KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

嘉里建設有限公司*

website: www.kerryprops.com

(Stock Code: 00683)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

The Board of Directors (the "**Board**") of the Company announces the consolidated final results of the Group for the year ended 31 December 2013. The Audit and Corporate Governance Committee of the Company has met to review the results and the financial statements of the Group for the year ended 31 December 2013 prior to recommending them to the Board for approval.

OVERALL RESULTS

The Group's consolidated net profit attributable to shareholders for the year ended 31 December 2013 was HK$13,154 million, representing an increase of 89% compared with HK$6,961 million reported for 2012.

The Group measured its investment property portfolio on a fair value basis and recorded an increase in fair value of investment properties (net of deferred taxation) attributable to shareholders of HK$4,416 million for the year ended 31 December 2013 (2012: HK$2,265 million).

The Group also recorded a gain of HK$4,325 million arising from the spin-off of the shares of Kerry Logistics Network Limited ("**Kerry Logistics Shares**") in December 2013. The listing of Kerry Logistics Shares was achieved through a distribution in specie by the Company of approximately 50.1% of Kerry Logistics Shares in issue on 2 December 2013 and the Hong Kong Public Offering and the International Placing of Kerry Logistics Shares. The Group's interest in Kerry Logistics Network Limited ("**Kerry Logistics**") was reduced from 100% to approximately 43% as at 31 December 2013 following the listing of Kerry Logistics Shares.

Profit attributable to shareholders for the year ended 31 December 2013 before taking into account the effects of the aforementioned increase in fair value and the spin-off gain was HK$4,413 million (2012: HK$4,696 million).

Earnings per share for the year ended 31 December 2013 were HK$9.13, representing an increase of 89% compared with HK$4.84 per share in 2012.

The effect on the Group's profit attributable to shareholders due to the net increase in fair value of the Group's investment properties and related tax effects and the gain arising from the spin-off of Kerry Logistics Shares is as follows:

	Year ended 31 December		
	2013	2012 (Restated)	
	HK$ million	HK$ million	Change
Profit attributable to shareholders before taking into account the net increase in fair value of investment properties and related tax effects and the gain arising from the spin-off of Kerry Logistics Shares	**4,413**	4,696	-6%
Add:			
Net increase in fair value of investment properties and related tax effects	**4,416**	2,265	
Gain arising from the spin-off of Kerry Logistics Shares	**4,325**	-	
Profit attributable to shareholders after taking into account the net increase in fair value of investment properties and related tax effects and the gain arising from the spin-off of Kerry Logistics Shares	**13,154**	6,961	89%

The Board has recommended the payment of a final dividend of HK$0.55 per share for the year ended 31 December 2013 (the "**Final Dividend**"). Together with the interim dividend of HK$0.35 per share, the total cash dividend for the year ended 31 December 2013 will be HK$0.9 per share (2012: HK$0.95 per share).

On 25 November 2013, the Board declared conditional special dividend (the "**Conditional Dividend**") of 1 Kerry Logistics Shares for every 2 shares held in the Company to shareholders on the register of members at the close of business on 2 December 2013. The Conditional Dividend became unconditional upon the listing of the Kerry Logistics Shares under stock code 636 on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 December 2013 and was satisfied by way of a distribution in specie of an aggregate of 722,136,614 Kerry Logistics Shares, representing approximately 50.1% of the total of 1,440,477,612 Kerry Logistics Shares in issue on 2 December 2013.

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December **2013** **HK$'000**	 2012 (Restated) HK$'000
Continuing Operations			
Turnover	2	**13,969,603**	15,218,271
Cost of sales		**(6,083,581)**	(7,724,918)
Direct operating expenses		**(1,828,678)**	(1,390,039)
Gross profit		**6,057,344**	6,103,314
Other income and net gains		**496,336**	365,553
Administrative and other operating expenses		**(1,334,115)**	(838,314)
Increase in fair value of investment properties		**7,027,901**	2,677,877
Operating profit before finance costs		**12,247,466**	8,308,430
Finance costs	3	**(502,929)**	(496,448)
Operating profit	2,3	**11,744,537**	7,811,982
Share of results of associates		**664,957**	437,022
Profit before taxation		**12,409,494**	8,249,004
Taxation	4	**(2,957,346)**	(1,490,574)
Profit for the year from continuing operations		**9,452,148**	6,758,430
Discontinued operations			
Profit for the year from discontinued operations	1,2	**6,076,259**	1,351,872
Profit for the year		**15,528,407**	8,110,302
Profit attributable to :			
Company's shareholders			
Profit from continuing operations		**7,376,865**	5,891,555
Profit from discontinued operations		**5,777,524**	1,069,376
		13,154,389	6,960,931
Non-controlling interests			
Profit from continuing operations		**2,075,283**	866,875
Profit from discontinued operations		**298,735**	282,496
		2,374,018	1,149,371
		15,528,407	8,110,302
Dividends		**8,664,947**	1,367,139
Earnings per share	5		
- Basic			
From continuing operations		**HK$5.12**	HK$4.10
From discontinued operations		**HK$4.01**	HK$0.74
		HK$9.13	HK$4.84
- Diluted			
From continuing operations		**HK$5.11**	HK$4.08
From discontinued operations		**HK$4.01**	HK$0.74
		HK$9.12	HK$4.82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2013	2012 (Restated)
	HK$'000	HK$'000
Profit for the year	**15,528,407**	8,110,302
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit obligations, net of tax	**-**	(37,149)
Fair value gain recognised upon the transfer from leasehold land and buildings to investment properties, net of tax	**-**	9,598
	-	(27,551)
Items that may be reclassified to profit or loss		
Cash flow hedges	**107,495**	18,192
Fair value (loss)/gain on available-for-sale investments	**(38,586)**	240,479
Share of other comprehensive income of associates	**19,937**	1,387
Net translation differences on foreign operations	**1,409,055**	582,345
Release of exchange fluctuation reserve upon completion of disposal of subsidiaries	**(574,670)**	-
	923,231	842,403
Other comprehensive income for the year, net of tax	**923,231**	814,852
Total comprehensive income for the year	**16,451,638**	8,925,154
Total comprehensive income attributable to:		
Company's shareholders	**13,746,146**	7,660,352
Non-controlling interests	**2,705,492**	1,264,802
	16,451,638	8,925,154
Total comprehensive income attributable to Company's shareholders arising from :		
Continuing operations	**8,569,943**	6,476,846
Discontinued operations	**5,176,203**	1,183,506
	13,746,146	7,660,352

