



嘉里建設有限公司  
KERRY PROPERTIES LIMITED

*(Incorporated in Bermuda with limited liability)*

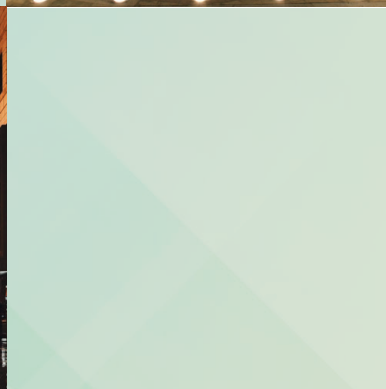
Stock Code : 683

# ANNUAL REPORT 2022





# KERRY PROPERTIES LIMITED





**Kerry Properties Limited** (“KPL”) is a well-established property company with significant investments in Asia. The Company is known for its property development activities in the Mainland and Hong Kong. In both markets, KPL focuses on investing in premium quality property developments in prime locations. The Company has developed a successful business model for doing this over many years and has considerable experience as a developer and manager of quality properties. We act on principles of fairness and integrity, and we value the many relationships we have developed over our long history with staff, suppliers, partners, government agencies, and other key stakeholders.





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Kerry Centre, Hong Kong

# FINANCIAL HIGHLIGHTS

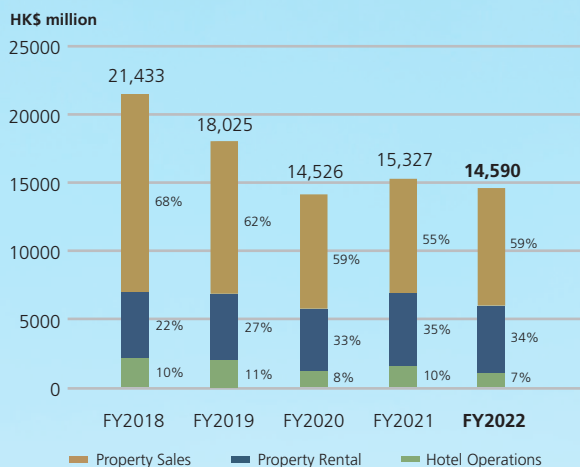
Results for the year	FY 2022 HK\$ Million	FY 2021 HK\$ Million	% Change
Revenue	<b>14,590</b>	15,327	-4.8%
<i>Property sales</i>	<b>8,543</b>	8,371	2.1%
<i>Property rental and others</i>	<b>4,991</b>	5,344	-6.6%
<i>Hotel operations</i>	<b>1,056</b>	1,612	-34%
Gross profit	<b>6,985</b>	8,743	-20%
Profit attributable to shareholders excluding change in fair value of investment properties <sup>N1</sup>	<b>4,520</b>	6,266	-28%
Financial information (for the year ended 31 December)	FY 2022 HK\$	FY 2021 HK\$	% Change
Earnings per share			
Excluding change in fair value of investment properties <sup>N1</sup>	<b>3.11</b>	4.30	-28%
Reported	<b>1.90</b>	7.11	-73%
Dividend per share			
Interim	<b>0.40</b>	0.40	
Final	<b>0.95</b>	0.95	
Special	-	2.30	
Net asset value per share	<b>74.96</b>	80.32	-6.7%
Financial information (as at 31 December)	FY 2022 HK\$ Million	FY 2021 HK\$ Million	% Change
Cash and bank deposits	<b>11,701</b>	17,435	-33%
Undrawn bank loan facilities	<b>28,875</b>	34,866	-17%
Total debt	<b>52,870</b>	37,479	41%
Net debt	<b>41,169</b>	20,044	105%
Shareholders' equity	<b>108,787</b>	116,829	-6.9%
Total equity	<b>122,482</b>	132,313	-7.4%
Gearing ratio <sup>N2</sup>	<b>33.6%</b>	15.1%	

<sup>N1</sup> Also excluding the gain on disposal of partial interest in an associate in FY2021.

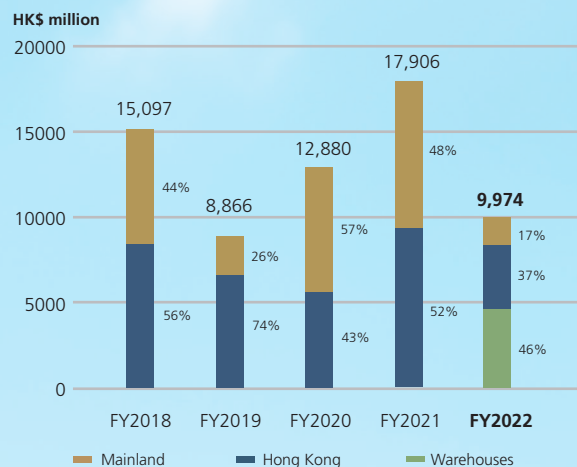
<sup>N2</sup> Calculated as net debt to total equity.



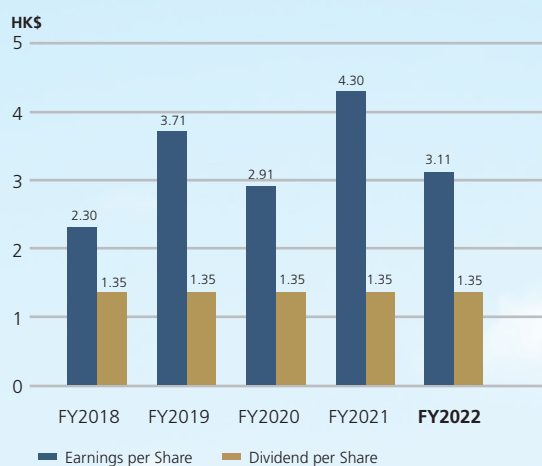
### Revenue by Principal Activities



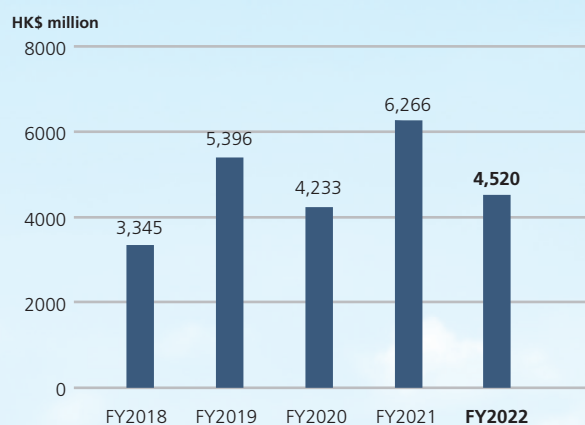
### Contracted Sales



### Earnings per Share and Dividend per Share <sup>N1 and N2</sup>



### Profit Attributable to Shareholders <sup>N1</sup>



N1: Excluding change in fair value of investment properties. Also excluding gain on disposal of partial interest in an associate in FY2021.

N2: Excluding special dividend of HK\$2.30 per share for FY2021.

# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report the 2022 final results on behalf of Kerry Properties Limited. 2022 was an eventful year that saw many new challenges emerge – massive disruption of trade and travel brought about by strict Covid-19 related restrictions on the Chinese Mainland, a depressed property market in Hong Kong and on the Mainland, sharply higher U.S., and therefore Hong Kong, interest rates, and geopolitical tensions from the ongoing Russia-Ukraine war coupled with a strained Sino-U.S. relationship.

Under this backdrop we selectively added to our landbank with important land acquisitions and embarked on asset enhancement initiatives to improve a few of our investment properties in Shanghai, Beijing, and Hangzhou. We strengthened our management team with a few new appointments and continued to recycle capital resources through non-core asset sales.

I am encouraged that we were able to deliver steady financial results despite the difficult business environment, while positioning ourselves to capture future opportunities in Hong Kong and the Mainland.

## Financial Performance and Dividend

The Group recorded profit attributable to shareholders, before taking into account the change in fair value of investment properties, of HK\$4,520 million (2021: HK\$8,360 million). Excluding the one-off gain of HK\$2,094 million in 2021 from the disposal of shares in Kerry Logistics Network Limited, underlying profit for 2022 was HK\$4,520 million (2021: HK\$6,266 million), declining 28%. The decrease was mainly due to the depreciation of the Renminbi against the Hong Kong dollar, comparatively lower gross profits from the different product-mix of our development properties sales, and lower property rental and hotel revenue caused by Covid-19 related headwinds, particularly on the Mainland. Earnings per share for the year was HK\$1.90 (2021: HK\$7.11).

The Board of Directors recommends the payment of a final dividend of HK\$0.95 per share for the year. Together with the interim dividend of HK\$0.40 per share, the total cash dividend for the year ended 31 December 2022 will amount to HK\$1.35 per share (2021: HK\$1.35 per share, and a special dividend of HK\$2.30 per share). The Board expects to maintain stable dividends, with the aim of delivering sustainable growth in the long term.

## Resilient Business Performance

We achieved HK\$14,590 million in revenue (2021: HK\$15,327 million). Revenue from the sales of our development properties contributed a 2.1% year-on-year growth at HK\$8,543 million (2021: HK\$8,371 million). Contracted sales for 2022 accounted for HK\$5,354 million. The contracted sales result was contributed mainly from the sales of our luxury project Mont Rouge and 10 LaSalle in Hong Kong in the first half of 2022, and the successful launch of Mont Verra in the latter part of the year. On the Mainland, our contracted sales results were mostly achieved earlier in the year prior to the national Covid-19 restrictions that constrained commercial activities for much of 2022. The contracted sales together with the sales proceeds of two warehouses in Hong Kong achieved a total of HK\$9,974 million in 2022.

Our Group's investment property portfolio, excluding hotels, delivered gross profits of HK\$3,687 million (2021: HK\$3,994 million). The 7.7% decrease from 2021 was mostly due to HK\$150 million in rental relief offered in 2022 to support our tenants in Hong Kong and the Mainland. The occupancy rate of our investment properties was at a similar level to 2021.

We currently have 24.23 million square feet gross floor area ("GFA") of landbank that will allow the Group to grow its future rental income and development profits.

## Sustainable Development

As a Group we are committed to developing and operating environmentally sensitive and sustainable assets that improve the communities where we are based. To this end we have established Science-Based Targets to help us drive initiatives and engage with our various stakeholders to move ourselves closer in the direction of carbon neutrality. We also setup our own sustainable building guidelines to ensure that our buildings are designed and managed to be climate-resilient and resource-efficient. All of our major mixed-use developments in Hong Kong and the Mainland have achieved green accreditations, while every project



under development will pursue sustainability certifications. In particular I am pleased to note that we are the first developer in China to receive a LEED Community Platinum certification for an existing commercial building for our Kerry Everbright City Phase III development, which was built in 2015. This follows on from the same development achieving a Platinum certification for LEED O+M and LEED Zero Waste (first in Asia) in prior years. In striving to achieve best practice in Environmental Social Governance ("ESG") reporting, we are pleased to have been named Regional Sector Leader of the "Asia Diversified Listed Category" (Standing Investments Benchmark) for the Global Real Estate Sustainability Benchmark, while also being included in the Hang Seng ESG 50 Index and the FTSE4Good Index among other ESG indices.

### Outlook

As we enter into the early months of 2023, we are encouraged by the lifting of Covid-19 restrictions and the reopening of borders in Hong Kong and on the Mainland. We are also hopeful that the Mainland Government's clear message of focusing on economic growth in 2023 and beyond will allow business and investment sentiment to gradually improve. On the Mainland, we are seeing a rebound in retail and hotel business to pre-Covid-19 levels, while interest and transactions in residential projects are showing early signs of warming up. We also expect Hong Kong to benefit as its borders open fully with the Mainland and to the rest of the world. Our teams remain focused on capturing opportunities as they arise, and we will be managing our capital, revenue, and assets with innovation and financial prudence to achieve our growth strategy.

Last but not least, on behalf of the Board, I wish to extend my gratitude to our colleagues for their tireless contributions to the Group. Over the course of the past three years, that were marked by the Covid-19 pandemic, they rose up time and again to overcome the various challenges. Their steadfast commitment to serving, supporting and protecting our tenants and communities in those most challenging of periods have further enhanced our reputation and brand for which I am immensely thankful for.

### Kuok Khoon Hua

*Chairman*

Hong Kong, 29 March 2023



Mr Kuok Khoon Hua  
Chairman



# MANAGEMENT DISCUSSION & ANALYSIS

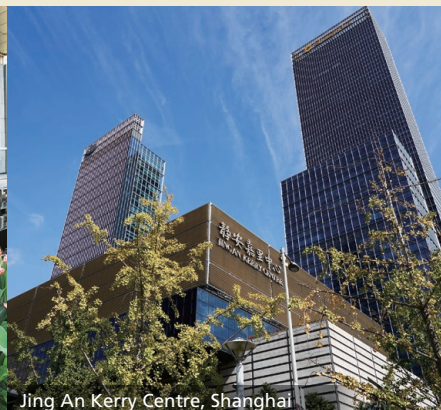
## OVERALL RESULTS



Mont Rouge, Hong Kong



Kerry Centre, Hong Kong



Jing An Kerry Centre, Shanghai



Fuzhou Rivercity



10 LaSalle, Hong Kong



La Marina, Hong Kong



Arcadia Height, Shenyang



Habitat, Qinhuangdao\*



Arcadia Court, Zhengzhou\*



Qianhai Kerry Centre, Shenzhen

\* Artist's Impression



- ◆ The Group recorded **consolidated revenue** of HK\$14,590 million, down 4.8% year-on-year (2021: HK\$15,327 million).
- ◆ The Group achieved **total property sales** of HK\$9,974 million which included contracted sales of HK\$5,354 million for Hong Kong and the Mainland, and the sale of two warehouses in Hong Kong for a consideration of HK\$4,620 million.
- ◆ **Property rental revenue** for the Group was HK\$4,991 million, declining 6.6% compared to the same period last year (2021: HK\$5,344 million). Investment properties in Hong Kong achieved HK\$1,199 million (2021: HK\$1,291 million), down 7.1% year-on-year. Excluding one-off rental relief offered to tenants in the first half of 2022 and the rental income received on the two disposed warehouses in Hong Kong, revenue from investment properties was HK\$1,142 million (2021: HK\$1,172 million), declining 2.6%. The Mainland's investment properties achieved revenue of HK\$3,792 million (2021: HK\$4,053 million), declining 6.4% compared to 2021. In local currency terms, the performance of the investment property portfolio from the Mainland Property Division was largely in line with 2021.
- ◆ **Gross profit margin** for the Group was 48% (2021: 57%). The gross profit margin recorded from the sales of development properties was 37% (2021: 51%), which was less than last year due to a different product mix in 2022. The gross profit margin generated from rental income from investment properties was recorded at 74% (2021: 75%), remaining stable when compared to last year despite the rental relief provided to our tenants during the pandemic period.
- ◆ The Group measured its **investment properties portfolio on a fair value basis** and recorded a decrease in attributable fair value of investment properties (net of deferred taxation) of HK\$1,765 million (2021: an increase of HK\$1,998 million) to reflect the fair market value for the investment properties in Hong Kong and the Mainland.
- ◆ **Profit attributable to shareholders**, after taking into account the change in fair value of investment properties and the one-off gain of HK\$2,094 million in 2021 from the disposal of shares in Kerry Logistics Network Limited, was HK\$2,755 million (2021: HK\$10,358 million). Excluding the above two items, **underlying profit** for 2022 was HK\$4,520 million (2021: HK\$6,266 million), a decline of 28%. This was mainly due to the depreciation of the Renminbi against the Hong Kong dollar, a different mix of development properties sold, and moderated property rental and hotel revenue curtailed by the pandemic in 2022.
- ◆ **Earnings per share** was HK\$1.90 (2021: HK\$7.11), decreasing 73% compared to 2021.
- ◆ **Gearing ratio, representing net debt to total equity ratio**, was 33.6% as at 31 December 2022 (31 December 2021: 15.1%). The change reflected the increase in net debt by HK\$21,125 million to HK\$41,169 million, following the settlement of the land premium for newly acquired sites in Shanghai and Hong Kong in 2022.
- ◆ The Board has recommended the payment of a **final dividend** of HK\$0.95 per share for the year ended 31 December 2022. Together with the interim dividend of HK\$0.40 per share, the total cash dividend for the year ended 31 December 2022 will be HK\$1.35 per share (2021: HK\$1.35 per share, and special dividend was HK\$2.30 per share).

# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

### PRESENCE IN THE MAINLAND AND HONG KONG



#### ◆ Landbanking Strategy

The Group maintains a strong presence in Hong Kong and key cities in the Mainland. In 2022, the Group had twelve development properties projects for sale in eight cities including Hong Kong, Fuzhou, Hangzhou, Kunming, Qianhai, Qinhuangdao, Shenyang and Zhengzhou. It also operated nine major mixed-use projects in Hong Kong, Beijing, Hangzhou, Qianhai, Shanghai, Shenzhen and Shenyang.

The business development focus for the Group is to build a portfolio of premium investment properties consisting of office, retail, hotel, and apartments for lease primarily in the Mainland; and to manage a robust and balanced pipeline of development properties in the Mainland and Hong Kong.

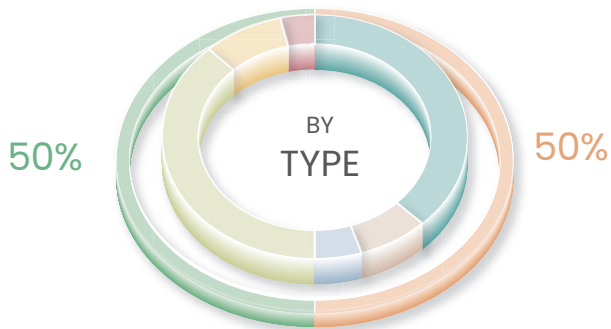
In the Mainland, the Group will focus on deep rooting and investing in well located mixed-use developments in core and major cities in the Yangtze River Delta and the Greater Bay Area. In Hong Kong, the Group will continue to invest in high quality, urban gentrification development property project opportunities. The Group aims to maintain its disciplined landbank acquisition strategy to support long-term sustainable growth and with the aim of the acquisitions being accretive to shareholders' value.

The Group's property portfolio is comprised of the Group's share of GFA of 48.49 million square feet as of 31 December 2022 (2021: 49.83 million square feet), which covers the Mainland, Hong Kong and Overseas. During 2022, the Group added approximately 1.96 million square feet GFA to its landbank from the strategic acquisition of a project in Shanghai's Huangpu district along Jinling Road.



