



KERRY PROPERTIES LIMITED

嘉里建設有限公司

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(Stock Code: 00683)

August 21, 2017

Underlying Profit Increased 98% in 1H 2017

1H 2017 Financial Highlights		1H 2017 (HK\$ million)	Change (%) (vs. 1H 2016)
Turnover	- recurrent (rental and hotel business)	3,136	+13%
	- non-recurrent (property sales)	14,606	+427%
	- total	17,742	+220%
Gross Profit	- recurrent (rental and hotel business)	1,946	+17%
	- non-recurrent (property sales)	2,156	+127%
	- total	4,102	+57%
Profit Attributable to Shareholders	- underlying profit	2,833	+98%
	- reported profit	3,309	+62%
Earnings per Share	- based on underlying profit	HK\$1.96	+98%
	- based on reported profit	HK\$2.29	+62%
Interim Dividend per Share		HK\$0.45	+50%
Net Asset Value per Share (vs. Dec 31 2016)		HK\$59.68	+4%
Net Debt to Total Equity (vs. Dec 31 2016)		24.8%	-5.5% pts

Business Highlights:

- The Group continued to deliver satisfactory results for the first half of 2017.
- The Group's underlying profit increased 98% YoY to HK\$2.8bn in 1H 2017. An increase in fair value of investment properties (net of deferred taxation) of HK\$476 million were recorded in 1H 2017 (1H 2016: HK\$607 million). After taking into account the net increase in fair value, reported profit increased 62% YoY to HK\$3,309 million (1H 2016: HK\$2,041 million).
- In 1H 2017, in terms of contracted sales, the Group achieved HK\$4.1bn from projects in HK, and HK\$4.3bn from projects in the PRC, totalling HK\$8.4bn, achieved 53% the full year sales target of HK\$16bn.
 - In HK, key projects sold include the inventory units of The Bloomsway, and Mantin Heights.
 - In the PRC, key projects sold 1) Castalia Court in Hangzhou, 2) The Berylville Phase II, Ningbo 3) Shenyang Arcadia Court, 4) Phase II of The Metropolis-Arcadia Court in Chengdu, 5) Qinhuangdao Habitat and 6) Lake Grandeur, a newly launched project in Hangzhou.
- 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.
 - Boosted by the new addition of Hangzhou Kerry Centre during 2016, PRC property rental and hotel revenue increased 15% YoY to HK\$2.6bn in 1H 2017.
 - Overall PRC occupancy for office, commercial and serviced apartments maintained at 95% as of June 30, 2017.
 - Hotel revenue increased by 15% YoY, mainly due to increases in average occupancy at Midtown Shangri-La, Hangzhou and improving performances at other existing hotels.
 - The Group will continue to develop its portfolio of mixed-use landmark properties in the CBDs of major cities. New properties, including those under development in Qianhai and Shenyang, will be added to the rental portfolio as they come on stream in the next few years.
- Net asset value increased by 4% from beginning of the year to HK\$59.68 per share as of June 30, 2017.
- Balance sheet position is solid, with HK\$15.5bn in cash and bank balances and HK\$11.1bn in available undrawn bank loan facilities, making up a total of HK\$26.6bn in available funds as of June 30, 2017. Net debt to total equity decreased 5.5% points to 24.8% as of June 30, 2017 from 30.3% as of December 31, 2016.
- Interim dividend per share at HK\$0.45 has been declared, an increase of 50% YoY and represents an interim payout ratio of 23%.