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 31 December 2013**	As at 31 December 2012 (Restated)	As at 1 January 2012 (Restated)
		HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**4,960,327**	6,626,304	5,873,592
Investment properties		**53,670,734**	47,484,425	42,329,689
Leasehold land and land use rights		**1,261,637**	531,796	537,461
Properties under development		**35,024,143**	23,970,147	20,947,855
Land deposits		**1,226,536**	6,586,754	1,606,545
Associates		**18,293,815**	12,422,764	11,717,054
Derivative financial instruments		**279,702**	186,172	177,004
Available-for-sale investments		**1,864,222**	1,964,267	1,714,316
Long-term receivables		**366,501**	237,346	55,004
Intangible assets		**122,528**	1,896,333	1,308,243
		117,070,145	101,906,308	86,266,763
Current assets				
Properties under development		**6,538,516**	5,474,181	9,509,349
Completed properties held for sale		**4,000,433**	5,062,792	2,700,146
Accounts receivable, prepayments and deposits	6	**2,669,459**	8,074,448	6,836,082
Tax recoverable		**319,065**	261,909	247,214
Tax reserve certificates		**115,183**	102,448	92,231
Listed securities at fair value through profit or loss		**168,695**	182,458	143,617
Derivative financial instruments		**14,053**	-	-
Restricted and pledged bank deposits		**13,722**	6,066	28,535
Cash and bank balances		**11,480,081**	16,059,515	17,545,286
		25,319,207	35,223,817	37,102,460
Current liabilities				
Accounts payable, deposits received and accrued charges	7	**7,764,552**	11,323,887	10,444,163
Taxation		**2,871,057**	2,312,403	1,934,946
Short-term bank loans and current portion of long-term bank loans	8	**3,965,086**	2,539,081	5,362,156
Convertible bonds		**-**	-	2,734,151
Secured bank overdrafts		**-**	23,960	15,215
Unsecured bank overdrafts		**-**	2,129	297
		14,600,695	16,201,460	20,490,928
Net current assets		**10,718,512**	19,022,357	16,611,532
Total assets less current liabilities		**127,788,657**	120,928,665	102,878,295
Non-current liabilities				
Long-term bank loans	8	**20,835,157**	19,214,077	15,821,823
Fixed rate bonds		**10,175,480**	10,153,100	5,561,518
Amounts due to non-controlling interests		**2,272,385**	2,548,464	3,002,414
Deferred taxation		**5,630,222**	4,442,556	3,820,607
Retirement benefit obligations		**-**	348,698	320,158
		38,913,244	36,706,895	28,526,520
ASSETS LESS LIABILITIES		**88,875,413**	84,221,770	74,351,775
EQUITY				
Capital and reserves attributable to the Company's shareholders				
Share capital		**1,444,293**	1,439,131	1,438,366
Share premium		**12,350,197**	12,208,679	12,190,587
Other reserves		**15,979,337**	15,548,181	14,600,337
Retained profits		**45,187,038**	40,764,054	34,992,135
Proposed final dividend		**794,361**	791,522	676,032
		75,755,226	70,751,567	63,897,457
Non-controlling interests		**13,120,187**	13,470,203	10,454,318
TOTAL EQUITY		**88,875,413**	84,221,770	74,351,775

FINANCIAL HIGHLIGHTS

	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Equity attributable to the Company's shareholders *(HK$ million)*	**75,755**	70,752	63,897
Net borrowings (including bonds) *(HK$ million)*	**23,482**	15,867	11,921
Net asset value (attributable to the Company's shareholders) per share	**HK$52.45**	HK$49.16	HK$44.42
Gearing (Net borrowings / Equity attributable to the Company's shareholders)	**31.0%**	22.4%	18.7%

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Except as described below, the accounting policies are consistent with those as described in the Group's financial statements for the year ended 31 December 2012.

As the Group's interest in Kerry Logistics was reduced from 100% to approximately 43% as at 31 December 2013 following the listing of Kerry Logistics Shares, the results of Kerry Logistics are no longer be consolidated with that of the Group. Certain comparative figures have been restated to show the discontinued operations separately from continuing operations.

Profit for the year from discontinued operations comprise the gain arising from the spin-off of Kerry Logistics Shares of HK$4,324,712,000 (2012: HK$nil) and the consolidated profit of Kerry Logistics for the period from 1 January 2013 to 18 December 2013 (one day before the listing of Kerry Logistics Shares) of HK$1,751,547,000 (2012: full year profit of HK$1,351,872,000).

The following new and revised standards have been published that are effective for the accounting period of the Group beginning on 1 January 2013:

- HKAS 1 (amendment), 'Presentation of items of other comprehensive income'
- HKAS 19 (2011), 'Employee benefits'
- HKAS 27 (2011), 'Separate financial statements'
- HKAS 28 (2011), 'Investments in associates and joint ventures'
- HKFRS 7 (amendment), 'Disclosures - offsetting financial assets and financial liabilities'
- HKFRS 10, 'Consolidated financial statements'
- HKFRS 11, 'Joint arrangements'
- HKFRS 12, 'Disclosure of interests in other entities'
- HKFRS 13, 'Fair value measurement'
- Annual improvements 2009-2011 cycle
- Amendments to HKFRS 10, HKFRS 11 and HKFRS 12, 'Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition guidance'

In particular, HKAS 19 (2011), 'Employee benefits' amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability using the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on government bonds.

1. Basis of preparation and accounting policies (continued)

There is a new term “remeasurements”. This is made up of actuarial gains and losses. In the past, actuarial gains and losses to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets are recognised in the consolidated income statement over the expected average remaining service lives of the participating employees. However, the standard replaced this approach and all actuarial gains and losses are recognised in other comprehensive income and ultimately recognised in retained profits.

The effect of the change in accounting policy on the consolidated statement of financial position is as follows:

	As at 31 December 2012 HK$'000	As at 1 January 2012 HK$'000
Decrease in retained profits	40,239	25,002
Decrease in non-controlling interests	91,873	72,311
Increase in retirement benefit obligations	191,388	151,829
Decrease in deferred taxation	59,276	54,516

The effect of the change in accounting policy on the consolidated income statement and consolidated statement of comprehensive income for the year is as follows:

	2012 HK$'000
Increase in profit for the year from discontinued operations	2,350
Increase in profit attributable to non-controlling interests from discontinued operations	1,635
Decrease in other comprehensive income	37,149

The effect of the change in accounting policy on the consolidated statement of cash flows and on earnings per share is immaterial.

The following standard, amendments to existing standards and interpretation, which are relevant to the operations of the Group, have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2014, but the Group has not early adopted them:

- HKAS 32 (amendment), ‘Offsetting financial assets and financial liabilities’
- HKAS 36 (amendment), ‘Recoverable amount disclosures for non-financial assets’
- Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12, ‘Investment entities’
- HKAS 39 (amendment), ‘Novation of derivatives and continuation of hedge accounting’
- HKFRS 9, ‘Financial instruments’
- HK(IFRIC) Interpretation 21, ‘Levies’
- Annual improvements 2010-2012 cycle
- Annual improvements 2011-2013 cycle

The Group will adopt the above standard, amendments to existing standards and interpretation as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2. Principal activities and segmental analysis of operations

An analysis of the Group's turnover and gross profit for the year by principal activity and market is as follows:

	Turnover		Gross profit	
	Year ended 31 December		Year ended 31 December	
	2013	2012 (Restated)	**2013**	2012 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Principal activities:				
Property rental and others				
- The People's Republic of China ("**PRC**") Property	**1,211,272**	989,396	**840,957**	686,915
- Hong Kong Property	**935,859**	844,962	**745,026**	672,978
	2,147,131	1,834,358	**1,585,983**	1,359,893
Property sales (Note)				
- PRC Property	**4,070,713**	1,541,288	**1,647,071**	406,505
- Hong Kong Property	**7,194,108**	11,563,051	**2,836,361**	4,317,255
	11,264,821	13,104,339	**4,483,432**	4,723,760
Hotel operations - PRC Property	**557,651**	279,574	**(12,071)**	19,661
Continuing operations	**13,969,603**	15,218,271	**6,057,344**	6,103,314
Discontinued operations:				
Logistics operations	**19,188,358**	19,294,775	**2,897,248**	2,686,315
	33,157,961	34,513,046	**8,954,592**	8,789,629
Principal markets - continuing operations				
PRC	**5,839,636**	2,810,258	**2,475,957**	1,113,081
Hong Kong	**8,129,967**	12,408,013	**3,581,387**	4,990,233
	13,969,603	15,218,271	**6,057,344**	6,103,314
Principal markets - discontinued operations				
PRC	**8,554,670**	8,682,819	**814,582**	745,620
Hong Kong	**2,624,808**	2,459,896	**688,085**	673,016
Others	**8,008,880**	8,152,060	**1,394,581**	1,267,679
	19,188,358	19,294,775	**2,897,248**	2,686,315

Note: Sales of investment properties for the year ended 31 December 2013 amounting to HK$92,034,000 (2012: HK$146,179,000), comprising sales from PRC investment properties of HK$92,034,000 (2012: HK$127,179,000) and sales from Hong Kong investment properties of HK$nil (2012: HK$19,000,000), are excluded from turnover.