◆ **Property Portfolio Composition**

48.49 million square feet in attributable GFA

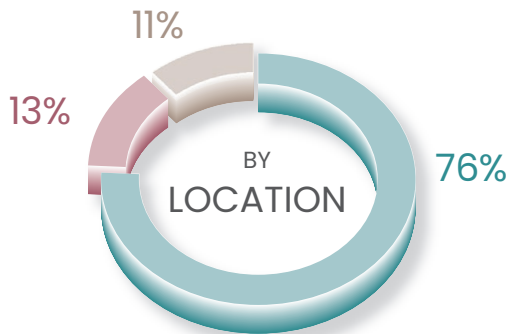


**Under Development**  
24.23 million square feet in attributable GFA  
**50%**

■ Mainland	76%
■ Overseas	17%
■ Hong Kong	7%

**Completed investment properties / Hotel properties / Properties held for sale**  
24.26 million square feet in attributable GFA  
**50%**

■ Mainland	75%
■ Hong Kong	15%
■ Overseas	10%



■ Mainland	76%
■ Overseas	13%
■ Hong Kong	11%

◆ **Property Portfolio Composition**

The Group's attributable GFA

As of 31 December 2022:	Mainland			Hong Kong	Overseas	2022 Total	2021 Total
						('000 square feet)	
Properties Under Development	18,524	1,697	4,012	24,233	27,250		
Investment Properties	10,812	3,073	1,867	15,752	15,909		
Hotel Properties	4,467	38	504	5,009	4,889		
Properties Held for Sale	2,983	512	3	3,498	1,783		
<b>Total GFA</b>	<b>36,786</b>	<b>5,320</b>	<b>6,386</b>	<b>48,492</b>	<b>49,831</b>		

### ◆ Development Properties Pipeline

Based on the Group's current landbank and its portfolio of properties under development, the Group has a steady pipeline of contracted sales from its upcoming development properties that will be sufficient for the next five years and beyond. As of 31 December 2022, the total attributable GFA of for-sale development properties is 11.29 million square feet.

On the Mainland, the Group has a strong pipeline of development properties that will yield 9.59 million square feet of attributable GFA. The projects are all part of a larger mixed-use development located in key areas of their respective cities that offer the convenience of nearby major metro stations, bus lines, and expressways. They will be

positioned as high-quality homes whose residents will be able to enjoy the facilities and amenities of the projects' commercial portion such as shopping malls and well-designed public areas.

The Hong Kong Property Division has a robust pipeline of high-quality projects currently under development, and a landbank of future developments with good potential that amounts to approximately 1.70 million square feet of attributable GFA to the Group. In Hong Kong, the Group aims to build a development properties pipeline that balances good margins with shorter capital recycle periods. The result is a diverse product mix that includes premium luxury residences, middle-market designer homes, and family homes with mass appeal.

#### The Group's attributable development properties completion pipeline

Target Completion	Mainland Projects	Equity Stake	Attributable GFA ('000 square feet)	Hong Kong Projects	Equity Stake	Attributable GFA ('000 square feet)
2023 2023 onwards	Zhengzhou	55%	580	La Marina	50%	246
2024 2024 2024 onwards 2024 onwards 2024 onwards	Kunming Qianhai Qinhuangdao Shenyang Hangzhou	55% 70% 60% 60% 100%	124 41 1,895 1,666 1,006			
2025	Tianjin	49%	147	THE SOUTHSIDE Package 4 Yuen Long	50% 90%	319 254
2025 onwards 2025 onwards	Wuhan Shanghai Pudong	100% 40%	2,613 205			
2026				LOHAS Park Package 13	25%	387
2027	Shanghai Huangpu	100%	1,316	To Kwa Wan	100%	444
	<b>Total</b>		<b>9,593</b>	<b>Total</b>		<b>1,650</b>

Note: The attributable development property pipeline excludes approximately 47,000 square feet GFA of landbank from Hong Kong.



## ◆ Investment Properties Pipeline

The Group has 16.31 million square feet of GFA under management in its major investment properties portfolio, which is comprised of office, retail, apartment, hotel and warehouse. Hong Kong accounts for 19% and the Mainland accounts for 81% of the total major investment properties portfolio, or 3.11 million square feet and 13.20 million square feet of the Group's total attributable GFA respectively. The portfolio's composition follows:

The Group's Investment Properties and Hotels Portfolio in Major Cities (Attributable GFA)

As of 31 December 2022:	Hong Kong	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Tianjin	Fuzhou	2022 Total	2021 Total
<i>('000 square feet)</i>										
Office	778	711	1,381	3,004	102	354	–	–	6,330	6,172
Retail	1,197	98	1,095	347	798	486	435	720	5,176	4,453
Hotel	38	500	759	121	461	395	382	–	2,656	2,535
Apartment	799	277	774	–	–	–	–	–	1,850	1,922
Warehouse	299	–	–	–	–	–	–	–	299	1,266
<b>TOTAL</b>	<b>3,111</b>	<b>1,586</b>	<b>4,009</b>	<b>3,472</b>	<b>1,361</b>	<b>1,235</b>	<b>817</b>	<b>720</b>	<b>16,311</b>	<b>16,348</b>

In the next five years and onwards, the Group is expected to add another 8.93 million square feet GFA to its investment properties portfolio from its pipeline of major mixed-use projects, including hotels, under development in the Mainland. This is mainly comprised of approximately 4.30 million square feet GFA of office, approximately 3.48 million square feet GFA of retail, and approximately 0.77 million square feet GFA of hotel properties. The top contributing cities to this pipeline are Shanghai with projects in Pudong and Huangpu districts, Wuhan, Hangzhou, and other cities.

◆

**The Group's Major Mixed-Use Projects and Hotels Under Development on the Mainland (Attributable GFA)**

Target Completion	City	Apartment	Office	Retail	Hotel	Total
<i>('000 square feet)</i>						
2023	Nanchang	-	496	18	-	514
From 2023	Zhengzhou	-	349	-	226	575
2024	Qianhai	187	502	76	-	765
2024	Kunming	-	-	-	258	258
From 2024	Hangzhou	196	243	1,078	175	1,692
From 2024	Shenyang	-	593	452	-	1,045
2025	Tianjin	-	489	92	-	581
From 2025	Wuhan	-	1,318	451	-	1,769
From 2025	Shanghai Pudong	-	110	981	-	1,091
2027	Shanghai Huangpu	-	197	331	112	640
	<b>Total</b>	<b>383</b>	<b>4,297</b>	<b>3,479</b>	<b>771</b>	<b>8,930</b>

Upon completion, the Group's investment properties and hotel portfolio will increase by 43%, or a total combined footprint of 29.69 million square feet GFA from 2027 onwards. This will give the Group a strong platform to progressively increase its recurrent revenue with new assets being introduced on a steady schedule, and the opportunity to continue optimizing our rental reversion and existing assets.



## MAINLAND PROPERTY DIVISION

### ◆ Overview

The Mainland Property Division recorded total revenue of HK\$9,245 million (2021: HK\$10,250 million) and gross profit of HK\$4,887 million (2021: HK\$6,334 million) for the year ended 31 December 2022.

Despite the positive sales momentum from 2021 being carried over to the first month of 2022, the Covid-19 containment measures ramped up in late February 2022 as the pandemic widened. This led to a slowdown in property sales activities across the nation as travel restrictions and business activities were limited, and the overall commercial environment was weakened by poor consumer sentiment. With this, the Group recorded development properties sales revenue of HK\$4,397 million (2021: HK\$4,585 million) and corresponding gross profit of HK\$1,954 million (2021: HK\$2,831 million). The gross profit margin was 44% (2021: 62%). The lower gross profit margin was mainly due to a different mix of products being sold in different cities.

In terms of the rental income from investment properties in the Mainland, the Covid-19 containment measures that were implemented from late February 2022 reduced foot traffic. This slowed down retail and commercial activities for much of the year. To support the retail tenants that were affected by the containment measures, especially those in Shanghai, the Group provided one-off rental relief in the first half of 2022. The Mainland Property Division recorded HK\$3,792 million (2021: HK\$4,053 million) in revenue after taking into account rental relief and the depreciation of the Renminbi against the Hong Kong dollar at the time of reporting. Gross profit for the rental income from investment properties excluding hotels was HK\$2,760 million (2021: HK\$2,999 million) on gross profit margins of 73% (2021: 74%), demonstrating the resilience of our leasing portfolio.

### (i) Development Property Portfolio Performance

The Mainland market in 2022 was met with unprecedented headwinds including pandemic restrictions that held back property sales, and weak buyer sentiment from a depressed market. This combination stagnated the property sales market for most of the year and impeded most of the market from building sales momentum. For the year ended 31 December 2022, the Mainland Property Division achieved HK\$1,681 million in contracted sales; most of which was achieved earlier in the year prior to the Covid-19 containment measures that held back many commercial activities. The results were contributed mainly by major projects in Fuzhou, Qinhuangdao, Shenyang, and Zhengzhou.

As at 31 December 2022, the Group has a total of HK\$3,803 million worth of contracted sales yet to be recognised. It is expected that HK\$3,040 million will be booked in 2023, and approximately HK\$763 million will be booked in 2024 and subsequent years.

A summary of the Mainland's contracted sales achieved as of 31 December 2022 follows:

<b>Project Name</b>	<b>Group's attributable interest</b>	<b>Location</b>	<b>Approximate total saleable area (Square feet)</b>	<b>Total Contracted Sales in 2022 (HK\$ Million)</b>
Fuzhou Rivercity	100%	Fuzhou	2,544,000	381
Lake Grandeur	75%	Hangzhou	333,000	94
Habitat Phase II	60%	Qinhuangdao	1,965,000	174
Habitat Phase I	60%	Qinhuangdao	1,576,000	62
The Arcadia	60%	Shenyang	3,338,000	276
Arcadia Height	60%	Shenyang	1,177,000	135
Qianhai Kerry Centre Phase I	100%	Shenzhen	459,000	12
Arcadia Court	49%	Tianjin	299,000	44
Arcadia Court	55%	Zhengzhou	1,012,000	456
Others	–	–	–	47
<b>TOTAL</b>				<b>1,681</b>

Note: Others include non-core asset sales in Hangzhou, Putian and Tianjin.

## ◆ Development Properties for Sale in the Mainland



### Fuzhou Rivercity

Situated along Fuzhou's famous Sanjiangkou area, the residential portion of Fuzhou Rivercity enjoyed a captivating waterfront view, while having good access to the Fuzhou-Xiamen Expressway and the Fuzhou Metro.

- ◆ Total saleable GFA (100% basis): 2,544,000 s.f.
- ◆ Equity stake: 100%



### Lake Grandeur, Hangzhou

The luxury residential portion of Hangzhou Kerry Centre, Lake Grandeur offers panoramic views of the renowned West Lake while being able to enjoy the convenient urban offers from Hangzhou Kerry Centre.

- ◆ Total saleable GFA (100% basis): 333,000 s.f.
- ◆ Equity stake: 75%



### Arcadia Height, Shenyang

Part of the Shenyang Kerry Centre Phase II development, the project has direct access to Shenyang's downtown core via Youth Avenue, and enjoyed views of the cityscape and nearby central park.

- ◆ Total saleable GFA (100% basis): 1,177,000 s.f.
- ◆ Equity stake: 60%



### The Arcadia, Shenyang

The residential portion of Shenyang Kerry Centre Phase III, The Arcadia is located to the east of Shenyang's famous Youth Avenue and south of Youth Park. The development will enjoy convenient access to the hotel, shopping mall and office towers of the mixed-use development.

- ◆ Total saleable GFA (100% basis): 3,338,000 s.f.
- ◆ Equity stake: 60%

\* Artist's Impression





**Qianhai Kerry Centre Phase I, Shenzhen**

Qianhai Kerry Centre Phase I offers upscale urban living with unobstructed seafront views. It is located in the busy Qianhai Bay district of Qianhai and is in close proximity to major metro and bus lines.

- ◆ **Total saleable GFA (100% basis):** 459,000 s.f.
- ◆ **Equity stake:** 100%



**Habitat, Qinhuangdao**

A seafront residential complex designed by renowned architect Moshe Safdie, the project is located on the coast of the Bohai Sea. The units offer a variety of special features including private terraces, seafront balconies and solariums.

- ◆ **Total saleable GFA (100% basis):**
  - Phase I: 1,576,000 s.f.
  - Phase II: 1,965,000 s.f.
- ◆ **Equity stake:** 60%



**Arcadia Court, Zhengzhou**

Arcadia Court is located at the intersection of Zhengzhou's Huayuan Road and Weier Road, the heart of the city's downtown, and offers expansive views of the bustling cityscape.

- ◆ **Total saleable GFA (100% basis):** 1,012,000 s.f.
- ◆ **Equity stake:** 55%

\* Artist's Impression

**(ii) Investment Property Portfolio Performance**

For the year ended 31 December 2022, the Group's rental income received from investment properties under the Mainland Property Division excluding hotel revenue was HK\$3,792 million (2021: HK\$4,053 million). The Group's gross profit was HK\$2,760 million (2021: HK\$2,999 million). The combined rental income from investment properties including contributions from associates and joint ventures was HK\$4,092 million (2021: HK\$4,392 million). The decline in rental income was mainly attributed to one-off rental relief to tenants that were affected by the pandemic restrictions, and the depreciation of the Renminbi against the Hong Kong dollar. In local currency terms, the performance of the investment property portfolio from the Mainland Property Division had a year-on-year increase of 1% when excluding the one-off rental relief provided to tenants. A summary of the Mainland Property Division's combined rental income follows:

<b>Combined Rental Income of the Mainland Property Division (excluding hotel revenue)</b>			
<b>Investment Properties</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>HK\$ Million</b>	<b>HK\$ Million</b>	
The Company and its subsidiaries	<b>3,792</b>	4,053	-6.4%
Share of associates and joint ventures	<b>300</b>	339	-11.5%
<b>Total</b>	<b>4,092</b>	4,392	-6.8%

The Group's retail portfolio saw stable occupancy levels with the overall occupancy for the segment at 83% (2021: 88%). The Group's newest retail mall in Qianhai Kerry Centre Phase I recorded occupancy levels at 73%. The office portfolio demonstrated its resilience by recording overall occupancy of 88% (2021: 86%), and occupancy for the apartment-for-lease portfolio maintained pace similar to last year.

A summary of the occupancy level for the Group's major investment properties in the Mainland follows:

<b>Property Name</b>	<b>Occupancy rate as of 31 December 2022</b>	<b>Occupancy rate as of 31 December 2021</b>
Jing An Kerry Centre, Shanghai*	<b>96%</b>	98%
Pudong Kerry Parkside, Shanghai*	<b>96%</b>	98%
Beijing Kerry Centre*	<b>96%</b>	95%
Hangzhou Kerry Centre*	<b>86%</b>	92%
Shenzhen Kerry Plaza	<b>91%</b>	95%
Shenyang Kerry Centre*	<b>82%</b>	87%
Tianjin Kerry Centre*	<b>83%</b>	86%
Qianhai Kerry Centre Phase I	<b>70%</b>	45%
Qianhai Kerry Centre Phase II	<b>41%</b>	-

Note: \* Excludes the hotel portion.

As of 31 December 2022, the Group's aggregate attributable GFA of its major completed investment property portfolio in the Mainland was 10.58 million square feet; covering office, retail and apartment-for-lease. Their respective GFA and occupancy rate by asset type follows:

◆

**The Group's Attributable GFA for Major Completed Investment Properties in the Mainland**

As of 31 December 2022:	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Fuzhou	Tianjin	Total	Occupancy Rate
	<i>('000 square feet)</i>								
Office	711	1,381	3,004	102	354	–	–	5,552	88%
Retail	98	1,095	347	798	486	720	435	3,979	83%#
Apartment	277	774	–	–	–	–	–	1,051	86%
	1,086	3,250	3,351	900	840	720	435	10,582	

◆

**The Group's Attributable GFA for Major Completed Investment Properties in the Mainland**

As of 31 December 2021:	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Tianjin	Total	Occupancy Rate	
	<i>('000 square feet)</i>								
Office	711	1,388	2,839	102	354	–	5,394	86%	
Retail	98	1,096	327	798	486	435	3,240	88%	
Apartment	277	774	–	–	–	–	1,051	90%	
	1,086	3,258	3,166	900	840	435	9,685		

Note #: 2022 Occupancy Rates exclude the retail space of Fuzhou Rivercity Commercial Centre with leasing commencing in the second quarter of 2023.



Hotel operations on the Mainland were muted by national restrictions on travel and MICE activities (meetings, incentives, conventions and exhibitions). This limited the hotel operations substantially and reduced revenue from accommodation as well as food and beverages for most of 2022. As a result, the segment recorded revenues of HK\$1,056 million (2021: HK\$1,612 million). As sporadic outbreaks gradually eased in the latter part of the year, the hotel business at-large saw positive signs of recovery momentum with occupancy rates improving. The Group's hotel occupancy performance is as follows:

Property name	Group's attributable interest	Average occupancy rate for the year ended 31 December 2022	Average occupancy rate for the year ended 31 December 2021	Year-on-year variance
Jing An Shangri-La Hotel	51%	35%	66%	-31%
Kerry Hotel Beijing	71.25%	31%	55%	-24%
Kerry Hotel Pudong, Shanghai	40.80%	44%	54%	-10%
Midtown Shangri-La Hotel, Hangzhou	75%	57%	63%	-6%
Shangri-La Hotel, Shenyang	60%	30%	39%	-9%
Shangri-La Hotel, Nanchang	80%	46%	63%	-17%
Shangri-La Hotel, Jinan	55%	53%	69%	-16%
Shangri-La Hotel, Putian	60%	33%	29%	+4%
Shangri-La Hotel, Tianjin	49%	31%	56%	-25%
Shangri-La Hotel, Nanjing	45%	54%	59%	-5%
Shangri-La Hotel, Tangshan	40%	43%	51%	-8%

◆ Major Mixed-Use Developments in the Mainland



**Jing An Kerry Centre, Shanghai**

Jing An Kerry Centre is located in the heart of Shanghai’s Nanjing Road business district. One of the Group’s most iconic mixed-use developments, the site integrates Grade-A office, luxury residential for lease, and exclusive retail space with the Shangri-La Hotel.

- ◆ **Total GFA (100% basis):**
  - Phase I: 747,000 s.f.
  - Phase II: 2,990,000 s.f.
- ◆ **Equity stake:**
  - Phase I: 74.25%
  - Phase II: 51%



**Pudong Kerry Parkside, Shanghai**

A multi-function development built to international standards, Pudong Kerry Parkside comprises a shopping mall, residential and retail space, and a Kerry Hotel. It is located in the vibrant hub of Pudong, surrounded by green open spaces, and a spectrum of cultural, educational and expo facilities.

- ◆ **Total GFA (100% basis):** 2,728,000 s.f.
- ◆ **Equity stake:** 40.8%



**Beijing Kerry Centre**

Comprising office, residential and retail properties and a Kerry Hotel, Beijing Kerry Centre is an iconic presence in Chaoyang district at the heart of Beijing. It is designed to provide an innovative and effective work-life balance for the CBD community.

- ◆ **Total GFA (100% basis):** 2,227,000 s.f.
- ◆ **Equity stake:** 71.25%



**Hangzhou Kerry Centre**

Bordering the West Lake, Hangzhou Kerry Centre is a mixed-use property situated at the busy junction of Yan’an Road and Qingchun Road. It comprises office, retail properties and a Shangri-La Hotel.

