



嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

* For identification purpose only

20 August 2020

1H 2020 Financial Highlights		1H 2020 (HK\$ million)	Change (%) (vs. 1H 2019)
Turnover	- recurrent (rental and hotel business)	2,659	-22%
	- non-recurrent (property sales)	1,259	-84%
	- total	3,918	-65%
Gross Profit	- recurrent (rental and hotel business)	1,882	-17%
	- non-recurrent (property sales)	513	-82%
	- total	2,395	-54%
Profit Attributable to Shareholders	- underlying profit	1,106	-65%
	- reported profit	1,074	-70%
Earnings per Share	- based on underlying profit	HK\$0.76	-65%
	- based on reported profit	HK\$0.74	-70%
Interim dividend per Share		HK\$0.40	+0%
Net Asset Value per Share (vs. 31 December 2019)		HK\$68.55	-2%
Gearing Ratio (vs. 31 December 2019)		27.8%	+4.2% pts

Business Highlights:

- The outbreak of the COVID-19 pandemic at the start of 2020 has brought significant disruption to business activity, the Group's operations being no exception. A lower contribution from sales of development properties and reduced rental income from the investment portfolio and hotel assets were thus recorded during the first half of this year.
- Underlying profit decreased 65% to HK\$1,106 million for the six months ended 30 June 2020 (2019: HK\$3,143 million). Taking in account the drop in fair value of investment properties (net of deferred taxation) of HK\$32 million for the six months ended 30 June 2020 (2019: an increase of HK\$452 million), the Group's reported profit attributable to shareholders for the six months ended 30 June 2020 decreased 70% to HK\$1,074 million.
- In 1H 2020, in terms of contracted sales, the Group achieved HK\$3.05 billion from projects in HK, and HK\$1.61 billion from projects in the Mainland, totalling HK\$4.66 billion, achieved 58% the full year sales target of HK\$8 billion.
 - In HK, sales momentum of the Group's premium-end residential properties remains robust. Mont Rouge has maintained its appeal to luxury home buyers and sales of the remaining units at The Bloomsway and Mantin Heights have also registered a solid performance on pent-up demand.
 - In the Mainland, a gradual recovery in residential property market sentiment and activity has also been seen in major Mainland cities. In addition to the successful launch of Fuzhou Rivercity in April 2020, one apartment tower at Qianhai Kerry Centre was launched in July 2020 for pre-sale to a strong response. Shenyang Phase III and Zhengzhou will be offered for sale during the second half of the year.
- With many retail businesses in the Mainland facing operational and financial challenges brought by the COVID-19 pandemic, the Group has worked together with its mall tenants to ride out this difficult time. The average occupancy of the major assets in Shanghai, Beijing, Shenzhen and Hangzhou, was maintained above 90% as of 30 June 2020. The completion of Qianhai Kerry Centre in second half of 2020 will contribute to the Group's growing recurrent income base.
- Apart from the leasing operations, the Mainland hotel operations have been more seriously affected by the travel restrictions and other governmental preventive measures. Hotel revenue decreased by 65% YoY. Revenue was gradually recovering in May as the restaurants were reopened and business and leisure travels started to resume.
- Net asset value decreased by 2% from beginning of the year to HK\$68.55 per share as of 30 June 2020.
- Balance sheet position is solid, with HK\$11.1 billion in cash and bank balances and HK\$14.7 billion in available undrawn bank loan facilities, making up a total of HK\$25.8 billion in available funds as of 30 June 2020. The gearing ratio increased 4.2% points to 27.8% as of 30 June 2020 from 23.6% as of 31 December 2019.
- Interim dividend per share at HK\$0.40 has been declared, flat YoY.