2. Principal activities and segmental analysis of operations (continued)

An analysis of the Group's financial results by operating segment is as follows:

Year ended 31 December 2013

HK$'000

	PRC Property	**Hong Kong Property**	**Total Operating Segments**	**Others**	**Consolidated for Continuing Operations**	**Discontinued Operations : Logistics**	**Total**
Revenue							
Turnover	**5,839,636**	**8,129,967**	**13,969,603**	**-**	**13,969,603**	**19,188,358**	**33,157,961**
Results							
Segment results - gross profit	**2,475,957**	**3,581,387**	**6,057,344**	**-**	**6,057,344**	**2,897,248**	**8,954,592**
Other income and net gains					**496,336**	**57,659**	**553,995**
Administrative and other operating expenses					**(1,334,115)**	**(1,547,944)**	**(2,882,059)**
Increase in fair value of investment properties					**7,027,901**	**600,211**	**7,628,112**
Operating profit before finance costs					**12,247,466**	**2,007,174**	**14,254,640**
Finance costs					**(502,929)**	**(88,829)**	**(591,758)**
Operating profit					**11,744,537**	**1,918,345**	**13,662,882**
Share of results of associates					**664,957**	**126,737**	**791,694**
Profit before taxation					**12,409,494**	**2,045,082**	**14,454,576**
Taxation					**(2,957,346)**	**(293,535)**	**(3,250,881)**
					9,452,148	**1,751,547**	**11,203,695**
Fair value gain on dividend by way of a distribution in specie					**-**	**1,883,436**	**1,883,436**
Fair value gain on retained interest in Kerry Logistics held by the Group					**-**	**1,866,606**	**1,866,606**
Release of exchange fluctuaion reserve					**-**	**574,670**	**574,670**
					-	**4,324,712**	**4,324,712**
Profit for the year					**9,452,148**	**6,076,259**	**15,528,407**
Profit attributable to:							
Company's shareholders					**7,376,865**	**5,777,524**	**13,154,389**
Non-controlling interests					**2,075,283**	**298,735**	**2,374,018**
					9,452,148	**6,076,259**	**15,528,407**
Depreciation and amortisation	**153,063**	**14,627**	**167,690**	**3,683**	**171,373**	**411,718**	**583,091**

Year ended 31 December 2012 (Restated)

HK$'000

	PRC Property	Hong Kong Property	Total Operating Segments	Others	Consolidated for Continuing Operations	Discontinued Operations : Logistics	Total
Revenue							
Turnover	2,810,258	12,408,013	15,218,271	-	15,218,271	19,294,775	34,513,046
Results							
Segment results - gross profit	1,113,081	4,990,233	6,103,314	-	6,103,314	2,686,315	8,789,629
Other income and net gains					365,553	26,132	391,685
Administrative and other operating expenses					(838,314)	(1,394,098)	(2,232,412)
Increase in fair value of investment properties					2,677,877	265,155	2,943,032
Operating profit before finance costs					8,308,430	1,583,504	9,891,934
Finance costs					(496,448)	(63,124)	(559,572)
Operating profit					7,811,982	1,520,380	9,332,362
Share of results of associates					437,022	136,421	573,443
Profit before taxation					8,249,004	1,656,801	9,905,805
Taxation					(1,490,574)	(304,929)	(1,795,503)
Profit for the year					6,758,430	1,351,872	8,110,302
Profit attributable to:							
Company's shareholders					5,891,555	1,069,376	6,960,931
Non-controlling interests					866,875	282,496	1,149,371
					6,758,430	1,351,872	8,110,302
Depreciation and amortisation	44,720	13,343	58,063	3,907	61,970	367,351	429,321

3. Operating profit

	Continuing operations Year ended 31 December		Discontinued operations Year ended 31 December	
	2013	2012 (Restated)	**2013**	2012 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Operating profit is stated after crediting/charging the following :				
Crediting				
Dividend income from listed and unlisted investments	**84,405**	80,357	**3,442**	21
Interest income	**294,764**	264,213	**31,493**	28,330
Gain on sale of investment properties, net	**25,171**	36,987	**-**	-
Charging				
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**171,373**	61,970	**373,097**	329,308
Amortisation of intangible assets	**-**	-	**38,621**	38,043
Total finance costs incurred	**1,269,562**	1,101,881	**88,829**	63,124
Less: amount capitalised in properties under development and investment properties under construction	**(766,546)**	(614,457)	**-**	-
	503,016	487,424	**88,829**	63,124
Fair value (gain)/loss on derivative financial instruments	**(87)**	9,024	**-**	-
Total finance costs expensed during the year	**502,929**	496,448	**88,829**	63,124

4. Taxation

	Continuing operations Year ended 31 December		Discontinued operations Year ended 31 December	
	2013	2012 (Restated)	**2013**	2012 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000
The taxation (charge)/credit comprises:				
PRC taxation				
Current	**(871,704)**	(252,059)	**(91,372)**	(88,284)
(Under)/over-provision in prior years	**(408)**	68,702	**(927)**	(497)
Deferred	**(1,528,547)**	(507,863)	**(232)**	(5,021)
	(2,400,659)	(691,220)	**(92,531)**	(93,802)
Hong Kong profits tax				
Current	**(512,394)**	(733,347)	**(66,842)**	(61,179)
Over-provision in prior years	**5,890**	426	**3,096**	79
Deferred	**(34,670)**	(37,217)	**(13,029)**	(25,450)
	(541,174)	(770,138)	**(76,775)**	(86,550)
Overseas taxation				
Current	**(6,392)**	(12,733)	**(115,904)**	(114,991)
(Under)/over-provision in prior years	**-**	(8,472)	**1,187**	(1,618)
Deferred	**(9,121)**	(8,011)	**(9,512)**	(7,968)
	(15,513)	(29,216)	**(124,229)**	(124,577)
	(2,957,346)	(1,490,574)	**(293,535)**	(304,929)

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Income tax on PRC and overseas profits has been calculated on the estimated assessable profit for the year at the respective rates of taxation prevailing in the PRC and the overseas countries in which the Group operates.

Land appreciation tax in the PRC is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

The Group's share of associates' taxation for the year of HK$79,505,000 (2012: HK$118,901,000) is included in the share of results of associates in the consolidated income statement.

5. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2013	2012
Weighted average number of ordinary shares in issue	**1,440,996,733**	1,438,703,882
		(Restated)
	HK$'000	HK$'000
Profit attributable to shareholders		
From continuing operations	**7,376,865**	5,891,555
From discontinued operations	**5,777,524**	1,069,376
	13,154,389	6,960,931
Basic earnings per share		
From continuing operations	**HK$5.12**	HK$4.10
From discontinued operations	**HK$4.01**	HK$0.74
	HK$9.13	HK$4.84

Diluted

Diluted earnings per share is calculated by adjusting the profit attributable to shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Year ended 31 December	
	2013	2012
Weighted average number of ordinary shares in issue	**1,440,996,733**	1,438,703,882
Adjustment for convertible bonds	**-**	6,341,496
Adjustment for share options	**1,627,281**	3,123,426
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,442,624,014**	1,448,168,804
		(Restated)
	HK$'000	HK$'000
Profit attributable to shareholders from continuing operations	**7,376,865**	5,891,555
Adjustment for finance cost on convertible bonds	**-**	16,800
Profit used to determine diluted earnings per share from continuing operations	**7,376,865**	5,908,355
Profit attributable to shareholders from discontinued operations	**5,777,524**	1,069,376
	13,154,389	6,977,731
Diluted earnings per share		
From continuing operations	**HK$5.11**	HK$4.08
From discontinued operations	**HK$4.01**	HK$0.74
	HK$9.12	HK$4.82

6. Accounts receivable, prepayments and deposits

Included in accounts receivable, prepayments and deposits are trade receivables. The Group maintains a defined credit policy. The ageing analysis of trade receivables as at 31 December 2013 is as follows:

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Below 1 month	**1,201,900**	3,666,376
Between 1 month and 3 months	**11,238**	1,152,523
Over 3 months	**3,665**	190,594
	1,216,803	5,009,493

7. Accounts payable, deposits received and accrued charges

Included in accounts payable, deposits received and accrued charges are trade payables. The ageing analysis of trade payables as at 31 December 2013 is as follows:

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Below 1 month	**220,269**	1,036,628
Between 1 month and 3 months	**17,169**	551,519
Over 3 months	**16,851**	184,072
	254,289	1,772,219

8. Bank loans

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Bank loans - unsecured	**19,275,948**	16,284,410
Bank loans - secured	**5,524,295**	5,468,748
Total bank loans (note (i))	**24,800,243**	21,753,158
Less : Short-term bank loans and current portion of long-term bank loans	**(3,965,086)**	(2,539,081)
	20,835,157	19,214,077

8. Bank loans (continued)

(i) As at 31 December 2013, the Group's bank loans were repayable as follows:

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Within one year	**3,965,086**	2,539,081
In the second to fifth year		
- In the second year	**2,154,356**	1,230,535
- In the third year	**11,283,253**	4,186,392
- In the fourth year	**855,632**	10,816,734
- In the fifth year	**5,374,228**	1,139,219
	19,667,469	17,372,880
Repayable within five years	**23,632,555**	19,911,961
Over five years	**1,167,688**	1,841,197
	24,800,243	21,753,158

9. Commitments

At 31 December 2013, the Group had capital and other commitments in respect of interests in leasehold land, properties under development, property, plant and equipment and equity interests in certain companies not provided for in these financial statements as follows:

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
Contracted but not provided for	**9,339,172**	9,090,849
Authorised but not contracted for	**919,798**	371,143
	10,258,970	9,461,992

10. Contingent liabilities

Guarantees for banking and other facilities

	As at 31 December 2013 HK$'000	As at 31 December 2012 HK$'000
- Guarantees for banking and other facilities of certain associates (note (i))	**2,550,994**	1,496,416
- Guarantees to certain banks for mortgage facilities granted to first buyers of certain properties in the PRC (note (ii))	**975,273**	722,885
	3,526,267	2,219,301

(i) The Group has executed guarantees for banking and other facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2013 amounted to approximately HK$2,550,994,000 (2012: HK$1,496,416,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2013 amounted to approximately HK$4,851,951,000 (2012: HK$2,360,790,000).

(ii) The Group has executed guarantees to certain banks for mortgage facilities granted to first buyers of certain properties developed by the Group in the PRC. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2013 amounted to approximately HK$975,273,000 (2012: HK$722,885,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2013 amounted to approximately HK$10,570,044,000 (2012: HK$8,100,318,000).

Apart from the above, there are no material changes in contingent liabilities of the Group since 31 December 2012.

11. Pledge of assets

As at 31 December 2013, the Group's total bank loans and overdrafts of HK$24,800,243,000 (2012: HK$21,779,247,000) included an aggregate amount of HK$19,275,948,000 (2012: HK$16,286,539,000) which is unsecured and an aggregate amount of HK$5,524,295,000 (2012: HK$5,492,708,000) which is secured. The securities provided for the secured banking facilities available to the Group are as follows:

(i) legal charges over certain properties with an aggregate net book value of HK$23,935,435,000 (2012: HK$17,077,560,000); and

(ii) assignments of insurance proceeds of certain properties.

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF PROPERTY BUSINESS

Overview

The Group recorded satisfactory performance during the year despite the prevailing economic uncertainty and challenges in the operating environment. The year saw healthy sales in the PRC and Hong Kong, supported by solid demand for the Group's premium-quality properties. The Group also continued to actively manage its investment property portfolio so as to maximize its earnings potential.

As at 31 December 2013, the Group maintained a property portfolio comprising properties under development measuring a gross floor area ("**GFA**") of 44.77 million square feet (2012: 47.09 million square feet), completed investment properties of 10.99 million square feet (2012: 9.85 million square feet), hotel properties of 1.67 million square feet (2012: 0.86 million square feet) and properties held for sale of 1.77 million square feet (2012: 1.37 million square feet). Building on this prime asset base, the Group remains well positioned to create long-term value for its shareholders.

Property Portfolio Composition

As at 31 December 2013:

	Group's attributable GFA				
	The PRC	Hong Kong	Macau[(1)]	Overseas	Total
		('000 square feet)			
Completed Investment Properties	6,327	2,909	-	1,757	10,993
Hotel Properties	1,631	38	-	-	1,669
Properties Under Development	36,768	2,753	2,385	2,859	44,765
Properties Held for Sale	1,598	161	-	9	1,768
Total GFA	**46,324**	**5,861**	**2,385**	**4,625**	**59,195**

Note:

(1) The property portfolio in Macau includes the developable GFA of a site that was surrendered to the Macau SAR Government in September 2009. According to the Macau SAR Government Notice gazetted on 14 October 2009, a piece of land will be granted in exchange for this, with location and size to be identified and agreed upon.

PRC PROPERTY DIVISION

The real estate market in the PRC maintained positive momentum in 2013 with the overall value of new home sales growing steadily. First-tier city demand was particularly strong despite the policy headwinds. During the year, the PRC Property Division has taken forward the development of its mixed-use property projects in first-tier cosmopolitan centres. Sales activities also proceeded smoothly as scheduled.

During the year under review, the Division recorded a turnover of HK$5,840 million (2012: HK$2,810 million), an increase of 108% year on year. Gross profit was up by 122% year on year to HK$2,476 million (2012: HK$1,113 million).

INVESTMENT PROPERTIES

During the year, the Group derived turnover, comprising rental and other fees, and gross profit of HK$1,211 million and HK$841 million, respectively (2012: HK$989 million and HK$687 million, respectively), from its portfolio of completed investment properties in the PRC.

As at 31 December 2013, the Group held a completed investment property portfolio of apartment, commercial and office properties in the PRC with an aggregate GFA of 6.33 million square feet (2012: 5.26 million square feet). Their respective composition and occupancy rates were as follows:

As at 31 December 2013:

	Group's attributable GFA					
	Beijing	**Shanghai**	**Shenzhen**	**Fuzhou**	**Total**	**Occupancy rate**
		('000 square feet)				
Office	**711**	**1,538**	**1,552**	**-**	**3,801**	**79%**
Commercial	**98**	**1,100**	**212**	**64**	**1,474**	**92%**
Apartment	**277**	**775**	**-**	**-**	**1,052**	**75%**
	1,086	**3,413**	**1,764**	**64**	**6,327**	

As at 31 December 2012:

	Group's attributable GFA					
	Beijing	Shanghai	Shenzhen	Fuzhou	Total	Occupancy rate
		('000 square feet)				
Office	711	917	1,552	-	3,180	86%
Commercial	98	651	212	64	1,025	98%
Apartment	277	781	-	-	1,058	80%
	1,086	2,349	1,764	64	5,263	

Comparative occupancy rates of key investment properties are outlined below:

Property	**Occupancy rate as at 31 December 2013**	Occupancy rate as at 31 December 2012
Beijing Kerry Centre	**95%** *(1)(2)*	98% *(1)(3)*
Jing An Kerry Centre Phase I *(6)*	**73%** *(4)*	94% *(5)*
Jing An Kerry Centre Phase II	**53%** *(1)*	-
Kerry Parkside Shanghai Pudong	**97%** *(1)*	97% *(1)*
Kerry Everbright City Phase I	**88%**	86%
Central Residences Phase II Towers 1 and 3	**83%**	79%
Shenzhen Kerry Plaza Phase I	**97%**	99%
Shenzhen Kerry Plaza Phase II	**83%**	57%

Notes:
(1) Excluding hotel.
(2) Excluding serviced apartments which are undergoing renovation.
(3) Excluding retail and serviced apartments which were undergoing renovation.
(4) Excluding retail podium which was under renovation with completion in the fourth quarter of 2013.
(5) Excluding serviced apartments and retail podium which were undergoing renovation.
(6) Formerly known as Shanghai Kerry Centre.