- ◆ **Total GFA (100% basis):** 1,815,000 s.f.
- ◆ **Equity stake:** 75%



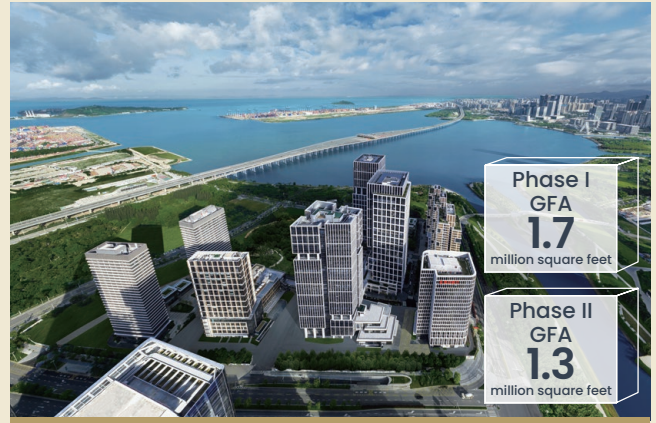


GFA  
**1.7**  
million square feet

**Shenzhen Kerry Plaza**

Comprising three office towers and retail properties, Shenzhen Kerry Plaza lies at the core of the Futian CBD and is conveniently connected with the Guangzhou–Shenzhen–Hong Kong Express Rail Link Futian station.

- ◆ Total GFA (100% basis): **1,654,000 s.f.**
- ◆ Equity stake: **100%**



Phase I  
GFA  
**1.7**  
million square feet

Phase II  
GFA  
**1.3**  
million square feet

**Qianhai Kerry Centre Phases I and II, Shenzhen**

Qianhai Kerry Centre is located in the Qianwan district special economic zone in Shenzhen, lying close to the Guangshen–Yanjiang Expressway. This project includes a portfolio of office, residential, retail and hotel properties, and enjoys unobstructed seafront views.

- ◆ Total GFA (100% basis):
- Phase I: **1,700,000 s.f.**
- Phase II: **1,287,000 s.f.**
- ◆ Equity stake:
- Phase I: **100%**
- Phase II: **25%**



GFA  
**2.1**  
million square feet

**Shenyang Kerry Centre Phase II**

Shenyang Kerry Centre is located at the core of the city's landmark Golden Corridor development. This mixed-use development includes office and retail properties, as well as a Shangri-La Hotel.

- ◆ Total GFA (100% basis): **2,057,000 s.f.**
- ◆ Equity stake: **60%**



GFA  
**1.7**  
million square feet

**Tianjin Kerry Centre**

Tianjin Kerry Centre is a riverfront property that is located in the city's central business district. This mixed-use development includes office, a retail portion — Riverview Place, and a Shangri-La Hotel.

- ◆ Total GFA (100% basis): **1,667,000 s.f.**
- ◆ Equity stake: **49%**

\* Artist's Impression



◆ Major Properties Under Development in the Mainland



**Shanghai Huangpu Jinling Road Project**

The Group envisions its Huangpu Jinling Road project to be a rare creative placemaking opportunity in the heart of Shanghai that will connect The Bund to Huaihai Road, and Xintiandi to the Old City. Situated in a neighbourhood of *shikumen* townhouses, *lilong* (lane house) alleyways and historical arcade buildings, the project is designed to deliver high-rise apartments overlooking The Bund and restored *shikumen*-style townhouses evoking Shanghai’s architectural heritage. The site has direct access to the new Yuyuan Station, which is an important interchange for two major metro lines, and good vehicular connection via expressway and tunnels. The residential portion of this iconic mixed-use project is expected to commence pre-sale in 2025, while the leasing of the office, retail and hotel GFA is targeted for launch in 2028.

- ◆ Total GFA (100% basis): 1,956,000 s.f.
- ◆ Target completion: 2027
- ◆ Equity stake: 100%



**Shanghai Pudong Jufeng Road Project**

The Pudong Jufeng Road project is a transit-oriented mixed-use development held through a joint venture with GIC (Realty) Pte. Ltd. Located in the Jinqiao sub-district of Pudong, the site enjoys a high degree of accessibility through direct access to the Jufeng Road interchange station and a bus terminus. The project will deliver residential GFA for sale and retail and office properties. Upon completion, the shopping complex will provide an integrated customer experience featuring shopping, dining, leisure and entertainment facilities for a core catchment of around 700,000 consumers. The residential and office portions will offer unobstructed river and cultural park views. The leasing of the retail and office GFA is expected to launch in 2025, while the pre-sale of the residential GFA is scheduled to commence in 2023.

- ◆ Total GFA (100% basis): 3,238,000 s.f.
- ◆ Target completion: 2025 onwards
- ◆ Equity stake: 40%



**Qianhai Kerry Centre Phase III, Shenzhen**

Situated in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Qianhai Kerry Centre will be developed into three phases. The Group plans to develop office and retail space as well as community facilities at Phase III.

- ◆ **Total GFA (100% basis):** 885,000 s.f.
- ◆ **Target completion:** 2024
- ◆ **Equity stake:** 70%



**Wuhan Mixed-Use Project**

This project in Jiangnan district is designed to deliver a large-scale complex with office, residential, retail and educational components. The site is located in a prime commercial district at the intersection of the Yangtze and Han rivers, and in the vicinity of the city-centre area with direct metro access.

- ◆ **Total GFA (100% basis):** 4,382,000 s.f.
- ◆ **Target completion:** 2025 onwards
- ◆ **Equity stake:** 100%



**Hangzhou Mixed-Use Project**

Located in the Xiacheng district of scenic Hangzhou, this wholly-owned project has a site area of approximately 1 million square feet. The Group intends to develop the site into a large-scale complex with office, retail, hotel and residential use.

- ◆ **Total GFA (100% basis):** 2,689,000 s.f.
- ◆ **Target completion:** 2024 onwards
- ◆ **Equity stake:** 100%

\* Artist's Impression



### Shenyang Mixed-Use Project

Located along the golden corridor of Shenyang’s business district, the Shenyang project is a large-scale mixed-use project that includes office, retail and residential properties. The project has three phases, of which the first two phases having been completed.

- ◆ **Total GFA (100% basis):**
  - Phase III: **5,079,000 s.f.**
- ◆ **Target completion:** **2024 onwards**
- ◆ **Equity stake:** **60%**



### Qinhuangdao Project

The Qinhuangdao project, named Habitat, is located in the Haigang district along the seafront. The project is planned for residential and retail development in three phases. Phase I has been completed, while Phase II and III are under development.

- ◆ **Total GFA (100% basis):**
  - Phase II: **1,965,000 s.f.**
  - Phase III: **1,192,000 s.f.**
- ◆ **Target completion:** **2024 onwards**
- ◆ **Equity stake:** **60%**



### Nanchang Mixed-Use Project

A joint venture project with Shangri-La Asia Limited, the Nanchang project is situated on the west bank of the Ganjiang River in the downtown Honggutan Central District. This mixed-use development includes office, retail, hotel, and residential aspects.

- ◆ **Total GFA (100% basis):**
  - Phase II: **643,000 s.f.**
- ◆ **Target completion:** **2023**
- ◆ **Equity stake:** **80%**





### Tianjin Kerry Centre

Located in the Hedong central business district, this mixed-use project has two phases. Phase I has been completed, and Phase II is now under development.

- ◆ **Total GFA (100% basis):**  
Phase II: **1,485,000 s.f.**
- ◆ **Target completion:** **2025**
- ◆ **Equity stake:** **49%**



### Zhengzhou Development

Jointly held with Shangri-La Asia Limited, the project is located in the Jinshui District, and is a commercial and residential mixed-use project.

- ◆ **Total GFA (100% basis):** **2,100,000 s.f.**
- ◆ **Target completion:** **2023 onwards**
- ◆ **Equity stake:** **55%**

\* Artist's Impression

## HONG KONG PROPERTY DIVISION

### ◆ Overview

The Hong Kong Property Division reported revenue of HK\$5,345 million (2021: HK\$5,077 million) and gross profit of HK\$2,098 million (2021: HK\$2,409 million) in the dampened economic environment.

The Group reported revenue from the sale of development properties of HK\$4,146 million (2021: HK\$3,786 million), and gross profit of HK\$1,171 million (2021: HK\$1,414 million). The gross profit margin of Hong Kong's development properties was 28% (2021: 37%), with the change due to a different product mix. Revenue from investment properties was HK\$1,199 million (2021: HK\$1,291 million), and gross profit was HK\$927 million (2021: HK\$995 million). The gross profit margin of Hong Kong's investment properties was 77% (2021: 77%), remaining unchanged and demonstrating its resilience against a difficult 2022.

### (i) Development Property Portfolio Performance

Leveraging its experience of operating through a pandemic over the previous three years, the Hong Kong Property Division recorded total contracted sales of HK\$3,673 million in 2022. This includes contracted sales from two high-end luxury projects Mont Rouge and Mont Verra of HK\$2,112 million, as well as HK\$801 million in contracted sales from 10 LaSalle, a development property project that was successfully converted from an investment property asset. At the same time, La Marina, the Group's Island South MTR-linked project, recorded HK\$543 million in attributable contracted sales.

The Group regularly reviews its portfolio of assets and the prevailing market landscape. In the first half of 2022, the Hong Kong Property Division saw an opportunity to sell two warehouses for HK\$4,620 million. Together with the contracted sales recorded in 2022, the Hong Kong Property Division achieved HK\$8,293 million in total property sales.

As at 31 December 2022, there was approximately HK\$9,331 million in contracted sales yet to be recognised in the 2022 financials, of which HK\$8,636 million is expected to be booked in 2023, and approximately HK\$695 million will be booked in 2024 and subsequent years.

A summary of Hong Kong's contracted sales achieved during the reporting period follows:

Project Name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total Contracted Sales in 2022 (HK\$ Million)
Mont Rouge	100%	Beacon Hill	115,000	1,613
10 LaSalle	100%	Ho Man Tin	36,000	801
La Marina	50%	Wong Chuk Hang	425,800	543
Mont Verra	100%	Beacon Hill	325,000	499
Mantin Heights	100%	Ho Man Tin	992,000	108
The Bloomsway	100%	So Kwun Wat	838,000	98
Others	–	–	–	11
<b>TOTAL</b>				<b>3,673</b>

## ◆ Development Properties for Sale in Hong Kong



### The Bloomsway, So Kwun Wat

A wholly-owned project, The Bloomsway sits between mountains and the sea. The project offers a range of apartments and detached houses that suit different low-density living needs.

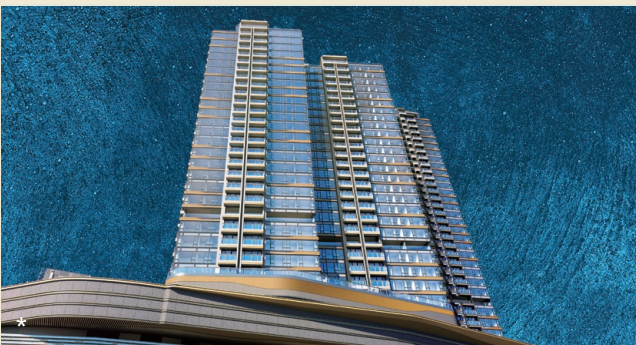
- ◆ **Approximate total saleable area:** 838,000 s.f.
- ◆ **Equity stake:** 100%



### 10 LaSalle, Ho Man Tin

10 LaSalle is a 17-storey development that is located in a traditional low-density luxury residential neighbourhood surrounded by prestigious schools.

- ◆ **Approximate total saleable area:** 36,000 s.f.
- ◆ **Equity stake:** 100%



### La Marina, Wong Chuk Hang

Co-developed with Sino Land, the project is located on the south-western segment of the Wong Chuk Hang Station property development. Its units offer a magnificent view towards Sham Wan from its 2 towers.

- ◆ **Approximate total saleable area:** 425,800 s.f.
- ◆ **Equity stake:** 50%



### Mantin Heights, Ho Man Tin

Situated at 28 Sheung Shing Street, Ho Man Tin, the project is close to prestigious schools, Ho Man Tin MTR Station and amenities.

- ◆ **Approximate total saleable area:** 992,000 s.f.
- ◆ **Equity stake:** 100%

\* Artist's Impression





**Mont Rouge, Beacon Hill**

Located in Beacon Hill, an exclusive and remarkable locale, this luxury residential project provides panoramic views and low-density luxuriant living.

- ◆ **Approximate total saleable area:** 115,000 s.f.
- ◆ **Equity stake:** 100%



**Mont Verra, Beacon Hill**

This residential jewel sits atop Beacon Hill and offers panoramic views of the harbour and Kowloon East. The penthouse units provide private lifts, while the mansions provide a high degree of privacy, front and back gardens, and an outdoor swimming pool among other accoutrements.

- ◆ **Approximate total saleable area:** 325,000 s.f.
- ◆ **Equity stake:** 100%

**(ii) Investment Property Portfolio Performance**

The Group's completed investment properties portfolio in Hong Kong consists of office, retail and apartments-for-lease mainly from its mixed-use development MegaBox/Enterprise Square Five, Kerry Centre, and its Mid-Levels residential portfolio. For the year ended 31 December 2022, the Group's rental income received from investment properties amounted to HK\$1,199 million (2021: HK\$1,291 million). The Group's gross profit was HK\$927 million (2021: HK\$995 million). The combined rental income from investment properties including contributions from associates and joint ventures was HK\$1,352 million (2021: HK\$1,455 million). A summary of the Hong Kong Property Division's combined rental income follows:

Combined Rental Income of the Hong Kong Property Division			
Investment Properties	2022	2021	Change
	HK\$ Million	HK\$ Million	
The Company and its subsidiaries	1,199	1,291	-7.1%
Share of associates and joint ventures	153	164	-6.7%
<b>Total</b>	<b>1,352</b>	<b>1,455</b>	<b>-7.1%</b>

During this difficult year, the Group's retail tenants saw sales and foot traffic decline from pandemic-related restrictions and weak consumer sentiment. To support its tenants that were impacted by Covid-19, the Group provided rental relief to those tenants. Excluding the one-off rental relief offered to tenants in the first half of 2022 and the rental income received on the two disposed warehouses, revenue from investment properties was HK\$1,142 million (2021: HK\$1,172 million), providing stable income on a slight year-on-year decline of 2.6%.



MegaBox, Hong Kong



Kerry Centre, Hong Kong



Mid-Levels Residential Portfolio, Hong Kong

Following the disposal of two warehouses, the aggregate GFA of completed investment properties in Hong Kong as of 31 December 2022 was 3.07 million square feet GFA. A summary of the Group's Hong Kong investment property portfolio breakdown of GFA and their respective occupancy rates follows:

	As of 31 December 2022		As of 31 December 2021	
	Group's attributable GFA ('000 square feet)	Occupancy rate	Group's attributable GFA ('000 square feet)	Occupancy rate
Retail	1,197	92%	1,213	95%
Apartment	799	90%	871	95%
Office	778	86%	778	83%
Warehouse	299	78%	1,266	86%
	<b>3,073</b>		<b>4,128</b>	

During a slow retail market that was hampered by Covid-19 restrictions, occupancy at Hong Kong's retail mall MegaBox declined slightly to 92% (2021: 95%) from the departure of Covid-19-impacted tenants. To take advantage of a growing residential cluster in the Kai Tak catchment area, MegaBox will optimise the vacated space with an asset enhancement initiative to uplift future unit rent.

The office portfolio of Enterprise Square Five and Kerry Centre faced increased pressure from new supply in Kowloon East and Island East to record occupancy levels at 85% (2021: 80%) and 89% (2021: 94%) respectively. To maintain our competitiveness, more focus was put on health and well-being amenities and services to meet our customers preferences.

During the year, as part of the capital recycling strategy, the Group decided to convert Resiglow – Happy Valley into a development property project for sale under the brand name of The Aster. The Group will continue to review the performance of its assets under management together with the prevailing market conditions to determine the best return scenario for the Group.

A summary of the occupancy level for the Group's major investment properties in Hong Kong follows:

Property Name	Group's attributable interest	Group's attributable approximate GFA (square feet)	Occupancy rate as of 31 December 2022	Occupancy rate as of 31 December 2021
MegaBox/	100%	1,146,000	92%	95%
Enterprise Square Five	100%	519,000	85%	80%
Kerry Centre	40%	204,000	89%	94%
Mid-Levels Portfolio	100%	722,000	89%	96%
Resiglow – Bonham	100%	67,600	91%	90%
Cheung Sha Wan Warehouse	50%	299,000	78%	74%



## ◆ Major Investment Properties for Hold in Hong Kong



### MegaBox / Enterprise Square Five, Kowloon Bay

Located in Hong Kong's second central business district, this mixed-use development is comprised of two Grade-A office towers – Enterprise Square Five, and its shopping mall MegaBox. Both the office and shopping mall offer views of the harbour and the bustling Kowloon East skyline.

- ◆ Total GFA (100% basis): 1,665,000 s.f.
- ◆ Equity stake: 100%



### Kerry Centre, Quarry Bay

The Group's flagship Grade-A office property in Hong Kong is located in Island East. This landmark development offers a panoramic harbour view towards Kowloon East and its mixed-use development MegaBox and Enterprise Square Five, while offering convenient access to the MTR and the highways.

- ◆ Total GFA (100% basis): 511,000 s.f.
- ◆ Equity stake: 40%



### Mid-Levels Residential Portfolio

Centrally located along the Mid-Level's May Road and Tregunter Path, this exclusive collection of 5 high-end residences includes Aigburth, Branksome Crest, Branksome Grande, Gladdon, and Tavistock. Each residence provides a high degree of privacy and security, while offering coveted views of the harbour and award-winning concierge services.

- ◆ Total GFA (100% basis): 722,000 s.f.
- ◆ Equity stake: 100%



### Resiglow-Bonham, Sai Ying Pun

Located in the chic and artsy Sai Ying Pun district, Resiglow-Bonham is supplemented by a comprehensive clubhouse and supported by all-rounded concierge service.

- ◆ Total GFA (100% basis): 67,600 s.f.
- ◆ Equity stake: 100%

## ◆ Major Properties under Development in Hong Kong



### La Marina, THE SOUTHSIDE Package Two, Wong Chuk Hang

Together with Sino Land, the Group is co-developing La Marina, Package Two of THE SOUTHSIDE, which is located on the south-western segment of the Wong Chuk Hang station property development. This residential project features Island South sea views and MTR connectivity, and comprises two residential towers providing 600 units across a varied flat mix from one-bedroom to four-bedroom layouts.

- ◆ Total GFA (100% basis): **493,000 s.f.**
- ◆ Target completion: **2023**
- ◆ Equity stake: **50%**



### THE SOUTHSIDE Package Four, Wong Chuk Hang

THE SOUTHSIDE Package Four is the Group's second Wong Chuk Hang Station transit-oriented project, in co-development with Sino Land and Swire Properties Limited. Located on the south-eastern segment of the station's property development, this residential project is expected to offer some 800 residential units.

- ◆ Total GFA (100% basis): **638,000 s.f.**
- ◆ Target completion: **2025**
- ◆ Equity stake: **50%**



### Shap Pat Heung Road and Tai Tong Road, Yuen Long

In the bustling Yuen Long district near the town centre, the Group is developing a high-quality residential project on two neighbouring sites in Shap Pat Heung Road and Tai Tong Road. The application process to convert the two sites into private residential usage has been completed. The sites offer unobstructed open views over the New Territories. Pre-sale is scheduled for 2023.

