+6.7% pts

*Underlying profit (before 2018 exceptional items)

Business Highlights:

- Before taking into account the net increase in fair value, underlying profit in FY 2019 increased 61% to HK\$5.4bn (FY 2018: HK\$3.3bn). The increase was mainly due to the provision for impairment loss for property under development in Macau amounting to HK\$1.2bn in FY 2018 (FY 2019: Nil) and the recording of net decrease in fair value on financial assets at fair value through profit or loss amounting to HK\$1.5bn in FY 2018 (FY 2019: increase of HK\$5 million). An increase in fair value of investment properties (net of deferred taxation) of HK\$1.5bn was recorded in FY 2019 (FY 2018: HK\$4.2bn). As a result, profit attributable to shareholders during FY 2019 decreased 8% to HK\$6.9bn, compared with HK\$7.5bn reported for the same period in 2018.
- In FY 2019, in terms of contracted sales, the Group achieved HK\$6.6bn from projects in HK, and HK\$2.3bn from projects in the Mainland, totalling HK\$8.9bn.
 - In HK, key projects sold include inventory units of The Bloomsway, Mantin Heights and Mont Rouge, which was successfully launched during the period.
 - In the Mainland, key projects sold include 1) Lake Grandeur in Hangzhou 2) Castalia Court in Hangzhou 3) Shenyang Arcadia Height 4) Habitat in Qinhuangdao and 5) Jinling Arcadia Court in Nanjing.
- In pursuance of the Group's focus on maintaining a steady revenue base, the investment asset portfolio continued to maintain an overall healthy performance.
 - The decrease in recurring revenue and gross profit in the Mainland was mainly due to Rmb depreciation during the period.
 - Overall Mainland occupancy for office, commercial and serviced apartments maintained at 91% as of 31 December 2019.
 - Hotel revenue decreased by 7% YoY, mainly affected by the overall economic growth downturn, which impacted tourism.
 - The Group will continue to build up a prime investment asset portfolio in core metropolitan locations. These premium assets are held as long-term investment and will contribute to the Group's growing recurrent income base.
- Net asset value increased by 4% from beginning of the year to HK\$69.83 per share as of 31 December 2019.
- Balance sheet position is solid, with HK\$12.2bn in cash and bank balances and HK\$12.6bn in available undrawn bank loan facilities, making up a total of HK\$24.8bn in available funds as of 31 December 2019. The net debt to equity ratio increased 6.7% points to 23.6% as of 31 December 2019 from 16.9% as of 31 December 2018.
- A final dividend of HK\$0.95, flat YoY, has been declared. Together with the interim dividend of HK\$0.40/share, the total full year dividend will be HK\$1.35 and represents an annual payout ratio of 36.4%
- On 28 October 2019, a consortium formed by the Group, Sino Land and Swire Properties Limited was awarded the tender for the Wong Chuk Hang Station Package Four Property Development project. This new project is expected to deliver two residential towers, offering a total of about 800 units over a buildable GFA of approximately 638,000 square feet.