The landmark mixed-use development, Jing An Kerry Centre Phase II, is a 51% joint-venture project with Shangri-La Asia Limited ("**Shangri-La**"). Located in the heart of Shanghai's Nanjing Road business district, the 2.73 million square-foot development integrates prime hotel, retail, office and residential space overlooking a beautifully landscaped piazza. The luxury of the Shangri-La hotel is a key feature of Jing An Kerry Centre, which is now the pre-eminent shopping venue and most exclusive office address in Shanghai. Delivery of the office units began during the first half of 2013, while the retail mall had its soft opening in mid-July. Market response to the leasing of space has been strong, with approximately 70% (2012: 55%) of the office units and 94% (2012: 87%) of the retail space committed as at 31 December 2013. Jing An Shangri-La Hotel, West Shanghai, had been soft-opened in June 2013.

Kerry Parkside in the Pudong District of Shanghai is a 40.8%-held mixed-use property comprising a hotel, offices, serviced apartments, commercial properties and related ancillary facilities. As at 31 December 2013, both the retail space and offices were 100% leased (2012: 100% and 100%, respectively), and the occupancy rate of the serviced apartments was 89% (2012: 83%).

Shenzhen Kerry Plaza Phase II is a Grade-A office project. The entire development, including Shenzhen Kerry Plaza Phase I, comprises three office towers with a GFA of approximately 1.65 million square feet. Located at the core of the Futian CBD, it is conveniently connected to Futian railway station on the Guangzhou-Shenzhen-Hong Kong Express Rail Link now under construction. As at 31 December 2013, Phases I and II of the development were 97% and 83% leased, respectively (2012: 99% and 57%, respectively).

Beijing Kerry Centre continues to be an iconic presence at the heart of Beijing, combining prime office space, a shopping mall for top-tier brands, Kerry Hotel Beijing and serviced apartments with a world-class location. Upon completion of new facilities enhancements, Beijing Kerry Centre re-opened in September 2013. As at 31 December 2013, the occupancy rate of the retail portion was 79% (2012: Nil), while the offices were 97% occupied (2012: 98%) and the serviced apartments are under renovation in 2013. The refurbishment of Kerry Hotel, Beijing, which was completed in February 2013, had led to a temporary impact on its operating results during the year. An average occupancy rate of 56% (2012: 42%) was achieved.

Sales of Properties

The Group's sales of completed properties in the PRC delivered a turnover of HK$4,071 million (2012: HK$1,541 million). Sales of completed investment properties generated proceeds of HK$92 million (2012: HK$127 million). A gross profit of HK$1,647 million (2012: HK$406 million) was generated during the year mainly by recognized sales of Parkview Residence Phase II in Hangzhou and the Metropolis-Arcadia Court Phase I in Chengdu.

Parkview Residence in Xiacheng District, Hangzhou, was completed and delivered for occupation during the year. This residential project has a GFA of approximately 2.63 million square feet. Sales of the remaining units of Phase II are currently ongoing. As at 31 December 2013, 1,513 units of the total 1,632 units launched from Phase II had been sold. The Group holds a 100% interest in this project.

The Metropolis-Arcadia Court Phase I in Chengdu has offered 1,830 residential units from eight towers for sale. Up to 31 December 2013, 1,542 units had been sold. The Group holds a 55% interest in this residential project.

Kerry Everbright City Phase II in Zhabei District, Shanghai, is a mixed-use development with a GFA of approximately 1.6 million square feet. The Group holds a 74.25% interest in the project. All the Le Loft residential units have been sold. As at 31 December 2013, 376 units out of the 430 saleable office units of Enterprise Square had been sold.

The Arcadia Court Phase I in Tangshan has offered 690 residential units and 451 car parks from six towers for sale. As at 31 December 2013, 651 residential units and 282 car parks units had been sold. The Group holds a 40% interest in this residential project.

Properties under Development

The PRC Property Division continues to focus on the development of mixed-use projects in the CBD of major cities. Residential development activities are ongoing with project completions and further unit sales scheduled in the coming years.

Shanghai

Phase III of the Kerry Everbright City project in Zhabei District is expected to be completed in 2015. This new project, comprising office premises and some supporting retail spaces, will add a GFA of approximately 1.1 million square feet to the entire development. The Group holds a 74.25% interest in the project.

Tianjin

Tianjin Kerry Centre is located on the east bank of the Haihe CBD in Hedong District, Tianjin, where it enjoys a convenient transport network. This 49%-owned mixed-use project delivers a total GFA of approximately 5.37 million square feet. Phase I of the development includes a hotel, upscale residences and a shopping mall, and is scheduled to be completed and handed over in phases between the second quarter of 2014 and the second quarter of 2015. The pre-sale of the residential portion, Tianjin Arcadia Court, and pre-leasing activities for the mall have progressed smoothly. As at 31 December 2013, 464 units launched for pre-sale had been sold.

Hangzhou

The Group is developing Hangzhou Kerry Central located at the intersection of Yan'an Road and Qingchun Road, adjacent to the Xihu (West Lake). This 2.1 million square-foot mixed-use property will comprise a luxury hotel, Grade-A offices, premium apartments and a large-scale retail mall complex. Excavation and shoring works are now underway and the development is targeted for completion in phases from 2015 onwards. The Group holds a 75% stake in the project.

The Group has acquired five additional lots of land in the city for residential and commercial development. The new project is located in the core area of the Hangzhou Zhijiang National Tourist and Holiday Resort. With an aggregate site area of approximately 1.53 million square feet, the project will yield a developable GFA of approximately 2.27 million square feet of residential properties and approximately 250,000 square feet of commercial space. With construction works currently underway, the project is targeted for completion in phases from 2017 onwards.

Nanjing

The Group and Shangri-La are also co-developing a premier site at Zhong Yang Road in the Gu Lou District, Nanjing. Located in the heart of Nanjing, the site is designated for the development of hotel and commercial properties with a total GFA of approximately 916,000 square feet. With construction works currently underway, the project is targeted for completion in 2014. The Group holds a 45% interest in this project.

In Nanjing, the Group has acquired an additional site at Da Guang Road in the Bai Xia District. This residential project, wholly owned by the Group, has a site area of approximately 384,000 square feet and a GFA of approximately 955,000 square feet. Project conceptual design is in progress.

Chengdu

The Metropolis-Arcadia Court in Chengdu is located in the southern part of the High-Tech Industrial Development Zone. This 55%-held residential project is expected to generate a total GFA of approximately 6.8 million square feet. Residential units of Phase I have been handed over, while Phases II and III are due for completion in several stages from 2017 onwards.

Nanchang

In Nanchang, the provincial capital of Jiangxi Province, the Group is developing a mixed-use property through a further joint venture with Shangri-La. This 80%-held project is situated on the west bank of the Ganjiang River at the heart of Honggutan Central District. Its development blueprint includes a hotel, office, commercial and high-end apartment properties, aggregating to a GFA of approximately 2.6 million square feet. Construction of the hotel tower and the residential portion is ongoing, and is targeted for completion in phases from 2014 onwards.

Changsha

The Group's wholly-owned residential project in the Tianxin District of Changsha, the provincial capital of Hunan Province, is expected to deliver a GFA of approximately 3.2 million square feet. Construction works are currently underway, and the project is scheduled to be completed in phases between 2014 and 2017. Pre-sale of the project is proceeding with satisfactory results. As at 31 December 2013, 361 units had been pre-sold.

Shenyang

The Group's 60%-owned Shenyang Kerry Centre project in Shenyang, the capital of Liaoning Province, is located on the east side of Qingnian Street, to the south of Qingnian Park. Lying at the core of the city's landmark Golden Corridor development, the site will yield a GFA of approximately 14.7 million square feet. This mixed-use project will include a hotel, offices, a shopping mall and residences. Phase I of the development is at the construction stage with the hotel portion completed in 2013. The remaining part of the project is targeted for completion in phases between 2014 and 2022. Pre-sale of the Phase I residential portion, Arcadia Court, has met with strong market response. As at 31 December 2013, 278 residential units and 79 office units for pre-sale had been sold. Shangri-La Hotel, Shenyang, had its soft-opening on 15 August 2013.