- ◆ Total GFA (100% basis): **281,000 s.f.**
- ◆ Target completion: **2025**
- ◆ Equity stake: **90%**





**LOHAS Park Package Thirteen, Tseung Kwan O**

A consortium comprising the Group, Sino Land, K. Wah International Holdings Limited and China Merchants Land Limited is now jointly developing LOHAS Park Package Thirteen property development in Tseung Kwan O. Fronting Tseung Kwan O Bay, this site is the last parcel on offer across the entire lot, and features direct connection to The LOHAS mall. This residential project is the largest waterfront development atop LOHAS Park station, with pre-sale expected to take place in 2024.

- ◆ **Total GFA (100% basis):** **1,547,000 s.f.**
- ◆ **Target completion:** **2026**
- ◆ **Equity stake:** **25%**



**Hung Fook Street / Ngan Hon Street, To Kwa Wan**

The project lies at the heart of the Urban Renewal Authority (URA)'s To Kwa Wan urban renewal plan. It aims to create synergies with adjoining URA developments by enhancing connectivity within the district. The project will include both residential and commercial portions, with pre-sales are expected to start in 2025.

- ◆ **Total GFA (100% basis):** **444,000 s.f.**
- ◆ **Target completion:** **2027**
- ◆ **Equity stake:** **100%**



# MANAGEMENT DISCUSSION & ANALYSIS

## CAPITAL RESOURCES AND LIQUIDITY

### Treasury Policies

The Group adopts prudent policies on liquidity and debt management. The Group's treasury policies, approved by the Finance Committee of the Company and subject to periodic review by the Group's internal audit function, are designed to mitigate the liquidity, foreign exchange, interest rate and credit risks in the normal course of business. The entire Group's liquidity management and financing activities are centrally coordinated and controlled at the corporate level. It achieves better control of the Group's treasury operations and lowers the average cost of funds.

### Foreign Exchange Management

The Group closely reviews and monitors its foreign exchange exposure, and conducts its businesses primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollar. The Group's primary foreign exchange exposure arises from its property developments and investments in the Mainland which are denominated in Renminbi ("**RMB**") and the bank loans which are denominated in RMB, Australian dollar and Japanese yen.

As at 31 December 2022, total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalent of HK\$3,221 million and RMB bank loans amounted to the equivalent of HK\$7,331 million. As such, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 6% and 14% respectively, of the Group's total borrowings of HK\$52,870 million as at 31 December 2022.

The total foreign currency borrowings of HK\$10,552 million include approximately RMB6,498 million (equivalent to HK\$7,331 million) bank loans, JPY8,000 million (equivalent to HK\$477 million) bank loan and approximately AUD516 million (equivalent to HK\$2,744 million) bank loan. To hedge the exchange rate exposure of the foreign currency borrowings, the Group has arranged cross currency swap contracts amounting to RMB2,290 million, JPY8,000 million, and approximately AUD516 million for bank loans drawn in Hong Kong. The remaining RMB4,208 million bank loans are project bank loans in the Mainland which are not hedged as the Group endeavours to establish a natural hedge by maintaining an appropriate level of external borrowings in RMB.

### Interest Rate Management

The Group actively monitors the cash flow forecasts of its subsidiaries and arranged to transfer surplus cash to the corporate level to reduce its gross debt. To effectively utilise surplus cash and minimise overall interest costs, the Group has arranged intra-group loans from cash-rich group companies to meet funding needs of other group companies. The Group regularly reviews the intra-group financing arrangements in response to changes in foreign exchange rates and interest rates.

In addition to raising funds directly on a fixed rate basis, the Group endeavours to hedge its interest rate risks arising from its floating rate loans by entering floating-to-fixed interest-rate swap contracts. As at 31 December 2022, the Group had outstanding interest rate swap contracts, which amounted to HK\$19,300 million in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile. Compared to the total of outstanding interest rate swap contracts of HK\$6,200 million as at 31 December 2021, the entering into more interest rate swap contracts in 2022 was in response to hedging a portion of our borrowing against the anticipated rising interest rate environment. As at 31 December 2022, the Group's fixed rate debt ratio (after swap contracts and fixed rate loan) was 37% and 48% on gross debt level and net debt level respectively. All these interest-rate swap contracts qualify for hedge accounting.

### Liquidity and Financing Management

Total borrowings of HK\$52,870 million (2021: HK\$37,479 million), of which included HK\$42,318 million of Hong Kong dollar borrowings, HK\$7,331 million RMB borrowings, HK\$2,744 million Australian dollar borrowings and HK\$477 million Japanese yen borrowings. The total cash and bank deposit balances of HK\$11,701 million as at 31 December 2022, is lower than that of HK\$17,435 million in 2021, and the net debt balance is HK\$41,169 million (2021: HK\$20,044 million). The increase in the net debt balance was mainly due to the settlement of land costs for the projects in Shanghai and Hong Kong.

The Group uses a proactive approach to manage the Group's liquidity to ensure ample headroom for capital resources to meet its financing needs, to pursue disciplined investment opportunities and to protect against unexpected external economic shocks. Funding needs are closely monitored and regularly reviewed to allow a fair degree of financial flexibility and liquidity while optimizing the costs of funds. As at 31 December 2022, the Group maintained all of its borrowings on both an unsecured and guaranteed basis, and no assets were pledged. 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.

In terms of the Group's available financial resources as at 31 December 2022, the Group had total undrawn bank loan facilities of HK\$28,875 million and cash and bank deposits of HK\$11,701 million, decreasing by 17% and 33% respectively when compared to 31 December 2021. The reduction was mainly attributed to the utilisation of capital resources on the settlement of land cost as mentioned above.

## Sustainable Finance Initiatives

The Group recognises sustainable finance as a key course to facilitate long-term investments in sustainable economic activities and projects. In June 2022, the Group established a sustainable finance framework to further set out how the utilisation of sustainable finance instruments would contribute to the Group's sustainability strategy and vision.

During 2022, the Group entered into various sustainability-linked bank loan agreements with approximately HK\$17,035 million loan facilities. These loan agreements are linked to the Group's annual and cumulative sustainability performance to reinforce our commitment to improve sustainability performance and demonstrate our desire to support the development of sustainable loan market in the region. Proceeds will fund measures to drive long-term sustainability targets, and enhance the climate resilience of our property portfolio, as well as general corporate financing. The Group will benefit from discounted interest rates when pre-determined sustainability milestones are achieved, including the Group's environmental impact reduction targets which form part of the Group-wide Sustainability Vision 2030 targets, as well as key performance indicators ranked annually by Global Real Estate Sustainability Benchmark ("GRESB"). With more sustainability-linked bank loans in the pipeline, the Group will benefit more from discounted interest rates. We aim to gradually increase the sustainable finance portion of the Group's overall debt portfolio.

## Debt Maturity Profile and Gearing Ratio

The Group's total borrowings as at 31 December 2022 were HK\$52,870 million (2021: HK\$37,479 million). The majority of the loans will be repayable within 5 years. The maturity profile is set out below:

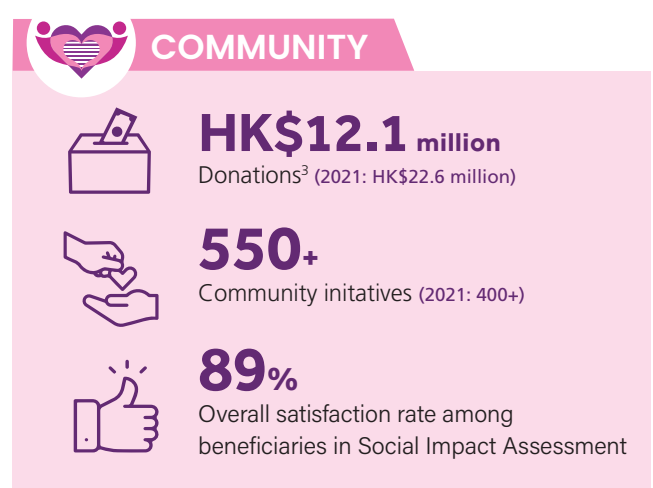
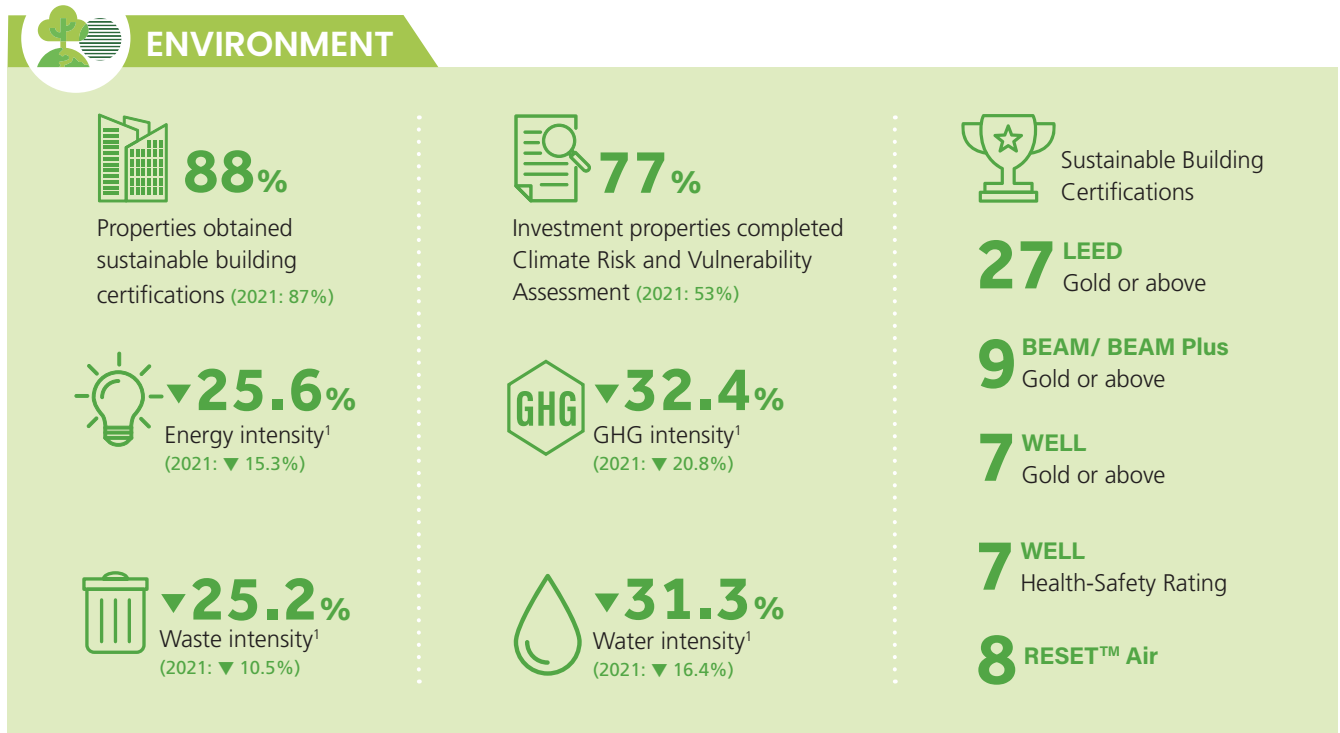
	2022		2021	
Repayable:	HK\$ Million		HK\$ Million	
Within 1 year	5,997	11%	5,268	14%
In the second year	12,851	24%	4,413	12%
In the third to fifth year	33,022	63%	25,507	68%
Over 5 years	1,000	2%	2,291	6%
<b>Total</b>	<b>52,870</b>	<b>100%</b>	<b>37,479</b>	<b>100%</b>

As at 31 December 2022, the Group's gearing ratio, representing net debt to total equity, is 33.6% (31 December 2021: 15.1%), calculated based on net debt of HK\$41,169 million and total equity of HK\$122,482 million.

The Group provided guarantees for (i) banking facilities of certain associates and joint ventures, and (ii) mortgage facilities provided by banks to first-hand buyers of certain properties developed by the Group in the Mainland. Details are set out in note 40 to the financial statements of the Group included in this annual report.

# CORPORATE SUSTAINABILITY

## SUSTAINABILITY AT A GLANCE



<sup>1</sup> As compared to baseline year 2017. The GHG reduction progress is calculated based on location-based emissions. GHG emission, energy usage, water consumption, and waste generation substantially declined due to the pandemic lockdown and power restrictions in some regions in 2022. <sup>2</sup> Refer to work-related injuries happened to employees that resulted in incapacity for a period exceeding three days. Corrective measures, including increased safety training, have been implemented to address the increase in work-related injury cases. <sup>3</sup> More than 50% of the donations made in 2021 focused on disaster relief, including those affected by the record-breaking floods in Zhengzhou and the impacted communities during the pandemic. <sup>4</sup> Due to the pandemic lockdown in 2022, the number of valid survey responses decreased.



SUSTAINABLE GOVERNANCE & FINANCE

22

ESG policies  
in force

Established the **Climate  
Transition Taskforce** to facilitate  
the carbon neutrality journey

10

Sustainability-linked  
loans amounting to  
**HK\$17,035 million** in 2022

## SUSTAINABILITY ACCREDITATIONS

Global Real Estate  
Sustainability Benchmark

- Maintained the highest **5-Star** Rating in 2022
- Honoured with **“Regional Sector Leader”** under the “Asia Diversified Listed Category” (Standing Investments Benchmark)

FTSE4Good

FTSE4Good Index Series  
Constituent

Hang Seng Corporate  
Sustainability Index  
Series Member 2022-2023

Hang Seng Corporate  
Sustainability Index Series

- Maintained **AA+** Rating
- Constituent of Hang Seng **ESG 50 Index**

CDP

DISCLOSURE INSIGHT ACTION

CDP

Upgraded to **B** Rating  
(2021: C)

MSCI

ESG RATINGS

MSCI ESG Ratings

Upgraded to **A** Rating  
(2021: BBB)

Greater Bay Area  
Business  
Sustainability Index 2021  
粵港澳大灣區企業可持續發展指數2021

Greater Bay Area Business  
Sustainability Index

Maintained **Top 10**

RATED

Sustainalytics

Maintained **Low Risk** Rating

REFINITIV™

Refinitiv

24th out of 474  
Real Estate Companies  
(as of December 2022)

The Asset ESG Corporate  
Awards 2022

Benchmark Award –  
Platinum Award

Hong Kong Corporate  
Governance & ESG Excellence  
Awards 2022

ESG Excellence Awards  
(Category for Hang Seng Composite  
Index Constituent Companies)

**Remark** The Inclusion of Kerry Properties Limited in any MSCI Index, and the Use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Kerry Properties Limited by MSCI or any of its affiliates. The MSCI Indexes are the exclusive property of MSCI. MSCI and the MSCI Index names and logos are trademarks or service marks of MSCI or its affiliates.



Scan to read Sustainability Report 2022

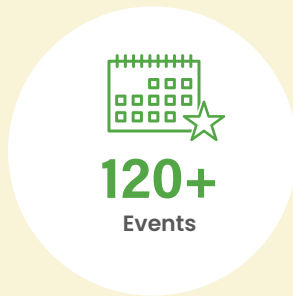
## SUSTAINABILITY REPORT 2022

This year, our Sustainability Report is published at the same time as Annual Report's. Please find the details of our sustainability performance in our Sustainability Report 2022.

We aim to engage and advocate stakeholders throughout our sustainability journey. With engagement as the key message for sustainability reporting, we share how we drive positive impacts in the communities we operate and along the value chain.

### ENGAGEMENT AS CORE: YEAR-ROUND PRACTICE

For Kerry Properties, stakeholder engagement is an ongoing process. Hence, we conduct year-round engagement which features a series of engaging activities, to promote our prioritised six United Nations Sustainable Development Goals.



#### Stakeholder Coverage

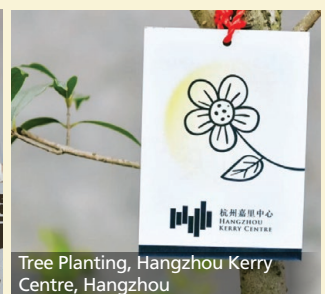
- Employees
- Tenants
- Residents
- Contractors
- Suppliers
- Communities

#### Means of Engagement

- Good Life Goals campaign
- ESG Think Tank
- Workshops supported by KPL ESG Event Fund
- Educational webinars
- Tours and trainings

#### Key Topics

- Climate Change
- Low Carbon
- Biodiversity
- Sustainable Living
- Wellness
- Diversity and Inclusion
- Innovation



## DOUBLE MATERIALITY

Complemented by the feedback collected from year-round engagement, we conducted an annual materiality assessment to understand stakeholders' expectations and to take them into consideration when enhancing our sustainability strategies.

Moreover, financial impact is gaining momentum to be another lens to access materiality, and thus this year we applied the principle of double materiality to comprehensively prioritise the sustainability topics we should focus on. We considered both the impact on financial performance, the environment and society, while taking sustainability megatrends, regulatory updates and stakeholders' focuses into account.

### Financial Materiality + Impact Materiality

#### Material Topics in 2022:

1. Climate Change and Resilience
2. Information Privacy
3. Green Building Certification
4. Business Ethics and Integrity
5. Energy Efficiency and Greenhouse Gas Emissions
6. Occupational Health and Safety
7. Bribery and Corruption
8. Responsible Supply Chain Management
9. Customer Wellbeing, Health and Safety



## SUSTAINABILITY VISION 2030 TARGETS AND PROGRESS

Sustainability Pillars	Vision 2030 Targets	2022 Progress				Compared to 2021
		25%	50%	75%	100%	
Environment	100% of investment properties complete Climate Risk and Vulnerability Assessment	[Progress bar]				+24%
	100% of investment properties adopt climate-resilient building features	[Progress bar]				+1%
	100% of investment properties implement rainwater harvesting system	[Progress bar]				+1%
	50% of new investment properties adopt biophilic design features	[Progress bar]				Maintained
	100% of investment properties adopt wellness features in building design	[Progress bar]				+2%
	100% of new investment properties achieve green certifications	[Progress bar]				Maintained
People	Reduce work-related injury rate of employees to 10 per 1,000	[Progress bar]				Maintained
	Maintain record of zero work-related fatalities of all our employees	[Progress bar]				Maintained
	100% of employees receive gender equality, anti-sexual harassment, and related ethical training	[Progress bar]				+40%
	Maintain zero discrimination cases in all operations by treating all people fairly, impartially and with dignity and respect	[Progress bar]				Maintained
	At least one third of senior positions is held by women	[Progress bar]				+3%
	100% of employees receive labour rights, diversity, and social inclusion training	[Progress bar]				+35%
Community	100% of new mixed-use developments plan and design with cultural and heritage conservation consideration	[Progress bar]				+38%
	100% of new mixed-use developments plan and design through a mandatory community engagement process, with but not limited to women, children, elderly and disabled persons	[Progress bar]				+38%
Value Chain	100% of contractors/suppliers are governed by "Vendor Code of Conduct" which forbids forced labour, slave labour, and child labour	[Progress bar]				+12%
	100% of operations are governed by green procurement guidelines which include use of sustainable resources throughout property development and operation	[Progress bar]				+16%
	100% of construction projects implement waste recycling programmes	[Progress bar]				+16%
	100% of building contractors/suppliers are governed by sustainable procurement guidelines which contain mandatory diversity requirements	[Progress bar]				+6%





## ACCELERATING CLIMATE ACTION

Contributing to carbon neutrality and sustainable operations along the value chain

### Co-creating Carbon Neutrality

Striving to achieve carbon neutrality by 2050, we have established short, medium, and long-term targets and corresponding focus areas.



