



KERRY PROPERTIES LIMITED

嘉里建設有限公司

website: www.kerryprops.com

(Stock Code: 00683)

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PROFIT ATTRIBUTABLE TO SHAREHOLDERS INCREASED 21%

1H 2018 Financial Highlights		1H 2018 (HK\$ million)	Change (%) (vs. 1H 2017)
Turnover	- recurrent (rental and hotel business)	3,507	+12%
	- non-recurrent (property sales)	7,053	-52%
	- total	10,560	-40%
Gross Profit	- recurrent (rental and hotel business)	2,158	+11%
	- non-recurrent (property sales)	2,104	-2%
	- total	4,262	+4%
Profit Attributable to Shareholders	- underlying profit	1,552	-45%
	- reported profit	3,990	+21%
Earnings per Share	- based on underlying profit	HK\$1.07	-45%
	- based on reported profit	HK\$2.75	+20%
Interim Dividend per Share		HK\$0.40	-11%
Net Asset Value per Share		HK\$66.70	+2%
Net Debt to Total Equity		16.5%	-6% pts

Business Highlights:

- Profit attributable to shareholders during 1H 2018 was HK\$4.0bn, representing an increase of 21% compared with HK\$3.3bn reported for the same period in 2017. An increase in fair value of investment properties (net of deferred taxation) of HK\$2.4bn was recorded in 1H 2018 (1H 2017: HK\$0.5bn). Before taking into account the net increase in fair value, underlying profit decreased 45% to HK\$1.6bn in 1H 2018 (1H2017: HK\$2.8bn). The decrease was mainly due to the adoption of new accounting standards starting from 1 January 2018 and the provision for impairment loss for property under development in Macau.
- In 1H 2018, in terms of contracted sales, the Group achieved HK\$5.2bn from projects in HK, and HK\$1.9bn from projects in the PRC, totalling HK\$7.1bn.
 - In HK, key projects sold include the inventory units of The Bloomsway and Mantin Heights.
 - In the PRC, key projects sold include 1) Castalia Court in Hangzhou, 2) Shenyang Arcadia Court, 3) Habitat in Qinhuangdao, 4) Lake Grandeur in Hangzhou, and 5) Jinling Arcadia Court in Nanjing.
- 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.
 - Overall PRC occupancy for office, commercial and serviced apartments maintained at 93% as of 30 June 2018.
 - Hotel revenue increased by 17% YoY, mainly due to improving performances at existing hotels and new contribution from a new hotel, Shangri-La Hotel, Jinan, which commenced operations in Q4 2017.
 - 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 within the next few years.
- Net asset value increased by 2% from beginning of the year to HK\$66.70 per share as of 30 June 2018.
- Balance sheet position is solid, with HK\$14.1bn in cash and bank balances and HK\$12.1bn in available undrawn bank loan facilities, making up a total of HK\$26.2bn in available funds as of 30 June 2018. Net debt to total equity decreased 6.0% points to 16.5% as of 30 June 2018 from 22.5% as of 31 December 2017.
- Interim dividend per share at HK\$0.40 has been declared and represents an interim payout ratio of 37%.
- Going forward, management anticipates greater uncertainty in the macroeconomic environment. Hong Kong is an open economy which will inevitably be exposed to macroeconomic uncertainties, including those generated by the interest rate hikes in the United States and the ongoing international trade disputes. The Group will continue to take forward its business development plans in a prudent manner to generate sustained value for our shareholders.