Qinhuangdao

Construction works are ongoing on Habitat, the Group's 60%-owned deluxe seaside residential project adjacent to Beidaihe in Qinhuangdao, Hebei Province. This development is expected to generate a GFA of approximately 4.7 million square feet, and is planned to be completed in phases. Phase I of the development is targeted for completion in 2015. As at 31 December 2013, 154 residential units of the Phase I development had been pre-sold.

Tangshan

The Group's 40%-owned mixed-use project in Tangshan comprises a hotel and residential and ancillary commercial properties, with a GFA of approximately 3.3 million square feet. Seven residential towers of Phase I have been completed and six towers have been handed over in smooth progress. The remainder of the project is scheduled to be completed in phases between 2014 and 2015, with the pre-sale of the residential units already rolled out. As at 31 December 2013, 97 units of the Phase II development had been pre-sold.

Ningbo

The site being developed in Ningbo is located in the Eastern New Town Core Region and is earmarked for The Berylville, a high-end residential project with a GFA of approximately 1.03 million square feet. The Group holds a 50% interest in the project. Construction works for Phase I, with a GFA of approximately 402,000 square feet, are in progress. The project is scheduled to be completed in phases from 2015 onwards, with the pre-sale of Phase I already rolled out at 2013 year end. As at 31 December 2013, 9 units had been pre-sold.

Yingkou

The Group's seaside sites in Bayuquan District in Yingkou City, Liaoning Province, are primarily designated for residential and commercial use. The project will generate a GFA of approximately 4.5 million square feet. Phase I of the development is expected to be completed in 2015. The Group holds a 65% interest in this project.

Jinan

The Group is co-developing a mixed-use project located in Lixia District, Jinan City, with Shangri-La. The Group holds a 55% stake in this project, which has a GFA of approximately 1.0 million square feet. The project will comprise a hotel, offices and commercial space, and is scheduled to be completed in 2016.

Zhengzhou

The Group and Shangri-La are jointly developing a site located on the east of Huayuan Road and the south of Weier Road in Zhengzhou City, Henan Province. The site will yield a GFA of approximately 2.4 million square feet for development into a hotel, residential, commercial and office properties. The project is expected to be completed in phases between 2016 and 2017. The Group holds a 55% interest in this project.

Putian

The Group and Shangri-La are co-developing a site in Putian City, Fujian Province. The site, located at the junction of Jiuhua Road and Lihan Avenue, will generate a GFA of approximately 4.0 million square feet. It is earmarked for the development of residential, hotel and ancillary commercial properties. Phase I of the development is scheduled to be completed by 2016. The Group holds a 60% interest in this project.

Kunming

The Group, together with Shangri-La and Moneyeasy Holdings Limited, is co-developing two adjoining sites in Kunming City, Yunnan Province. The sites are designated for hotel, apartment and commercial use, with a GFA of approximately 800,000 square feet. The Group holds a 35% equity interest in the project.

Properties under development in the PRC

As at	**Group's attributable GFA upon completion**					
31 December 2013:	**Residential**	**Apartment**	**Office**	**Commercial**	**Hotel**	**Total**
			('000 square feet)			
Shanghai	-	-	724	81	-	805
Tianjin	1,105	157	317	683	370	2,632
Hangzhou	2,275	271	94	1,084	378	4,102
Shenyang	4,726	-	1,264	2,514	-	8,504
Nanjing	948	-	-	7	412	1,367
Chengdu	2,174	-	-	278	-	2,452
Nanchang	706	-	611	79	659	2,055
Changsha	3,154	-	-	53	-	3,207
Qinhuangdao	2,801	-	-	36	-	2,837
Tangshan	470	-	-	98	243	811
Ningbo	516	-	-	-	-	516
Yingkou	2,684	-	-	87	185	2,956
Jinan	-	-	213	28	299	540
Zhengzhou	581	-	346	21	344	1,292
Putian	1,722	-	-	38	649	2,409
Kunming	-	80	-	11	192	283
Total	**23,862**	**508**	**3,569**	**5,098**	**3,731**	**36,768**

HONG KONG PROPERTY DIVISION

During the year ended 31 December 2013, the Hong Kong Property Division reported a turnover of HK$8,130 million (2012: HK$12,408 million) and gross profit of HK$3,581 million (2012: HK$4,990 million) respectively.

During the year, the Division's turnover was mainly derived from recognized sales of Bayview, SOHO 189, Lions Rise and The Altitude. Residential development activities in Hong Kong remain focused on cosmopolitan areas or locations enjoying unique advantages. This prime portfolio of projects under development will continue to contribute healthy sales revenue to the Division on a steady schedule of completions.

Strong leasing performance was also recorded in its portfolio of high-quality investment properties with positive rental reversions for commercial properties. Geared to deriving sustainable value from this premium asset base, the Division looks forward to consistent growth ahead.

INVESTMENT PROPERTIES

In Hong Kong, the Division manages a portfolio of prime residential, commercial and office properties. This rental asset base is instrumental to our strategy of deriving a stable and growing stream of recurrent income for the Group. During the year, turnover, comprising rental and other fees, generated from the Group's completed investment properties in Hong Kong aggregated to HK$936 million (2012: HK$845 million), producing a gross profit of HK$745 million (2012: HK$673 million).

As at 31 December 2013, the Group's completed investment property portfolio in Hong Kong had an aggregate GFA of 2.91 million square feet (2012: 2.91 million square feet). Set out below are the breakdown of GFA and the respective occupancy rates, together with comparative figures:

	As at 31 December 2013		As at 31 December 2012	
	Group attributable GFA ('000 square feet)	**Occupancy rate**	Group attributable GFA ('000 square feet)	Occupancy rate
Apartment	**722**	**93%***	722	94%
Commercial	**1,349**	**97%**	1,348	99%
Office	**838**	**98%**	837	97%
	2,909		2,907	

Note :
** Excluding Branksome Grande with refurbishment works scheduled to commence in second quarter of 2014.*

Enterprise Square Five/MegaBox

MegaBox is a pioneering shopping, dining and entertainment venue in Kowloon East, offering a unique mix of lifestyle attractions and shopping zones across a GFA of 1.1 million square feet. As at 31 December 2013, the mall had an occupancy rate of 99% (2012: 99.98%).

The two office towers of the Grade-A Enterprise Square Five, with a GFA of 519,000 square feet, were 98% (2012: 100%) occupied.

Kowloon East is gathering momentum for a new wave of development as the district is set to be transformed into an alternative CBD of Hong Kong. MegaBox and Enterprise Square Five will continue to provide a strong competitive position for the Group to enjoy further growth potential.

Kerry Centre, Quarry Bay

Kerry Centre at 683 King's Road, Quarry Bay, is the Group's 40%-held flagship office tower in Hong Kong. This Grade-A office tower has 32 floors and a GFA of approximately 511,000 square feet. Occupancy at Kerry Centre remained at a high level and, as at 31 December 2013, 99% (2012: 94%) of its office space was leased.

SALES OF PROPERTIES

During the year under review, sales of completed properties held for sale in Hong Kong contributed a turnover of HK$7,194 million (2012: HK$11,563 million) to the Group. No proceeds were derived from sales of completed investment properties (2012: HK$19 million) during the year. A gross profit of HK$2,836 million (2012: HK$4,317 million) was derived from the recognized sales of completed properties of Bayview, SOHO 189, Lions Rise and The Altitude.