Submitted targets to the **Science Based Targets initiative (SBTi)** for validation

**Short-term  
2025**

- Provide free carbon audit to 50% of our owned and managed commercial properties by 2025, and 75% by 2030
- Organise carbon-neutrality training for all vendors every year

**Medium-term  
2030**

- Achieve all near-term science-based targets
- Complete CRVA for all investment properties (IPs)
- 100% of IPs adopt climate-resilient building features
- 100% of new IPs achieve green certifications
- Provide green leasing as an option to the office tenants in 30% of our owned and managed commercial properties by 2030

**Long-term  
2050**

- Achieve carbon neutrality for all of our managed operations and supply chain

## Sustainable Building Certifications Obtained in 2022

<b>LEEDZero</b>	<b>LEED Zero Waste</b>	<b>LEED for Operations and Maintenance – Platinum</b>	<b>LEED Communities – Platinum</b>
	Beijing Kerry Centre Jing An Kerry Centre	Beijing Kerry Centre Pudong Kerry Parkside	Kerry Everbright City Phase III - Enterprise Centre
	<b>WELL Core Certification - Platinum</b>		
	Hong Kong Kerry Centre Jing An Kerry Centre	Kerry Everbright City Phase III - Enterprise Centre Beijing Kerry Centre	
	<b>WELL Health-Safety Rating</b>		
	Shenzhen Kerry Plaza	Enterprise Square Five	
	<b>TRUE Zero Waste - Platinum</b>		
	Beijing Kerry Centre	Jing An Kerry Centre	Pudong Kerry Parkside
	<b>BEAM Plus New Buildings - Silver</b>	<b>RESET™ Air</b>	<b>Parksmart - Pioneer</b>
	Mont Verra	Shenyang Kerry Centre	Jing An Kerry Centre



COMMUNITY



VALUE CHAIN

## AMPLIFYING OUR POWER

Fostering sustainable communities through placemaking and partnerships that promote sustainability

### Investing in Community Development



**550+**  
Community initiatives



**153,000+**  
Hot meals and food packs donations



Hot Meal Distribution, Hong Kong



Caring for Children with Autism and Their Families, Hangzhou Kerry Centre, Hangzhou



Ecological Tour Map for Citizens, KEC III, Shanghai



"Blooming in Qianhai" Event, Qianhai Kerry Centre, Shenzhen

### Social Impact Assessment

Key findings:



**89%** Beneficiaries' overall satisfaction rate



**86%** Experienced improvement in physical and mental wellness



**90%** Found our donations helpful

### Creating a Quality Customer Experience

Enhancing service quality to promote sustainability among tenants, customers and shoppers.



**93%**  
Customer satisfaction rate



**Parksmart Certification**  
Jing An Kerry Centre



Lunchtime Concert, Kerry Plaza, Shenzhen

### Standing Together with Our Business Partners

We value our relationship with our business partners and recognise the importance of effective collaboration for reaching business and sustainability goals.



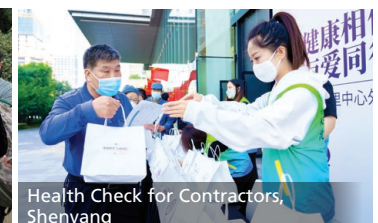
**94%**  
Contractors/suppliers governed by "Vendor Code of Conduct"



**▲ 44%**  
Green procurement items for property development



Coastal Clean-up and Eco-tour with Contractors, Hong Kong



Health Check for Contractors, Shenyang





## PUTTING PEOPLE FIRST

Providing holistic care for our people and promoting stakeholders' well-being

### Fostering a People-Oriented Workplace

 **23.3** Average training hours per employee

 **34%** Women in senior positions

#### Skills and Leadership

- Upgraded Accelerated Development Programme with supplementary workshops on physical health and mindfulness
- Increased training courses on corporate policies
- “Kerry Sharing Session” with 12 masters to share their experiences and KPL’s latest business development

#### Diversity and Inclusion

- Anti-discrimination training comprises a blend of law and legislation knowledge, practical approaches to unwanted behaviours, and examples of effective communications
- Embrace social inclusion with experimental workshops and training support



Accelerated Development Programme (ADP)



Barista Training for the Hearing-Impaired Persons, Shanghai



Autism Art Exhibition, Beijing Kerry Centre, Beijing

### Wellness, Health and Safety for Stakeholders

 **Zero** Work-related fatality

#### Employee Survey

- Group-wide survey for all employees
- Independently conducted by a third party
- 80% employee satisfaction rate on Company’s wellness policies and provisions

#### Physical and Mental Wellness

- Upgraded employee medical insurance with mental illness outpatient benefits
- Post-pandemic care and rejuvenation for employees and communities



Employee Survey



Desk Stretching Exercise, Hong Kong



Haihe River Night Run, Tianjin





Scan here for the comprehensive TCFD reporting

## OUR TCFD REPORTING

As climate change imposes direct impacts on our project development and property management, we identify it as one of the material ESG risks faced by us, and we can observe climate opportunities in the market. In response to the rising concerns of climate change, we are committed to being carbon neutral in 2050.

### Governance

- With the Executive Director as the chairman, climate matters are managed by Sustainability Steering Committee
- The Committee receives updates on climate matters at least two times a year
- Established the Climate Transition Taskforce to develop capacity of climate resilience

### Strategy

#### Identified Climate Risks & Opportunities



#### Physical Risks

- Increased severity of extreme weather
- Rising mean temperature and heatwave



#### Transition Risks

- Tightened building energy codes and guidelines
- Increased adoption of renewable energy
- Increased ambition of decarbonisation strategies
- Increased market demand for climate-resilient properties

### Main Approach



#### Leveraging Technologies

- Enhance energy and carbon management during construction and building operations (such as BIM, IoT and IBMS)



#### Engagement-oriented Approach

- Decarbonise along the value chain (such as green leasing for tenants, educational training for contractors and industry knowledge sharing)

### Risk Management

- Physical and transition risks are identified in our climate risk assessment with scenario analyses that consider impacts along a timescale from the immediate term to 2030 and to as far ahead as 2100
- The internal audit team will include physical risks in the audit engagement starting from 2023, checking compliance with preventive measures when encountering physical risks, such as super typhoons and storm surges

### Metrics and Targets

Carbon Intensity Reduction		Energy Intensity Reduction	
Target:	Progress:	Target:	Progress:
▼ <b>25%</b> by 2025 (baseline year 2017)	▼ <b>32.4%</b>	▼ <b>20%</b> by 2025 (baseline year 2017)	▼ <b>25.6%</b>

Our 2025 emission and energy reduction targets were achieved early, possibly contributed by pandemic lockdowns and electricity usage restrictions in some regions. As we have submitted targets to SBTi, we will consider the validated targets and the impacts of border reopening before renewing short-term targets.

Scope 3 related targets are set to improve our upstream and downstream emission performances, targeting to build capacity and provide incentives to our tenants and vendors.





# MAJOR AWARDS AND RECOGNITIONS

Guided by our core values and ESG roadmap, Kerry Properties strives to exert a positive influence on the customers and tenants we serve, the people we work with, our stakeholders and the communities we operate in. We are honoured to be recognised for the work we do, and we would like to thank our teams who have helped us reach our goals, and all stakeholders who have supported us on this journey. Together with them, we look forward to achieving more milestones in the years to come.



## GREEN

We are proud that the Company has achieved a number of major awards and certifications over the past year. These recognitions represent some of the world's most established and well-respected benchmarks for green performance, and bestow important recognition of our efforts in contributing to positive environmental and wellness outcomes through sustainable design practices and rethinking the resource life cycle. These commendations stand as testimony to how far we have come, and will inspire us to go further.



**LEED**Zero



### Global Real Estate Sustainability Benchmark (GRESB) 2022

#### GRESB

- ◆ Asia Diversified Listed Category (Standing Investments Benchmark) – Regional Sector Leader
- ◆ Highest 5-Star Rating, for second consecutive year
- ◆ Eastern Asia Diversified Listed Category: 2nd
- ◆ Global Diversified Listed Category: 3rd
- ◆ Public Disclosure Score: A

### LEED Zero Waste Certification

#### U.S. Green Building Council

- ◆ Beijing Kerry Centre – Office Tower
- ◆ Jing An Kerry Centre (Towers 1, 2 & 3), Shanghai

### Hong Kong Green Awards 2022

#### Green Council

- ◆ Sustainable Procurement Award (Large Corporation) – Grand Award
- ◆ Green Management Award – Corporate (Large Corporation) – Gold and Sustained Performance (13 Years+)

### RESET™ Air for Core & Shell

#### GIGA

- ◆ Maintained by Beijing Kerry Centre; Hangzhou Kerry Centre; Enterprise Centre at Kerry Everbright City Phase III, Jing An Kerry Centre and Kerry Parkside, Shanghai; Shenyang Kerry Parkside and Shenyang Kerry Centre (Enterprise Square Towers A & B); Kerry Centre, Hong Kong; and Shenzhen Kerry Plaza



## PROPERTY DEVELOPMENT AND MANAGEMENT

The accolades and certifications in the area of property development and management are a way of acknowledging the emphasis we place on the entire process of creating high-quality properties and managing them professionally. We take pride in our dedicated project teams for their hard work in ensuring high standards are met at all stages of the development cycle. And just as importantly, our premier products are backed by the exceptional service our site management teams consistently deliver to tenants and customers.



### BCI Asia Awards 2022 – Top Ten Developers – Hong Kong Chapter

BCI Central

- ◆ Kerry Properties Limited

### 2022 WELL at Scale Award

International WELL Building Institute (IWBI)

- ◆ Regional WELL Leadership Award – Asia: Kerry Properties Limited

### WELL Core Certification – Platinum

International WELL Building Institute (IWBI)

- ◆ Kerry Centre, Hong Kong; Beijing Kerry Centre; Jing An Kerry Centre, Enterprise Centre at Kerry Everbright City Phase III, Shanghai

### A&D Awards 2022

Asian Integrated Media

- ◆ Gold Award, Architecture – Future Developments – Commercial: Qianhai Kerry Centre Phase III, Shenzhen

### LEED v4 Building Design and Construction: Core and Shell

U.S. Green Building Council

- ◆ Gold: Fuzhou Rivercity (T1 & T2 Buildings)



## CORPORATE GOVERNANCE AND CITIZENSHIP

An excellent standard of corporate governance has always been a central part of our culture, as we believe it is an essential component of a healthy business environment. We also strive to be a responsible member of the communities we serve. For this reason, of all our accomplishments, we take special pride in being recognised for good governance and corporate citizenship, and for being ranked in indices that put us alongside companies that share the same values. We will continue to live our commitment to the principles of prudent management and accountability.



Hang Seng Corporate Sustainability Index Series Member 2022-2023



### Hang Seng Corporate Sustainability Index Series 2022

Hang Seng Indexes Company Limited

- ◆ Constituent Member of the Hang Seng Corporate Sustainability Index
- ◆ Hang Seng ESG 50 Index

### Greater Bay Area Business Sustainability Index 2021 – Top 10 Pace-setter

The Chinese University of Hong Kong and Centre for Business Sustainability, CUHK Business School

- ◆ Kerry Properties Limited

### Hong Kong Corporate Governance and ESG Excellence Awards 2022 – Winner of ESG Excellence Awards

Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University

- ◆ Kerry Properties Limited

### The Asset ESG Corporate Awards 2022 – Benchmark Award – Platinum Award

The Asset

- ◆ Kerry Properties Limited

### LEED v4.1 Cities and Communities Certification: Existing

U.S. Green Building Council

- ◆ Platinum: Enterprise Centre at Kerry Everbright City Phase III, Shanghai



## COMMUNICATIONS AND PROMOTIONS

The core of our communications strategy is to facilitate open and genuine interaction with stakeholders, and we are delighted to have been rewarded for this effort. During the year under review, we received a number of important industry awards that recognise our success in engaging investors and other stakeholders with clear, transparent and effective communications. Our winning entries also received commendations for their creativity and artistic implementation.



### Asia Sustainability Reporting Awards 2021

CSRWorks International

- ◆ Silver Award in Asia's Best Stakeholder Reporting: Sustainability Report 2020

### The Best Annual Reports Awards 2022

Hong Kong Management Association

- ◆ Excellence Award in Environmental, Social and Governance Reporting: Sustainability Report 2021
- ◆ Citation for Design: Annual Report 2021

### BDO ESG Awards 2022 – Middle Market Capitalisation

BDO Limited

- ◆ ESG Report of the Year
- ◆ Best in ESG Awards
- ◆ Best in Reporting Awards

### iNOVA Awards 2022

MerComm, Inc.

- ◆ Grand & Gold Awards: Specialty Reports – Sustainability Reports: Sustainability Report 2021

*For more awards information, please refer to Particulars of Awards and Recognitions on page 212.*



# CORPORATE GOVERNANCE REPORT

## PURPOSE, VALUES AND STRATEGY

Kerry Properties Limited (“**KPL**” or the “**Company**” which together with its subsidiaries referred to as the “**Group**”) is a well-established property company with significant investments in Asia. The Company is known for its property development activities in the Mainland and Hong Kong. In both markets, KPL focuses on investing in premium quality property developments in prime locations. The Company has developed a successful business model for doing this over many years and has considerable experience as a developer and manager of quality properties. We act on principles of fairness and integrity, and we value the many relationships we have developed over our long history with staff, suppliers, partners, government agencies, and other key stakeholders.

## GOVERNANCE CULTURE

Corporate governance is the structure of roles, practices, and processes used to direct and manage a business ensuring that a company’s objectives are met, and evolves with each business and operating environment. KPL is committed to high standards of corporate governance and recognises that good governance is vital for the long-term success and sustainability of the Company’s businesses. KPL is also committed to ensuring that its affairs are conducted in accordance with high ethical standards so that its shareholders’ interests will be maximised in the long-term and that its employees, business partners, communities and stakeholders will all benefit. The Board of Directors (the “**Director(s)**”) of the Company (the “**Board**”) is committed to and regularly enhancing KPL’s corporate governance practices to ensure high standards of ethics are maintained with the balancing of returns to its shareholders.

## CORPORATE GOVERNANCE

The Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) sets out (a) the mandatory requirements for disclosure in Corporate Governance Report; and (b) the principles of good corporate governance, the code provisions on a “comply or explain” basis and certain recommended best practices.

KPL complied with all the code provisions set out in the CG Code throughout 2022, except C.2.1 of the code provisions that Mr Kuok Khoon Hua (“**Mr Kuok**”) serving as both the Chairman and the Chief Executive Officer of the Company (“**CEO**”).

As Mr Kuok has extensive experience in the business of the Group, the Company is of the view that it is in the best interest and is more efficient for Mr Kuok to perform the role of Chairman as well as CEO. It is also more favourable to the development and management of the business of the Group. Moreover, the powers and authorities have not been concentrated as all major decisions are made in consultation with the Board and appropriate Board Committees and Mr Au Hing Lun, Dennis, the Deputy CEO of the Company (“**DCEO**”), who is responsible for the day-to-day management of the business of the Group. The Board believes that the balance of power and authority is adequately ensured by the operations and governance of the Board which comprises experienced and high calibre individuals, with more than half of them being Independent Non-executive Directors (“**INED(s)**”).

More details about KPL’s corporate governance structure, principles and practices are available on the website of KPL.

## THE BOARD OF DIRECTORS

### ROLE OF THE BOARD

KPL is governed by the Board, which has responsibility for providing strategic leadership and control. Responsibility for achieving KPL’s objectives and running the business on a day-to-day basis is delegated to the senior management.

KPL has formalised the matters specifically reserved for the Board’s approval. Major responsibilities of the Board include:

- Setting the tone and continuing KPL’s corporate culture
- Leading, directing and supervising KPL’s affairs to enable its long-term success



- Setting long-term strategic objectives and strategic policies with appropriate focus on value creation and risk management and alignment with KPL's values and standards
- Ensuring appropriate and adequate reporting in the annual reports, including financial statements, environmental, social and governance ("ESG") reporting, disclosures of the Board's practices (e.g. the terms of references of the Board Committees of KPL, and adoption of various policies of KPL (e.g. Anti-Corruption Policy, Board Diversity Policy, Charitable Donations Policy, Dividend Policy, Inside Information Disclosure Policy, Nomination Policy, Remuneration Policy, Shareholders Communication Policy and Whistleblowing and Complaints Policy))
- Being accountable for its actions or inactions, and where appropriate, taking the shareholders' and the stakeholders' views into account in its decisions
- Ensuring adequacy of resources, staff qualifications and experience, training programmes and budget, especially for KPL's accounting, internal audit and financial reporting, ESG performance and reporting functions
- Overseeing KPL's business, corporate governance, financial performance and ESG matters
- Ensuring efficient communication with the shareholders and recognition of the shareholders' interests

To assist it in fulfilling its duties, the Board has delegated specific responsibilities to five Board Committees, which are

- (1) Audit and Corporate Governance Committee ("**ACGC**");
- (2) Remuneration Committee;
- (3) Nomination Committee;
- (4) Finance Committee; and
- (5) Executive Committee.

An overview of the delegated responsibilities of each Board Committee is set forth on page 54 of this annual report.

## CHAIRMAN AND CHIEF EXECUTIVE

Mr Kuok, being the Chairman of KPL, is responsible for providing leadership to the Board in terms of establishing policies and business directions. He ensures all Directors are properly briefed and receive adequate information on issues arising at the Board meetings, facilitates active and effective contributions from and dialogue with all Directors and constructive relations between them to ensure that the Board discharges its responsibilities effectively and all key and appropriate issues are discussed by the Board timely. He promotes culture of openness and trust and ensures, through the Board, that good corporate governance practices and procedures are established.

## BOARD COMPOSITION AND CHANGES

The Board is structured with a view to ensuring it is of a high calibre and has a balance of key skills, experience and diverse perspectives.

The Board comprises three Executive Directors of the Company ("**ED(s)**"), and four INEDs. They are identified in all corporate communications to shareholders that disclose the Directors' names.

During the year, the following changes in the Board composition with effective dates set out in the section headed "Report of Directors" of this annual report have been taken place:

- Retirement of Mr Wong Siu Kong, the former Chairman and ED
- Election of Mr Kuok Khoon Hua as the Chairman
- Appointment of Mr Au Hing Lun, Dennis as the DCEO and ED
- Appointment of Mr Cheung Leong and Mr Chum Kwan Lock, Grant as INEDs
- Retirement of Mr Chang Tso Tung, Stephen, a former INED
- Resignation of Ms Serene Siew Noi Nah, a former ED

With the changes in composition, the independent element is further strengthened and the objectivity of the Board's decision-making is further enhanced. A list of all the Directors' roles, functions, titles and biographical details is set out in the section headed "Directors and Senior Management" on pages 77 to 79 of this annual report and is posted on KPL's website.

