Kerry Properties Limited

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

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Successfully Achieved Full-year Contracted Sales Target for 2016

1H 2016 Financial Highlights		**1H 2016 (HK$ million)**	**Change (%) (vs. 1H 2015)**
Turnover	**- recurrent** *(rental and hotel business)*	**2,768**	**+12%**
	- non-recurrent *(property sales)*	**2,769**	**+59%**
	- total	**5,537**	**+32%**
Gross Profit	**- recurrent** *(rental and hotel business)*	**1,663**	**+8%**
	- non-recurrent *(property sales)*	**949**	**+54%**
	- total	**2,612**	**+21%**
Share of Results of Associates		**548**	**-54%**
Profit Attributable to Shareholders	**- underlying profit**	**1,434**	**-34%**
	- reported profit	**2,041**	**-27%**
Earnings per Share	**- based on underlying profit**	**HK$0.99**	
	- based on reported profit	**HK$1.41**	
Interim Dividend per Share		**HK$0.30**	
Net Asset Value per Share		**HK$56.81**	

Business Highlights

- As at mid-August 2016, the Group has successfully achieved its full year contracted sales target of HK$13 billion.

- In 1H 2016, in terms of contracted sales, the Group achieved HK$2.9bn from projects in HK, and HK$7.2bn from projects in the PRC, totalling HK$10.1bn, achieved 78% the full year sales target of HK$13bn.
  - In HK, key projects sold include the inventory units of The Bloomsway, One and Three Ede Road, 8 LaSalle, Dragons Range and Mantin Heights, which was successfully launched during the period.
  - In the PRC, the Group was able to achieve contracted sales growth of 177% YoY, as a result of a series of mildly relaxed government control policies and the satisfactory market responses to the pre-sale of Castalia Court in Hangzhou, Nanjing Jinling Arcadia Court, Phase II of The Metropolis-Arcadia Court in Chengdu. Other key projects sold include the inventory units of Putian, Nanchang, Shenyang, Tianjin, and Enterprise Centre in Shanghai.
  - In May & July 2016, the Group signed Shares Transfer Agreements with independent third parties to sell all its investments in Yingkou and Phase III of The Metropolis-Arcadia Court in Chengdu, respectively. Completion of the shares transfer is expected to be in the second half of 2016.

- In pursuance of the Group's focus on developing large-scale mixed-use properties in core locations of first-tier cities and certain provincial capitals, the resulting rental property portfolio is now posting rental and occupancy rates that meet expectations.
  - PRC property rental and hotel revenue increased 11% YoY to HK$2.3bn in 1H 2016.
  - Overall PRC occupancy for office, commercial and serviced apartments maintained at 95% as of June 30, 2016.
  - Hotel revenue increased by 13% YoY, mainly due to increasing and new contributions from Nanchang Shangri-La hotel and Midtown Shangri-La, Hangzhou, which was soft-opened in March 2016, respectively.

- Share of results of associates decreased 54% to HK$548 million in 1H 2016 from HK$1,197 million in 1H2015 mainly due to the drop in sales recognition of Dragons Range in 1H 2016. As a result, the Group's underlying profit decreased 34% YoY to HK$1.4bn in 1H 2016.

- An increase in fair value of investment properties (net of deferred taxation) of HK$607 million were recorded in 1H 2016 (1H 2015: HK$607 million). After taking into account the net increase in fair value, profit attributable to shareholders decreased 27% YoY to HK$2,041 million (1H 2015: HK$2,789 million).

- Net asset value increased slightly by 1% from beginning of the year to HK$56.81 per share as of June 30, 2016.

- Balance sheet position is solid, with HK$15.7bn in cash and bank balances and HK$17.8bn in available undrawn bank loan facilities, making up a total of HK$33.5bn in available funds as of June 30, 2016. Net debt to total equity decreased to 24.4% as of June 30, 2016 from 27.8% as of December 31, 2015.

- Interim dividend per share at HK$0.30 has been declared, resulting in an increase of 10% points in dividend payout ratio to 30%.

- During the period, the Group completed the acquisition of the entire building at Nos. 168—168C Boundary Street in Ho Man Tin and will jointly redevelop the site together with a site at Nos. 10—12A LaSalle Road, which it acquired in 2013. This redevelopment project lies adjacent to 8 LaSalle, and will deliver an aggregate developable GFA of 45,000 square feet, scheduled for completion in 2019.