The Group's urban residential developments in Hong Kong continued to generate healthy returns despite the challenges brought by Government measures to regulate the market. The Division's resilient sales performance was underpinned by the shortage of urban land supply, and its portfolio of high-quality homes has continued to command a premium in the market. As a result, the Hong Kong Property Division has been able to achieve its contracted sales targets amidst a challenging market.

Lions Rise, Tsz Wan Shan, Diamond Hill and San Po Kong

Lions Rise is located at No. 8 Muk Lun Street, Kowloon, with five residential blocks offering a total of 968 units. The project is enhanced by club facilities, landscaped gardens and a shopping mall. As at 31 December 2013, 963 units, representing 99.5% of the total, had been sold.

The Altitude, Wong Nai Chung

The Altitude at No. 20 Shan Kwong Road, Hong Kong, offers 126 residential units. The Group holds a 71% interest in this project. As at 31 December 2013, 109 units, representing 86.5% of the total, had been sold.

SOHO 189, Sai Ying Pun and Sheung Wan

Located at No. 189 Queen's Road West, Hong Kong, SOHO 189 is a 71%-owned redevelopment project consisting of urban residences and retail units. As at 31 December 2013, all units had been sold.

Bayview, Ma Tau Kok

The redevelopment project at No. 9 Yuk Yat Street, Kowloon, has already obtained its occupation permit and certificate of compliance. This residential and commercial development offers 175 residential units which were all sold.

PROPERTIES UNDER DEVELOPMENT

The Summa and a new redevelopment project in Hing Hon Road Development, Sai Ying Pun and Sheung Wan

The 71%-owned joint-venture project, The Summa, is located at No. 23 Hing Hon Road, Hong Kong, in proximity to the University of Hong Kong and a number of well-known schools. The project yields a saleable area of 149,399 square feet. Satisfactory sales performance has been recorded since the project's launch for sale in January 2014.

The Group is also developing a new residential project at Nos. 5-6 Hing Hon Road, Hong Kong. This redevelopment project, in which the Group holds a 71% interest, will deliver a buildable GFA of approximately 39,000 square feet. The project is scheduled to be completed in the first quarter of 2016.

Ede Road, Kowloon Tong

The site at No. 1 & No. 3 Ede Road, Kowloon, is for the development of another residential project with a buildable GFA of approximately 77,000 square feet. Project completion is expected in the second quarter of 2014.

La Salle Road, Ho Man Tin

This redevelopment project is situated at No. 8 La Salle Road, Kowloon, a neighbourhood offering a network of primary and secondary schools. The project is planned to deliver a buildable GFA of approximately 61,000 square feet, with completion expected in the second quarter of 2014.

Shan Kwong Building Redevelopment, Wong Nai Chung

The Group is developing a new residential project at Nos. 7C-7F Shan Kwong Road, Wong Nai Chung, Hong Kong. Subject to building plans approval, the project will yield a buildable GFA of approximately 81,000 square feet. The project is planned to be completed in the fourth quarter of 2016.

Sha Tin Heights Road, Sha Tin

A residential project is now under planning at Nos. 25-27A Sha Tin Heights Road, with a buildable GFA of approximately 16,000 square feet. The Group holds a 71% interest in this project and is planned to be completed in the third quarter of 2016.

Kau To, Sha Tin

Together with Sino Group and Manhattan Group, the Group is co-developing a residential project at 33 Lai Ping Road, Kau To, Sha Tin, with a buildable GFA of approximately 1.031 million square feet. The Group holds a 40% stake in this project, which is scheduled for completion in the second quarter of 2015.

So Kwun Wat, Tuen Mun

The Group is developing a residential project at Area 48, Castle Peak Road, So Kwun Wat, with a buildable GFA of approximately 940,000 square feet. The site is planned to be developed into a large-scale residential property of not less than 1,100 units. The project is planned to be completed in the first quarter of 2017.

Sheung Lok Street, Ho Man Tin

In March 2013, the Group won a public tender for a site at Sheung Lok Street, Ho Man Tin. Occupying an area of approximately 259,000 square feet with a buildable GFA of approximately 1.142 million square feet, plans for a residential development on the site are now underway. The project is planned to be completed in the first quarter of 2017.

Properties under Development in Hong Kong

As at 31 December 2013:	Group's attributable GFA upon completion ('000 square feet)
Residential	2,753
	2,753

Macau

Development projects in Macau include a site at Nam Van Lake, designated for luxury apartment development, and another residential project currently under discussion with the Macau SAR Government on the land exchange issue.

OVERSEAS PROPERTY

The Group holds a portfolio of properties in the Philippines. These investments are held through Shang Properties, Inc. ("**SPI**"), in which the Division maintains a 34.61% equity interest and a 30.75% interest in its depository receipts. SPI holds a 100% interest in the Shangri-La Plaza Mall, Manila, and indirect interests in The Enterprise Center, an office and commercial property in Makati, Manila's financial district. As at 31 December 2013, the occupancy rates of Shangri-La Plaza Mall and The Enterprise Center were 96% and 97%, respectively (2012: 98% and 86%, respectively).

The development of The St. Francis Shangri-La Place, a residential project located in Mandaluyong City, Manila has been completed and is almost fully sold out. As at 31 December 2013, 1,150 units (2012: 1,149) out of the total of 1,152 residential units in Towers 1 and 2 of the project had been sold.

SPI currently has four major projects under development:

The development of One Shangri-La Place covers approximately 1.63 million square feet of residential properties. The pre-sale of the residential units was launched in 2010, with a total of 1,102 units (2012: 858) sold as at 31 December 2013, accounting for 85% of the total.

SPI is also redeveloping a residential site in Makati City into a high-rise residential building with a GFA of approximately 655,000 square feet. Residential units in this Shang Salcedo Place have been launched and, as at 31 December 2013, 245 units (2012: 106) out of the total of 763 residential units had been sold.

The latest addition to the Group's property portfolio in Manila is the development of The Rise. SPI has acquired the rights to develop more than 116,000 square feet of land located in Malugay Street, Makati City. This property will be developed into a residential building with a GFA of approximately 1.58 million square feet, and comprising 2,822 residential units and 58,843 square feet of commercial space.

In addition, SPI holds a 40% interest in a hotel and luxury residential development in Fort Bonifacio, Taguig, Manila. The development includes a hotel with an area of more than 860,000 square feet, residential and serviced apartment units covering 580,565 square feet, and commercial spaces with a total area of 39,700 square feet.

Overseas Property Portfolio

	Group attributable GFA
As at 31 December 2013:	**The Philippines** ('000 square feet)
Investment properties	
Hotel lease	170
Shopping centre	1,251
Commercial	29
Office	307
Sub-total	**1,757**
Properties under development	
Residential	2,565
Hotel	225
Commercial	69
Sub-total	**2,859**
Properties held for sale	
Residential	9
Sub-total	**9**
	4,625

OUTLOOK

PRC PROPERTY DIVISION

The high economic growth rate in the PRC is unlikely to continue in the coming year. Coupling with the ongoing control measures, the PRC property market is expected to face further challenges. The PRC Property Division will continue to grow its business and revenue base with added strategic focus on innovation and sustainability. The segment is on track to further expand its share of revenue and earnings contribution to the Group.

The Division will adjust its development and business strategy in accordance with the market situation in different districts and cities in the PRC. It will stay alert to potential investment opportunities in first- and second-tier cities, as well as in the more affluent districts. To sustain forward momentum, the Division will pursue further development of projects with profitability potential, continue land acquisitions based on timing, location and price considerations, and expedite project cycles.

Pursuant to the Group's business strategy, the Division will forge ahead with the development of major mixed-use projects in first-tier cities. These prime-quality landmark mixed-use projects in CBDs are designed to strengthen the premier brand position of Kerry Properties, while creating strong recurring income streams for the Group.

The Division will also adopt a proactive and adaptive sales strategy for forthcoming property launches. The Group targets to achieve healthy growth in contracted sales for 2014, with sales activities continuing in Hangzhou, Tianjin, Nanjing, Shenyang, Putian, Chengdu, Nanchang and Qinhuangdao.