## BOARD INDEPENDENCE

KPL recognises that independent views can bring constructive advice to the Board and management. In order to ensure that independent views and input are provided to the Board, several mechanisms are in place, the implementation and effectiveness of which are annually reviewed:

**Composition** – The Board ensures the appointment of at least three INEDs and at least one-third of its members being INEDs. The number of INEDs exceeded the requirement of the Listing Rules (i.e. one-third of the Board) throughout the year. INEDs will be appointed to the Board Committees as far as practicable to ensure independent views are available.

**Independence Assessment** – The Board considers that all of its four INEDs are independent in character and judgement and meet the independence guidelines set out in Rule 3.13 of the Listing Rules. Annual confirmations of independence with regard to the factors set out in Rule 3.13 of the Listing Rules have been received from all INEDs. The Nomination Committee has assessed their independence by reviewing potential conflicts of interests, and concluded that all INEDs are independent within the definition of the Listing Rules. None of the INEDs has significant links with other Directors through involvement in other companies or bodies, or has material/relevant relationships with other Directors.

**Remuneration Structure of INEDs** – INEDs' fee structure contains no equity-based remuneration or performance-related elements which may lead to bias in their decision-making and compromise their objectivity and independence.

**Chairman and INEDs Meetings** – The Chairman holds meeting with INEDs without the presence of other Directors or senior management at least once annually to facilitate expression of independent views.

**Material Decision** – Material decisions of the Company shall be dealt with by a physical Board meeting, complemented with detailed presentation if necessary, rather than a written resolution to enhance the Directors' understanding on the matters to be decided, to promote discussion and exchange of independent views.

**Conflict Management** – If a Director has a material conflict of interest in relation to a transaction or proposal to be considered by the Board, that Director is required to declare such interest and abstain from voting. The matter is considered at a Board meeting and voted on by the Directors who have no material interest in that transaction. When necessary, an Independent Board Committee of KPL comprising all INEDs will be formed to advise the independent shareholders on a connected transaction or any other transaction to be approved by the independent shareholders at a special general meeting ("**SGM**").

**External Independent Professional Advice** – In order to assist the Directors to discharge their duties, the Directors can obtain external independent professional advice at KPL's expense as and when required.

## APPOINTMENT AND RE-ELECTION

Potential new directors shall be identified and considered for appointment by the Nomination Committee. A formal letter of appointment setting out key terms and conditions of the appointment should be provided to each newly appointed Director on his or her appointment. Pursuant to KPL's Bye-laws (the "**Bye-laws**"), a Director appointed by the Board is subject to election by the shareholders at the next annual general meeting ("**AGM**") following his or her appointment; and every Director should be subject to retirement by rotation at least once every three years and be eligible for re-election at the AGM at which he or she retires.

For the INED who has served KPL for more than nine years, his or her further appointment will be subject to a separate resolution to be approved by the shareholders and the papers to the shareholders accompanying that resolution should state why the Board, or the Nomination Committee, believes he or she is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board, or the Nomination Committee, in arriving at such determination.

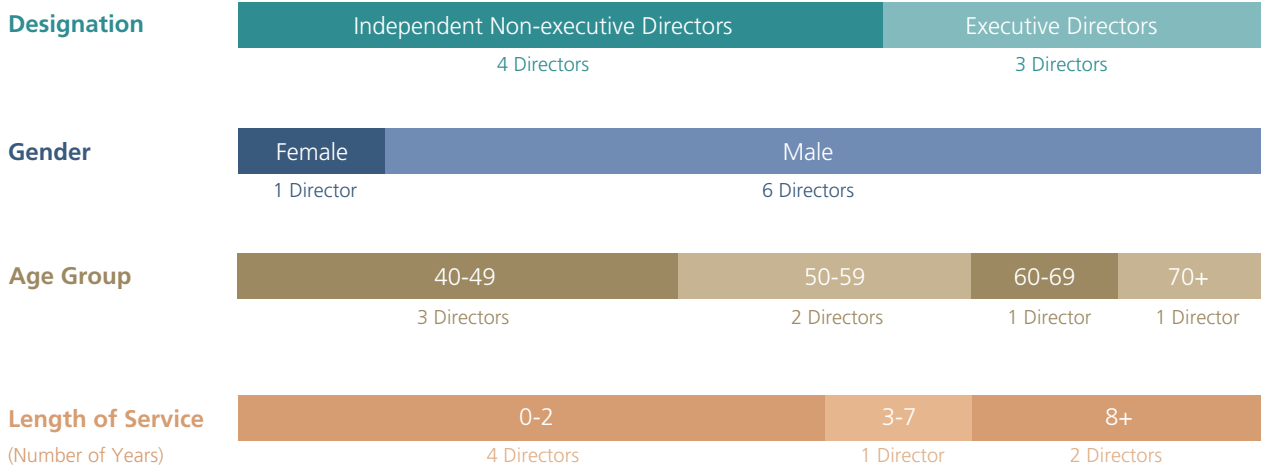
## DIVERSITY

The Board has adopted a Board Diversity Policy since 2013. The policy was reviewed and updated during the year to enhance implementation of the policy and maintaining a diversified Board. When deciding on appointments of board members and continuation of those appointments, the Board considers a number of board diversity criteria according to the policy, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The current Board's composition reflects an appropriate balance of gender, skills, experience and diverse perspectives among its members that complement KPL's strategy and business developments. Having the representation of both genders in the boardroom, the Board will continue to maintain the gender diversity and balance the representation of each gender in the Board when considering potential candidates.

To identify potential successors to the Board to maintain the board diversity, the Company would search via internal resources and may engage professional search firm as and when required.

Details of principles of the Board Diversity Policy are set out in the section headed "Nomination Committee" of this corporate governance report.

As at 31 December 2022, nearly 40% of the employees hired by the Company (excluding associates and joint ventures) are women and more than 30% of senior positions (senior director grade or above) are held by women. The Company targets to have at least one-third of senior positions held by women in 2030.



## RESPONSIBILITIES OF DIRECTORS

Executive Directors are involved in overseeing the day-to-day operations of KPL's business. Being a member of senior management, they ensure management is accountable to the Board, and ultimately to the shareholders. They work closely with other Board members and are delegated with responsibilities to oversee and monitor the business operations and to implement the strategies and policies set by the Board.

The INEDs bring strong independent advice, judgement, through constructive challenge, scrutiny of executives and review of performance, risks and potential conflicts of interests. Apart from their appointments as INEDs, none of the INEDs has any form of service contract with KPL or any of its subsidiaries. The INEDs are also members of various Board Committees and able to give the Board and the Board Committees which they served the benefit of their skills, expertise and knowledge through their regular attendance and active participation of KPL's business.



Each Director ensures that he or she can give sufficient time and attention to KPL’s affairs. All Directors disclose to the Board on their first appointment their interests as Director or otherwise in other companies or organisations and such information is updated regularly.

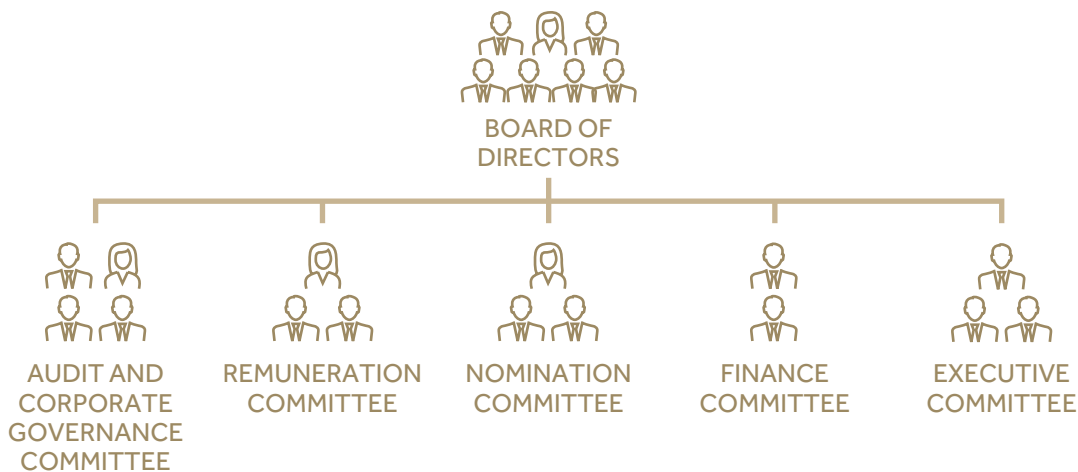
During the year, the Board has regularly reviewed the contributions from the Directors and confirmed that they have spent sufficient time in performing their responsibilities.

**DELEGATION BY THE BOARD**

Specific responsibilities are delegated by the Board to its Board Committees through the Board’s approval and adoption of written terms of references. The terms of references of the ACGC, Remuneration Committee and Nomination Committee are available on KPL’s website.

Below are major responsibilities rested with each Board Committee:

1. **Audit and Corporate Governance Committee** – delegated with responsibility for reviewing and monitoring external audit, internal audit, risk management and internal controls and corporate governance related matters.
2. **Remuneration Committee** – delegated with responsibility for reviewing and approving remuneration proposals for all EDs and senior management with reference to KPL’s performance, individual’s responsibilities and performance, KPL’s goals and objectives, the market condition and other relevant factors, and making recommendations to the Board on the remuneration of Non-executive Directors.
3. **Nomination Committee** – delegated with responsibility for reviewing composition of the Board and the Board Committees, identifying and assessing potential Board members, and making recommendations to the Board in accordance with the Nomination Policy and Board Diversity Policy.
4. **Finance Committee** – members of this Committee are appointed by the Board and comprises not less than two EDs. The Committee is delegated with responsibility for reviewing and approving certain financial matters for KPL, including investment of surplus funds, undertakings, determination and approval of investment, acquisitions and disposals with amounts not exceeding HK\$2.5 billion, arrangement of banking facilities and approval of guarantees and indemnities within designated limits.
5. **Executive Committee** – this Committee comprises all EDs and it meets from time to time as determined by the Committee members and operates as a general management committee. The Board has approved and adopted a written terms of reference of the Executive Committee for it to (i) discuss KPL’s corporate and development strategies; (ii) evaluate and determine the nature and extent of the risks KPL is willing to take in achieving its strategic objectives; (iii) consider and assess the potential adverse impact on KPL’s business caused by prevailing internal and external risks and formulate corrective or mitigating actions required; and (iv) deal with other matters delegated by the Board from time to time.



The composition, chairman and full details of major activities carried out by the following Board Committees during the year are set out in the respective sections in this corporate governance report under the following headings:

- Audit and Corporate Governance Committee: pages 63 to 66.
- Remuneration Committee: pages 66 to 67.
- Nomination Committee: pages 68 to 70.

Responsibility for delivering KPL's strategies and objectives, as established by the Board, and responsibility for day-to-day management are delegated to CEO, DCEO and senior management, with division heads responsible for different aspects of the Group's business. CEO has been given clear guidelines and directions as to his powers and, in particular, the circumstances under which he should report back to, and obtain prior approval from, the Board before making significant decisions or commitments on behalf of KPL.

## BOARD MEETING PROCESSES

The Board and all Board Committees follow the same meeting processes. Board meetings are structured so as to encourage open discussion and active participation by the Directors in meetings. Management provides the Board with information and explanations as are necessary to enable the Directors to make an informed assessment of the financial and other information put before the Board. Updates on the Company's performance, position and prospects in sufficient details are

provided to all Directors on monthly basis to enable the Board as a whole and each Director to discharge his or her duties. Queries raised by the Directors are answered fully and promptly.

Regular meeting dates for a coming year are agreed in the final Board meeting in the preceding year. The Board normally schedules at least four meetings a year at approximately quarterly interval and meets more frequently as and when required. Notice for each meeting is given to all Directors at least 14 days in advance to allow the Directors to include items in the agenda for the Board meeting. The Board meeting agendas and accompanying board papers are sent in any event not less than three days in advance of the intended meeting date.

All Directors have the access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision-making and that the Board procedures, and all applicable law, rules and regulations, are followed. The Directors can also obtain external independent professional advice at KPL's expense to ensure independent views and input are available to the Board. To facilitate decision-making process, the Directors are free to make enquiries to the management and obtain further information, when required.

Draft and final version of minutes of the Board meetings are circulated for all Directors' comment to ensure that all concerned matters are included. All signed minutes of the Board meetings and the Board Committee meetings are kept by the Company Secretary and are sent to the Directors for records and are open for inspections by the Directors.

The timeline for the Board meetings, the Board Committees meetings and AGM held in 2022 is set out below:

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
RCM		BM	RCM	AGM	BM		BM			BM	
		ACGCM	NCM	ACGCM			ACGCM			ACGCM	

**ACGCM** = ACGC Meeting

**BM** = Board Meeting

**NCM** = Nomination Committee Meeting

**RCM** = Remuneration Committee Meeting

During the year, the Directors participated extensively in KPL's affairs and the Board's discussions and decisions, as reflected in their high attendance records in the Board meetings and the Board Committee meetings. Details of the attendance of each Director at the AGM, Board and Board Committee meetings as well as trainings are set out in the table below:

Directors	Meetings Attended/Held					
	Board	ACGC	Remuneration Committee	Nomination Committee	AGM	Trainings
<b>EDs</b>						
Wong Siu Kong (former Chairman retired on 19 May 2022)	1/1	N/A	2/2	1/1	1/1	★
Kuok Khoun Hua (elected as Chairman on 19 May 2022)	4/4	N/A	2/2	1/1	1/1	★
Au Hing Lun, Dennis (appointed on 24 May 2022)	3/3	2/2*	N/A	N/A	N/A	★
Bryan Pallop Gaw	4/4	N/A	N/A	N/A	1/1	★
Serene Siew Noi Nah (resigned on 31 Aug 2022)	3/3	3/3*	1/1*	1/1*	1/1	★
<b>INEDs</b>						
Wong Yu Pok, Marina, JP	4/4	4/4	2/2	1/1	1/1	★
Chang Tso Tung, Stephen (retired on 19 May 2022)	1/1	1/1	2/2	1/1	1/1	★
Hui Chun Yue, David	4/4	4/4	2/2	1/1	1/1	★
Cheung Leong (appointed on 19 May 2022)	3/3	3/3	N/A	N/A	N/A	★
Chum Kwan Lock, Grant (appointed on 19 May 2022)	3/3	3/3	N/A	N/A	N/A	★

♦ Attended in the capacity of management to present updates and/or answer relevant questions in order to facilitate the decision-making process

★ Training courses and professional development attended/received by the Directors during the year:

- Received legal and regulatory updates and corporate governance practices in briefings conducted by Company Secretary
- Attended seminars/conferences of relevance to, for example, sustainability in relation to property developers and director's duties organised by the Company or professional bodies
- Received industry-related updates through attending KPL's property portfolio tours in 2022 and 2023
- Read training materials of relevance to, for example, anti-corruption practices, directors' ethics and corporate governance



## DIRECTORS' INDUCTION

In order to facilitate newly appointed Directors to discharge their responsibilities, they will be given a comprehensive, formal and tailored induction upon appointment, including:

- Meetings with Board members and senior management
- The role of the Board and the matters reserved for its attention
- The role and terms of references of the Board Committees
- KPL's various governance policies and procedures
- The powers delegated to management
- The latest financial information

Mr Cheung Leong, Mr Chum Kwan Lock, Grant and Mr Au Hing Lun, Dennis, the Directors appointed during the year, have been provided with comprehensive induction briefing upon their appointment.

## CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors update their skills, knowledge and familiarise themselves with KPL through active participation at meetings of the Board and its Board Committees. KPL makes available continuous professional development opportunities and site visit tours for all Directors at the expense of the Company so as to keep them abreast of industry trends, develop and refresh their knowledge and skills. Details of the training courses and professional development attended by the Directors during the year which have been kept by the Company and/or confirmed by the Directors are set out in the table in the section headed "Board Meeting Processes" above.

Members of the management and the Company Secretary had access to a variety of training activities in 2022, including attending seminars and conferences and receiving regulatory updates relevant to their business and duties. They received sufficient internal and external trainings to equip themselves for fulfilment of their roles in supporting KPL.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

KPL has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

## SECURITIES TRANSACTION

KPL has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code for securities transactions by the Directors. A copy of the Model Code has been sent to all Directors. In addition, regular reminders are sent to the Directors regarding restrictions on dealings in the securities and derivatives of KPL during the black-out period before the interim and final results of KPL have been published.

Under the Model Code, the Directors are required to notify the Chairman and receive a dated written acknowledgement before dealing in the securities and derivatives of KPL and, in case of the Chairman himself, he must notify a Director designated by the Board and receive a dated written acknowledgement before any dealing.

KPL made specific enquiries with all Directors and they have confirmed compliance with the required standards set out in the Model Code throughout 2022. KPL's employees, who are likely to be in possession of unpublished inside information, have been requested to comply with provisions similar to those terms in the Model Code.

KPL is not aware of any non-compliance with the Model Code throughout 2022.

## ACCOUNTABILITY IN FINANCIAL REPORTING

The Board aims to present a balanced, clear and understandable assessment of the Group's position and prospects in annual reports, interim reports and other financial disclosures required by the Listing Rules and acknowledges its responsibility for the following:

- Providing proper stewardship of KPL's affairs to ensure the integrity of financial information
- Ensuring appropriate and adequate reporting in KPL's annual and interim financial statements and other related information
- Selecting appropriate accounting policies and ensuring that these are consistently applied
- Ensuring judgements and estimates are prudent and reasonable
- Ensuring the application of going concern assumption is appropriate

The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Independent Auditor's Report to the shareholders is included in this annual report. Towards the end of 2022, the Board reviewed KPL's financial projections in respect of the five financial years ending 31 December 2027. On the basis of this review, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over KPL's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

## INTERNAL AUDIT DEPARTMENT

KPL has an efficient Internal Audit Department, which plays a crucial role in monitoring KPL's governance practice and provides independent and objective assurance on the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department is staffed by nine professionals, based in Hong Kong, Beijing and Shanghai, with appropriate internal audit, financial audit and industry specific skillsets.

The Internal Audit Department reports directly to the ACGC without the need to consult with the management, and via the ACGC to the Board. The Internal Audit Department has unrestricted access to all areas of KPL's business units, assets, records and personnel in the course of conducting its work.

The annual internal audit work plan and resources are reviewed and agreed with the ACGC.

KPL has adopted a Whistleblowing and Complaints Policy for its employees, customers, suppliers and the communities it connects with since 2016. The policy was reviewed and updated during the year to align with internal reporting needs. A formalised procedure with the reporting line through the ACGC to the Board will be undertaken upon receipt of whistleblowing and complaint reports, which can be filed on anonymous basis, to ensure KPL's affairs are conducted in a high ethical standard.

## EXTERNAL AUDITORS

The ACGC acts as a point of contact, independent from management, for the external auditor. The external auditor has direct access to the Chairman of the ACGC, who meets with them periodically without management present.

KPL's external auditor is PricewaterhouseCoopers, Hong Kong ("PwC"). The ACGC has developed and implemented policy on engaging PwC to supply non-audit services. All PwC non-audit services have to be submitted to the ACGC for approval.

The ACGC considers and reviews PwC's independence and objectivity in relation to both audit and non-audit services provided to KPL and the effectiveness of the audit process in accordance with applicable standards. PwC writes annually to the members of the ACGC confirming that they are independent accountants within the meaning of Section 290 of the Code of Ethics for Professional Accountants of the Hong Kong Institute of Certified Public Accountants and they are not aware of any matters which may reasonably be thought to bear on their independence.

Nature of Services	HK\$'000
<b>Audit and audit related services</b>	10,515
<b>Non-audit services</b>	
– Taxation services	4,228
– Other services <sup>(Note)</sup>	1,050
<b>Total</b>	<b>15,793</b>

Note:

Other services represented consultancy services for cyber security and sustainability.

Auditor's remuneration is set out in note 7 to the financial statements of this annual report.

## INSIDE INFORMATION

With respect to procedures and internal controls for the handling and dissemination of inside information, KPL has adopted an Inside Information Disclosure Policy since 2013 and reviewed it during the year to ensure its compliance with the Listing Rules. The procedures and internal controls for the handling and dissemination of inside information are summarised below:

- KPL is required to disclose inside information as soon as reasonably practicable in accordance with the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong and the Listing Rules
- Business units shall conduct their affairs with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission
- A strict prohibition on the unauthorised use of confidential or inside information is included in KPL's Employee Handbook

- The Directors, the Chief Financial Officer ("CFO") and/or the Company Secretary shall be informed immediately in any event of leakage of inside information so that remediation actions can be taken at the earliest opportunity
- Inside information shall be reviewed by CEO, CFO and designated division heads in advance before its dissemination to external parties to ensure the appropriate handling and dissemination of inside information
- KPL's Group Finance Department shall keep track of KPL's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that announcements can be made as soon as practicable should a notifiable transaction arise
- Inside information shall be announced promptly through the Stock Exchange's and KPL's websites
- Briefing sessions on KPL's performance and results will be organised for analysts and the media in the afternoon on the same day after the announcement of interim and final results

During the year, KPL organised inside information training for staff of Internal Audit Department, Sustainability and Communications Department, Legal Department and Company Secretarial Department which may have chance to access inside information of the Company.

## SHAREHOLDERS ENGAGEMENT

KPL is committed to carefully evaluating the impact of operations to its stakeholders, including the shareholders, the employees and the investors, as well as the wider community. The Board has established the Shareholders Communication Policy since 2012 and is responsible for regular review of its effectiveness.



## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

KPL aims to maintain open and constructive dialogue with its shareholders, and to provide them with the information they require to make sound investment decision. The Board and senior management recognise their responsibility to represent the interests of all shareholders and to maximise the shareholders' value.

Communication with the shareholders and accountability to the shareholders are of the highest priority to KPL. The methods used to communicate with the shareholders include the followings:

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### Press and Investors' Conferences

- Press and analysts' conferences in relation to the interim and final results announcements are held twice a year, at which the EDs are available to answer questions regarding KPL's operation and financial performance.
- CEO and CFO make themselves available for meetings with major shareholders, investors and analysts over a defined period immediately after the announcement of the interim and final results, and at certain other times during the year.
- KPL also avails itself of opportunities to communicate and explain its strategies to the shareholders and the investor community, through active participation in investors' conferences and regular meetings with financial analysts, fund managers and potential investors. KPL participated in a number of roadshows and investors' conferences in 2022 and some of them are set out below:

#### Events

Morgan Stanley Virtual Hong Kong Summit 2022

CGS-CIMB 7th Annual HK/China Property & Property Management Virtual Conference

Citi's Asia Pacific Property Conference 2022

Citi's China Investor Conference 2022

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### Corporate Communication

- KPL's corporate communication will be provided to the shareholders in plain language and in both English and Chinese versions to facilitate the shareholders' understanding. The shareholders have the right to choose the language (either English or Chinese) and means of receipt of the corporate communications (in hard copy or through electronic means).

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### Corporate Website

- KPL's website includes important corporate information, key corporate governance policies, interim and annual reports, announcements and circulars issued by KPL, as well as general information about KPL's business which enables the shareholders and the investor community to have timely access to updated information about KPL.
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**General Meetings**

- AGM is an important forum to engage with the shareholders. The general meetings are open to the shareholders. The shareholders can raise any comments on the performance and future directions of KPL with the Directors at the meetings.
- The members of the Board and the Board Committees or their duly appointed delegates, are available at AGM to answer questions raised by the shareholders. The Chairman of the Board and the Chairmen of the Board Committees are also present to answer questions at any general meeting which is convened to approve a connected transaction or any other transaction that requires the independent shareholders' approval. The external auditor also attends AGM to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policy and auditor's independence.
- The most recent AGM (the "**2022 AGM**") was held in hybrid mode on 19 May 2022 which allowed shareholders to attend in person or online through a e-Meeting system under the Covid-19 pandemic situation. Shareholders who attended the 2022 AGM online were able to view the live online broadcast of the AGM, cast their vote and submit questions during the AGM. All Directors attended the 2022 AGM either in person or by electronic means.
- KPL had sent the notice of AGM to the shareholders more than 20 clear business days before AGM. The shareholders who are unable to attend AGM can appoint proxies to attend and vote at AGM.
- To facilitate enforcement of the shareholders' rights, significant issues, including the election of the Directors, were dealt with under separate resolutions at AGM. The procedures for conducting a poll were explained at AGM prior to the polls being taken. All resolutions were passed by way of poll.

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**Enquiries from Shareholders**

- All shareholders are welcomed at all times to offer feedback to, communicate with and send their enquiries to the Sustainability and Communications Department and/or Investor Relations Department of KPL by post or email to [communication@kerryprops.com](mailto:communication@kerryprops.com) and/or [ir@kerryprops.com](mailto:ir@kerryprops.com). The relevant contact details are set out on KPL's website and in the section headed "Corporate Information & Financial Calendar" of this annual report.
  - The shareholders who wish to put enquiries to the Board can send their enquiries to the Company Secretary at KPL's head office and principal place of business as stated in the section headed "Corporate Information & Financial Calendar" of this annual report. The Company Secretary will ensure these enquiries are properly directed to the Board.
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The Board has reviewed the implementation of the communication channels and, based on the above, considered the Shareholders Communication Policy has been effectively implemented during the year.

## SHAREHOLDERS' RIGHTS

The shareholders holding not less than one-tenth of KPL's paid-up capital may deposit a requisition to convene an SGM and state the purpose therefor at KPL's registered office.

The shareholders who wish to put forward proposals for KPL's consideration at the general meetings can send their proposals to the Company Secretary at KPL's head office and principal place of business as stated in the section headed "Corporate Information & Financial Calendar" of this annual report.

Pursuant to Bye-law 103, if a shareholder wishes to propose a person, other than a retiring Director, for election as a Director at general meetings, he or she should deposit a notice in writing of the intention to propose that person for election as a Director and that person should also deposit a notice in writing of his or her willingness to be elected including his or her biographical details as required by Rule 13.51(2) of the Listing Rules at KPL's head office and principal place of business or at KPL's branch share registrar and transfer office in Hong Kong at Tricor Abacus Limited as stated in the section headed "Corporate Information & Financial Calendar" of this annual report. The period for lodgement of the notice required under the said Bye-law will be at least seven days commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting. The procedures for nominating candidates to stand for election as Directors at general meetings are available on KPL's website.

## DIVIDEND POLICY

The Board has adopted a Dividend Policy since 2019 which will be subject to review on a regular basis. The policy was reviewed and updated in 2023 to enhance implementation of the policy. In proposing any distribution of dividend, the Board will take into consideration of the following factors:

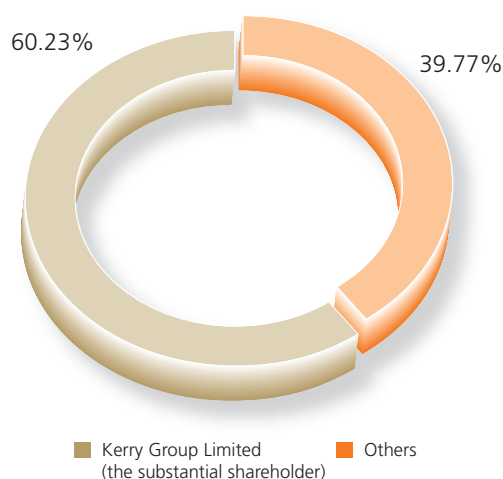
- The long-term interests of the Group
- The general interests of all the shareholders
- The sustainable development of the Group
- The earnings, cash flow, financial condition, capital requirement and distributable reserves of the Group
- Any other factors that the Board deems relevant

## OTHER INFORMATION FOR SHAREHOLDERS

No amendment has been made to KPL's Memorandum of Association and Bye-laws in 2022.

From information publicly available to KPL and within the knowledge of its Directors, at least 25% (being the minimum public float percentage which KPL is required to maintain) of KPL's total number of issued shares are held by the public.

**KPL's Shareholding  
as at 31 December 2022**



Details of substantial shareholders' and other interests are included in the section headed "Report of Directors" of this annual report.

## COMPANY SECRETARY

The Company Secretary, being an employee of KPL, is appointed by the Board and reporting to the Chairman and CEO. The Company Secretary undertakes at least 15 hours of relevant professional trainings annually to update her skills and knowledge. The Company Secretary is responsible for ensuring the Board procedures are followed and facilitating information flows and communications among the Directors, as well as management and shareholders.



## AUDIT AND CORPORATE GOVERNANCE COMMITTEE

### KEY RESPONSIBILITIES

The ACGC oversees the Group's financial, risk management, internal control and reporting processes and monitors the work carried out by the external auditor. Within this process, the management is responsible for the preparation of the Group's financial statements, including the selection of suitable accounting policies, while the external auditor is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls in this regard.

The ACGC operates pursuant to written terms of reference which are available on the website of KPL. Some of its key responsibilities are set out below:

- Consider and be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, etc.
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standards.
- Review and monitor the integrity of KPL's financial statements and accounts, results announcements, interim and annual reports, and review significant financial reporting judgements contained in them.
- Review, together with the external auditor, the developments of any new accounting standards and assess the potential impacts on the Group's financial statements and disclosures.
- Review KPL's financial controls, risk management and internal control systems.
- Review the adequacy of resources, staff qualifications and experience, training programmes and budget of KPL's accounting and financial reporting function.

- Review reports on the major risks faced by KPL and consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.
- Ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within KPL, and review and monitor its effectiveness.
- Review KPL and its subsidiaries' financial and accounting policies and practices.

As regards the corporate governance duties, the ACGC shall be responsible for the following areas:

- Develop and review KPL's policies and practices on corporate governance and make recommendations to the Board.
- Review the Whistleblowing and Complaints Policy. Under this policy, employees and related parties can raise in confidence and anonymity about any integrity or operational concerns. The ACGC ensures that the concerns raised are investigated and followed up as appropriate.
- Review and monitor the trainings and continuous professional development of the Directors and senior management of the Group.
- Review and monitor KPL's policies and practices on compliance with legal and regulatory requirements.
- Develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors of the Group.
- Ensure that good corporate governance practices and procedures are established.

The ACGC shall have sufficient resources to perform its duties and where necessary, it shall seek independent professional advice, at KPL's expense, to perform its responsibilities.

## COMPOSITION

All members of the ACGC are the INEDs. This exceeds the Listing Rules' requirement that the majority of the ACGC members shall be INEDs.

## ACGC MEMBERS

**Wong Yu Pok, Marina, JP (Chairman)\***

**Hui Chun Yue, David\***

**Cheung Leong\***

**Chum Kwan Lock, Grant\***

\* INED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 77 to 79 of this annual report.

## MEETING SCHEDULES

The ACGC generally meets not less than three times a year under its terms of reference. Senior management may be invited to the meetings to present updates and answer relevant questions in order to facilitate the decision-making process. During the year, the ACGC held four meetings. Members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

To further facilitate open dialogue and assurance, the ACGC holds direct discussion with the external auditor in the absence of management.

## KEY ACTIVITIES

In 2022, the ACGC carried out the following major activities and reported to the Board on its findings and recommendations after each Committee meeting.

## Financial Reporting

- Reviewed the draft annual and interim financial statements and the draft results announcements of KPL, focusing on main areas of judgement, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval.
- Reviewed, in conjunction with the external auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements.

## External Auditor

- Reviewed and monitored the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards.
- Assessed the independence of KPL's external auditor, prior to formally engaging the external auditor to carry out the audit for KPL's financial statements for the year ended 31 December 2022.
- Discussed the proposed scope of work and approach of the audit with the external auditor prior to the actual commencement of the audit. Upon completion of the audit, the ACGC reviewed the results of the external audit, and discussed with the external auditor on any significant findings and audit issues.
- Recommended to the Board regarding the appointment and remuneration of the external auditor.
- Reviewed and approved the non-audit fees paid/payable to the external auditor.

## Internal Auditor

- Reviewed and approved the annual internal audit plan, reviewed the internal audit reports and discussed any significant issues with KPL's Internal Audit Department and the Group's senior management.

- Reviewed the independence of the internal audit function and the level of support and co-operation given by the Group's management to the Internal Audit Department, as well as the resources of the Internal Audit Department when undertaking its duties and responsibilities.
- Provided business partnership and advisory services to centralised functions on enhancing policies and procedures and on systems controls.
- Expanded the Internal Audit Department to focus more on addressing information technology and system related risks.
- Implemented a new audit management tool to facilitate automation on risk management, end-to-end internal audit process, internal audit reports, issue tracking and management and dashboard analysis.
- Reviewed the information security risks of the Group and the mitigation measures quarterly.
- Reviewed the impacts on the Group's business in respect of Covid-19 pandemic and ensured appropriate measures are in place.

### Corporate Governance

The ACGC ensures that good corporate governance practices and procedures are established and is responsible for reviewing the corporate governance of KPL. Below is a summary of the corporate governance work performed by the ACGC during the financial year ended 31 December 2022:

- Reviewed KPL's policies and practices on corporate governance and made recommendations to the Board.
- Reviewed and monitored KPL's policies and practices on compliance with legal and regulatory requirements.
- Reviewed KPL's compliance with the code provisions of the CG Code.
- Reviewed reports on KPL's continuing connected transactions and connected transactions with the connected persons.
- Reviewed all the legal and regulatory updates, requirements and trends that may affect KPL and their implications.

In March 2023, the ACGC, apart from the major activities mentioned aforesaid, carried out the following specific activities and reported to the Board on its findings and recommendations after the Committee meeting:

- Reviewed the draft financial statements for the year ended 31 December 2022 and the draft results announcement of KPL.

### Risk Management and Internal Control Systems

- Reviewed the adequacy and effectiveness of the Group's systems of risk management and internal control through a review of the work undertaken by the Group's internal and external auditors, and written representations given by the senior management of each of the Group's business divisions and centralised functions and leaders of business divisions and functions and discussions with the Board.
- Received a confirmation from the management on the effectiveness on KPL's risk management and internal control systems.
- Reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions through a review of the work undertaken by the Group's senior financial management and internal audit, as well as the questionnaire report by the financial head of each of the Group's business divisions and discussions with the Board.
- Considered the key risk registers presented by the management quarterly.



- Reviewed the market valuations of investment properties and investment properties under development of the Group as at 31 December 2022.
- Reviewed the risk matrix as at 31 December 2022.
- Considered the annual confirmation for the discloseable continuing connected transactions during the year.
- Made recommendations to the Board to adopt the Procedure for Securities Dealing by Directors in addition to the Model Code serving as a guideline which has applied to all Directors while dealing in the securities of KPL and its associated companies.
- Made recommendations to the Board to amend the Bye-laws in 2023 AGM in order to conform to the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules.
- Review the structure and policies for the remuneration of all Directors and senior management of KPL, and make recommendations to the Board.
- Review and advise the Board on remuneration of EDs and senior management.
- Review the share schemes of KPL.

Sufficient resources have been provided to the Remuneration Committee to perform its duties.

## COMPOSITION

The majority of the members of Remuneration Committee are the INEDs.

## REMUNERATION COMMITTEE MEMBERS

**Wong Yu Pok, Marina, JP (Chairman)\***

**Kuok Khoon Hua**

**Hui Chun Yue, David\***

\* INED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 77 to 79 of this annual report.

## MEETING SCHEDULES

The Remuneration Committee generally meets at least once a year. Senior management may be invited to the meetings to present updates and answer relevant questions in order to facilitate the decision-making process. No Director is involved in deciding his or her own remuneration. The Remuneration Committee met twice in 2022. Members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

## REMUNERATION COMMITTEE

### KEY RESPONSIBILITIES

The Remuneration Committee reviews and advises the Board on the remuneration proposals, including benefits in kinds, pension rights and compensation payments, for all Directors and senior management with reference to individual's performance, goals and objectives of KPL, market trend and other relevant factors to ensure that the remuneration packages are commensurate with the qualifications and competencies of the Directors and senior management and are appropriate to the best interests of KPL and its shareholders. The Chairman and/or CEO, are consulted with regards to the remuneration proposals for other EDs, and where necessary, independent professional advice can be sought.

The Remuneration Committee operates pursuant to written terms of reference which are available on the website of KPL. Some of its key responsibilities are set out in the following:

## REMUNERATION POLICY

KPL adopted a Remuneration Policy since 2012, which aims to provide remuneration levels which shall be sufficient to motivate, retain and attract best talents for KPL to maximise shareholders' value, through a set of formal and transparent procedures for implementing the Remuneration Policy. Pursuant to the Remuneration Policy, the following key principles have been established for the remuneration for both the EDs' and Non-executive Directors' fees:

- EDs' salaries shall be reviewed annually by the Remuneration Committee.
- Revision to the EDs' salaries shall be made to reflect the individual performance, contribution and responsibilities and/or by reference to market trends.
- EDs shall be eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances.
- The Remuneration Committee shall annually review and recommend, if appropriate, to the Board for approval of the grant of share options and share awards to EDs under KPL's share option schemes and share award scheme.
- Non-executive Directors' fees shall be reviewed annually by the Board.
- Recommendations shall be made by the Board to KPL's shareholders to approve at general meeting any revision to the Non-executive Directors' fees according to their responsibilities and/or by reference to market trends.

## KEY ACTIVITIES

In 2022, the Remuneration Committee held two meetings and carried out the following major activities and reported to the Board on its findings and recommendations after each Committee meeting.

- Reviewed the salaries and pension contributions of the EDs/ senior management for 2022.
- Reviewed the payment of bonuses to the EDs for 2021.
- Reviewed the fees for Non-executive Directors and Board Committee members.
- Reviewed the terms of reference of the Remuneration Committee.
- Reviewed the Remuneration Policy, which aims to provide a fair market remuneration to attract and retain high quality talents.

Details of the amount of the Directors' emoluments, including EDs who are members of senior management of KPL, in 2022 are set out in notes 12 and 13 to the financial statements of this annual report. Details of the share option schemes and share award scheme of KPL are set out in the Report of Directors and notes 33 and 34 to the financial statements of this annual report.