With a view to securing further cost controls, enhancing service management quality, and consolidating efficiency gains, the Division will seek to strengthen its property and project management standards, maintain standardized construction and implement resources sharing for its management systems. Our promise of prestigious privilege for clients is realized through a range of optimum and customized services. These will help strengthen Kerry Properties' brand value built on the quality premise.

HONG KONG PROPERTY DIVISION

The local property market continues to be influenced by the Hong Kong SAR Government's market-stabilizing measures. Meanwhile, to address the supply shortage, the Government has also stepped up efforts to expand land availability. However, land prices in Hong Kong are not showing clear signs of change in line with market sentiments.

Despite the Government resolve to increase land supply, urban land remains a scarce resource. The Group's current projects under development are for the most part located in urban districts enjoying extensive transport networks and public facilities. This premium asset portfolio thus has strong potential for capital growth.

Building on its significant presence in the luxury residential segment, the Group is steadily moving forward with its sales plans for 2014. The Group has a well-established record of creating long-term value and a quality living environment for home buyers. Benefiting from a sales strategy that is well tuned to market trends, the Group's projects continue to be competitively positioned in the market.

Our portfolio of investment properties in Hong Kong comprises Grade-A offices in Quarry Bay and Kowloon East, retail space at the MegaBox lifestyle and entertainment mall, and prestigious city apartments at exclusive addresses. This valuable asset base is further complemented by a high level of service realized by our management expertise. Retail and office rents are expected to be steady with high occupancy in 2014.

At Kerry Properties, we remain committed to deriving and delivering premium value on our promise of quality.

LOGISTICS INVESTMENTS

On 19 December 2013, Kerry Logistics achieved a public listing on the Stock Exchange through a distribution in specie by the Company of approximately 50.1% of the Kerry Logistics Shares on issue and an international placing of Kerry Logistics Shares. The Group's subsequent interest in Kerry Logistics was reduced from 100% to approximately 43%.

Kerry Logistics is principally engaged in the integrated logistics and international freight forwarding businesses.

Integrated Logistics

Kerry Logistics provides integrated logistics services, as a third-party logistics service provider, for manufacturers, retails and other customers worldwide. Their integrated logistics business comprises (i) logistics operations, which involve the provision of a wide range of logistics services, such as storage and value-added services, trucking and distribution, returns management and various ancillary services, primarily in Asia, and (ii) Hong Kong Warehouse, which involves the leasing of warehousing space in Hong Kong to customers.

International Freight Forwarding

Kerry Logistics provides the vast majority of their international freight forwarding services intra-Asia and between Asia and Europe. Its international freight forwarding business involves the provision of air freight, ocean freight and cross-border road freight forwarding services to transport cargo internationally.

FINANCIAL REVIEW

The Group has centralised funding for all its operations. This policy achieves better control of treasury operations and lower average cost of funds.

The Group closely reviews and monitors its foreign exchange exposure. As at 31 December 2013, total foreign currency borrowings (excluding Renminbi ("**RMB**") borrowings) amounted to the equivalence of HK$10,590 million and RMB loans amounted to the equivalence of HK$5,075 million. Therefore, non-RMB total foreign currency borrowings and RMB loans represented approximately 30% and 15% respectively, of the Group's total borrowings of HK$34,976 million as at 31 December 2013.

The non-RMB total foreign currency borrowings of HK$10,590 million mainly include the Fixed Rate Bonds amounting to US$1,320 million (approximately HK$10,175 million (net of direct issue costs)). The Group has arranged cross currency swap and forward exchange contracts amounting to US$607 million and US$459 million, respectively, to hedge the exchange rate exposure between United States dollars and Hong Kong dollars.

Out of the Group's total borrowings as at 31 December 2013, HK$3,965 million (representing approximately 11%) was repayable within one year, HK$2,154 million (representing approximately 6%) was repayable in the second year, HK$25,378 million (representing approximately 73%) was repayable in the third to fifth years and HK$3,479 million (representing approximately 10%) was repayable over five years. The Group continued to maintain most of its borrowings on an unsecured basis, with unsecured debt accounting for approximately 84% of total borrowings as at 31 December 2013. The Group will continue to obtain financing on an unsecured basis whenever possible, and supplement such borrowings with secured project financing as and when the need arises.

As at 31 December 2013, the gearing ratio for the Group was 31.0% (2012: 22.4%), calculated based on net debt of HK$23,482 million and shareholders' equity of HK$75,755 million. The increase in net debt and gearing ratio was due to the payment for Ho Man Tin land premium amounting to HK$11,688 million in April 2013.

As at 31 December 2013, the Group had outstanding interest rate swap contracts which amounted to HK$4,000 million in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile.

In terms of the Group's available financial resources as at 31 December 2013, the Group had total undrawn bank loan facilities of HK$11,181 million and net cash on hand of HK$11,494 million. In addition, the generation of strong recurrent cashflows from the Group's investment property portfolio and hotel operations provides the Group with a strong financial position, and enables the Group to reap the benefits of investment opportunities as and when they arise.

On 14 November 2013, Standard & Poor's affirmed a "BBB-" credit rating for Kerry Properties Limited with a positive outlook.

STAFF

As at 31 December 2013, the Company and its subsidiaries had approximately 6,000 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as share option schemes.

SHARE OPTIONS

On 5 May 2011, the shareholders of the Company (the "**Shareholders**") approved the adoption of a new share option scheme (the "**2011 Share Option Scheme**") and the termination of a share option scheme adopted in 2002 (the "**2002 Share Option Scheme**") to the effect that no further share options of the Company (the "**Share Options**") shall be offered under the 2002 Share Option Scheme but the Share Options which had been granted during the life of the 2002 Share Option Scheme should continue to be valid and exercisable.

The 2011 Share Option Scheme is designed to motivate executives and key employees and other persons who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions. On 8 January 2014, a total of 15,400,000 Share Options were granted under the 2011 Share Option Scheme.

As at 31 December 2013, a total of 35,580,000 Share Options were outstanding which comprised 12,610,000 and 22,970,000 Share Options granted under the 2002 Share Option Scheme and the 2011 Share Option Scheme respectively.

CORPORATE GOVERNANCE

During the financial year ended 31 December 2013, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company (the "**Registers of Members**") will be closed from Friday, 2 May 2014 to Monday, 5 May 2014, both days inclusive, for the purpose of determining Shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on 5 May 2014 (the "**2014 AGM**") and during which period no transfer of shares will be effected. In order to entitle to attend and vote at the 2014 AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited of the following address, for registration not later than 4:30 p.m. on Wednesday, 30 April 2014:

Before 31 March 2014: 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
From 31 March 2014 onwards: Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

The Registers of Members will also be closed on Monday, 12 May 2014 for the purpose of determining Shareholders' entitlement to the Final Dividend and no transfer of shares will be effected on that date. In order to qualify for the Final Dividend, all share transfers accompanied by the relevant share certificates must be lodged with Tricor Abacus Limited at the above address, for registration not later than 4:30 p.m. on Friday, 9 May 2014. The Final Dividend is payable on Tuesday, 20 May 2014 to Shareholders whose names appear on the Registers of Members on Monday, 12 May 2014.

2014 AGM

The 2014 AGM will be held at 2:30 p.m. on Monday, 5 May 2014 at Island Ballroom, Level 5, Island Shangri-La Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

By Order of the Board
Wong Siu Kong
Chairman

Hong Kong, 17 March 2014

As at the date of this announcement, the Directors of the Company are:

Executive Directors:
Messrs. Wong Siu Kong, Ho Shut Kan, Qian Shaohua, Chan Wai Ming, William and Bryan Pallop Gaw.

Independent Non-executive Directors:
Mr. Lau Ling Fai, Herald, Mr. Ku Moon Lun, Ms. Wong Yu Pok, Marina, JP and Mr. Chang Tso Tung, Stephen.

* *For identification purpose only*