In January 2023, the Remuneration Committee also held a meeting that:

- Reviewed the salaries and pension contributions of the EDs/ senior management for 2023.
- Reviewed the payment of bonuses to the EDs for 2022.
- Reviewed the fees for Non-executive Directors and Board Committee members.

## NOMINATION COMMITTEE

### KEY RESPONSIBILITIES

The primary roles for the Nomination Committee are to review the Board's structure, composition, and diversity, and to recommend Board appointments. The Nomination Committee operates pursuant to written terms of reference which are available on KPL's website.

### COMPOSITION

The majority of the members of Nomination Committee are the INEDs.

### NOMINATION COMMITTEE MEMBERS

**Kuok Khoon Hua (Chairman)**

**Wong Yu Pok, Marina, JP\***

**Hui Chun Yue, David\***

\* INED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 77 to 79 of this annual report.

### MEETING SCHEDULES

The Nomination Committee generally meets at least once a year. The meeting of the Nomination Committee was held on 1 April 2022. Members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

### BOARD DIVERSITY POLICY

KPL has adopted a Board Diversity Policy since 2013 and the implementation and effectiveness of the Board Diversity Policy is subject to review on an annual basis. The key principles of the Board Diversity Policy are set out below:

- In reviewing the Board's composition, the Nomination Committee shall consider a number of aspects of the Board

diversity, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of services and other factors that may be relevant from time to time towards achieving a diversified Board (the "Board Diversity Criteria") and shall consider the appropriate balance of skills, experience and knowledge of the Board members that are required to complement KPL's corporate strategy and business developments.

- Recruitment and selection of candidates for Board appointment will be based on KPL's Nomination Policy and the Board Diversity Criteria.
- The Nomination Committee is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board, selecting individuals to be nominated as directors, reviewing succession plan of directors and making recommendation on these matters to the Board for approval. The Nomination Committee will consider the Board Diversity Criteria according to the circumstances of KPL and take into account factors based on KPL's own business model and specific needs.
- Selection of the Board members to ensure gender, age, cultural and ethnic diversity will be, in part, dependent on the pool of such candidates with the necessary skills, knowledge and experience. All Board appointments will be based on merit and contribution that the chosen candidate will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of KPL. The Board believes that such merit-based appointments will best enable KPL to serve its shareholders and other stakeholders going forward.
- The ultimate decision on the appointment of the Board members will be made by the Board after consideration of the recommendation made by the Nomination Committee.
- The Nomination Committee will consider appropriate measurable objectives for implementing Board diversity and recommend them to the Board for adoption.



Our Board currently has one female Director out of seven Directors (around 14%) and is committed to improving gender diversity as and when suitable candidates are identified.

## NOMINATION POLICY AND PROCEDURES

KPL has adopted a Nomination Policy since 2019 and the implementation and effectiveness of the Nomination Policy is subject to review on a regular basis. The Nomination Policy defines how potential candidates can be identified and ensures the selection process is transparent and fair.

Selection criteria for potential Board candidates adopted by the Nomination Committee are:

- Perspectives, skills and experience that the candidate can bring to the Board.
- Merit and contribution which the candidate is expected to bring to the Board.
- Accomplishment and experience of the candidate in relation to similar nature of business of KPL.
- Expected time commitment of the candidate.
- Candidate's contribution to diversity of the Board.
- Aspects of the Board Diversity Criteria as stated in the Board Diversity Policy.
- Any other relevant factors that the Board deems relevant.

KPL's procedures for nominating a Director are set forth below:

- A meeting of the Nomination Committee will be convened or a written resolution of the Nomination Committee will be circulated to the Nomination Committee members to consider a candidate to be nominated before a meeting of the Board to be held or a written resolution of the Board to be circulated to the Board members to approve the appointment, re-designation, election or re-election of the candidate as a Board member.

- Each proposed new appointment, re-designation, election or re-election of a director will be evaluated, assessed and/or considered against the factors as stated in the selection criteria above. The Nomination Committee will recommend its views to the Board and/or the shareholders for consideration and determination.
- The ultimate decision of appointment, re-designation, election or re-election will be made by the Board after consideration of the recommendation made by the Nomination Committee.
- Sufficient resources have been provided to the Nomination Committee to perform its duties.

## KEY ACTIVITIES

In 2022, the Nomination Committee carried out the following major activities. The Nomination Committee reported to the Board on its findings and recommendations after the meeting of the Nomination Committee held on 1 April 2022.

- The Nomination Committee agreed that the Board has a strong independent element and balanced composition of skills, expertise, experience and qualifications to contribute to the corporate strategy and the development of the businesses of KPL through the review of the Board's structure, size and composition of the Board.
- Through the review of potential conflict of interests, considering INEDs have not been engaged in any executive management positions since their appointment and each of them has confirmed his or her independence by issuing an annual confirmation pursuant to the requirements of the Listing Rules, it was agreed that each of the INEDs was considered to be independent under Rule 3.13 of the Listing Rules.
- The Nomination Committee reviewed the Nomination Policy and the Board Diversity Policy, which aims to have a regular review on the implementation and effectiveness of such policies and enhance the corporate governance disclosure.

- During the year, the Nomination Committee had approved the recommendation to the Board for the following appointments:

- (1) election of Mr Kuok Khooon Hua as the Board Chairman and the chairman of the Nomination Committee of KPL;
- (2) appointment of Mr Au Hing Lun, Dennis as the DCEO and an ED, and also a member of each of the Executive Committee and the Finance Committee of KPL; and
- (3) appointment of Mr Cheung Leong and Mr Chum Kwan Lock, Grant as the INEDs and the members of ACGC of KPL.

In January 2023, the Nomination Committee also held a meeting that:

- Reviewed the structure, size, composition and diversity of the Board and agreed the Board's independence and balanced composition of skills, expertise, experience and qualifications complement to KPL's corporate strategy and businesses development.
- Reviewed the potential conflict of interests of Directors and assessed the independence of the INEDs pursuant to the requirements of the Listing Rules.
- Considered and recommended the Directors for re-election by shareholders at the 2023 AGM.

## RISK MANAGEMENT AND INTERNAL CONTROLS

### RESPONSIBILITY

Responsibility for risk management is shared among the Board and the management of KPL. The Board has the overall responsibility of reviewing and maintaining sound and effective risk management and internal control systems. The management's role is to design and implement these systems, and report to the Board and the ACGC on the risks identified and how they are managed. Each business unit of the Group is responsible for the management and maintenance of its own appropriate and effective systems.

The systems are designed to meet the Group's particular needs and to minimise the risks to which the Group is exposed, and are designed to manage rather than eliminate the risks of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatements or losses. This process is essential for the Group to achieve its business objectives.

The ACGC, with the assistance of the Group's Internal Audit Department, supports the Board in monitoring the risk exposures, as well as the design and operating effectiveness of the underlying risk management and internal control systems. The ACGC reviews reports from the Group's Internal Audit Department and external auditor, including action plans to address identified control weaknesses, as well as receiving status updates and monitoring the implementation of audit recommendations.

The ACGC reports its findings to the Board, which then considers these findings in order to form its own view of the effectiveness of the Group's risk management and internal control systems.

## OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

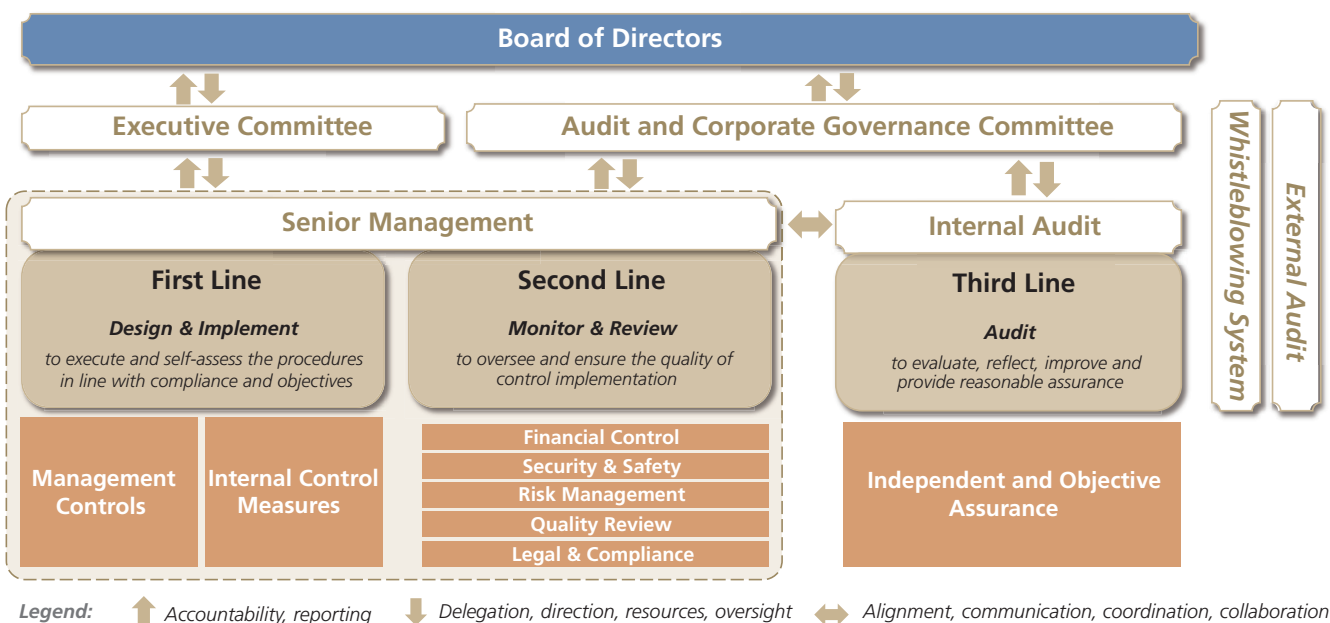
To reinforce the Group’s risk management capabilities and compliance culture across all business units, the Group adopts a “Three Lines of Defence” model to address the potential risks and controls, where specific duties related to those could be assigned and coordinated as below.

- As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks;
- The second line of defence consists of activities covered by components of internal governance (compliance, financial control, quality, information technology and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information throughout the organisation; and

- As the Group’s third line of defence, the Internal Audit Department provides reasonable assurance to the Group’s Board of Directors and senior management through a risk-based approach to ensure proper control being implemented within the organisation.

The Group’s risk management and internal control framework is based on that of the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). With due consideration given to the Group’s organisation structure and business nature, the framework consists of following key components:

- Integrated risk management process to identify and mitigate the major, complex and impactful risks associated with business environment.
- System of internal control and relevant policies and procedures are embedded to achieve, monitor and enforce the business objectives.
- Independent internal audit programme to evaluate the effectiveness of business operations and constantly provide insights to the senior management.

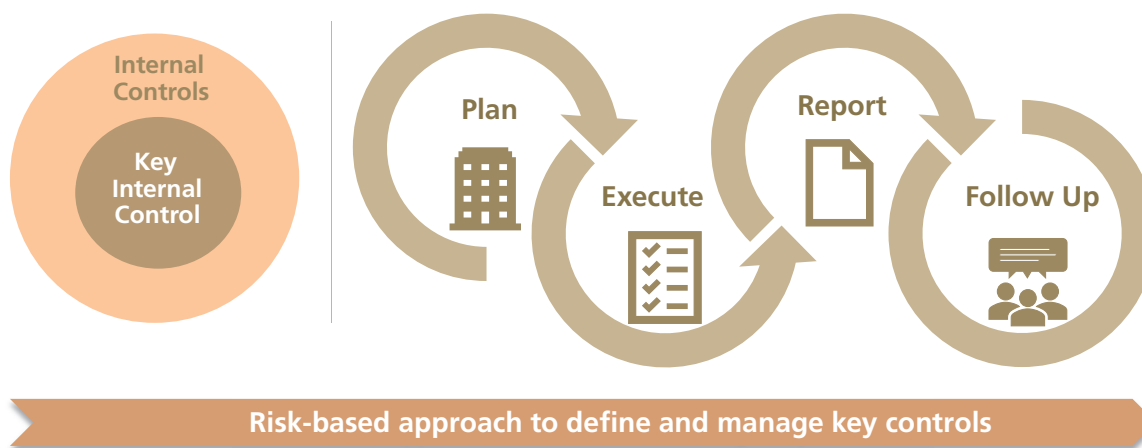




Furthermore, the whistleblowing system is in place to ensure the Group's affairs are conducted in a high ethical standard. A Whistleblowing and Complaints Policy is established and up-to-date for employees and/or external parties to express their concerns and complaints in an appropriate way. Internal Audit Department will review any potential fraud and complaint cases to ensure all cases were timely investigated and closed.

## INTERNAL CONTROL SYSTEM

The internal control system monitors the Group's overall business position and safeguards our assets against major losses and misappropriation. To ensure efficient and effective operations in the business units, relevant internal control policies and procedures are in place to achieve, monitor and enforce the business objectives.



The Group focuses on key controls which give the necessary comfort that underlying risks are mitigated. The relevant control activities are implemented and monitored to ensure efficiently identifying and correcting non-compliance. Furthermore, the internal control system is constantly under review and being improved to cope with the ever-changing regulatory and business environment. The key components of the system are illustrated as follows:

1. **Culture of Integrity and Compliance** – The Group is committed to conducting business honestly, ethically and with integrity. In line with the commitment, the Code of Conduct, Inside Information Disclosure Policy and Anti-Corruption Policy are endorsed, applicable and communicated to all employees within the Group. Furthermore, with support by way of mandatory e-learning courses, the Group provides the regular refresher training available for all employees and annual major mandatory information security training for system users plus ongoing security updates on needed basis.
2. **Setting of Objectives, Budgets and Targets** – Strategies and objectives of the Group are determined by the Board. Annual budgets and financial projections for the next five years are also reviewed by the Board. Each ED has specific responsibilities for monitoring the conduct and operations of individual business units. This includes the review and approval of business strategies and plans, the setting of business-related performance targets as well as the design and implementation of internal controls and risk management.
3. **Establishment of Regular Reporting of Financial Information** – Monthly financial information is provided to the Directors. Variance analysis between actual performances and targets are documented and discussed at Board Meetings, which helps the Board and the senior management to monitor the Group's business operations and to plan on a prudent and timely basis. Other regular and ad hoc reports will also be submitted to the Board and its various committees, to ensure that the Directors are supplied with all the requested information in a timely and appropriate manner.

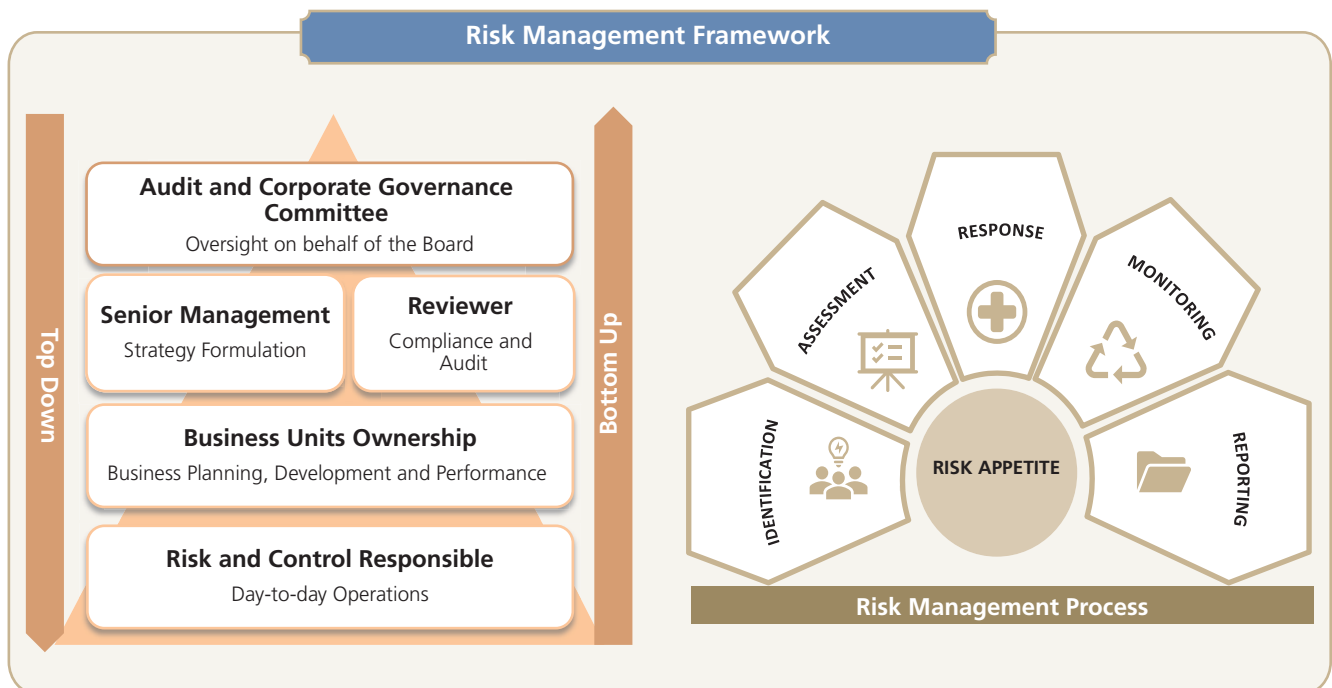
4. **Clear Lines of Accountability and Implementation of Policies and Procedures** – To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organisational structure exists which details different levels of authority and control responsibilities within each business unit. Policies and procedures are established and up-to-date that actively support business operations. A series of innovative technologies and applications are promoted and adopted, for instance, the systems of financial management, internal workflow operations and sales operations, which more effectively support the day-to-day control implementations in the business units.
  
5. **Review and Evaluation of the Systems** – In order to better review and evaluate the adequacy and effectiveness of the Group’s existing systems, an internal self-assessment process was conducted annually. Under this process, individual business units and function leaders were requested to assess the effectiveness of its operations including financial controls, operational controls, risk management and other contingency measures. Each business unit then submitted to the Board the confirmation

of the internal self-assessment questionnaires on the adequacy and effectiveness of its risk management and controls system, which were discussed at the ACGC Meeting of 17 November 2022.

### RISK MANAGEMENT PROCESS

The Group has a robust process to review and communicate risks across its risk governance levels through the adoption of a combination of bottom-up and top-down approach. This consists of (i) an ongoing process integrated into day-to-day operations, in which risk owners dynamically evaluate and report emerging risks they encounter to the ACGC; and (ii) a periodic risk assessment process through which key risks identified by management are assessed systematically.

The Group continues to improve the risk management process and quality of information, while maintaining a simple and practical approach. The Group seeks to embed risk management into all the operations and business units. Business units review and update their risk registers on an annual basis, providing assurance that controls are appropriately embedded and operating effectively.



At management level, the senior management sets relevant policies and regularly monitors any potential weaknesses and action items to ensure appropriate identification and assessment of risks of a macro and strategic nature, including emerging risks through the implementation of risk management framework and procedure.

The Internal Audit Department reviews the major operational, financial and risk management controls of the KPL businesses, plays the advisory role on the management's development of policies, and provides reasonable assurance over the operational controls on a regular basis. A sophisticated methodology is designed for formulating annual audit plans. One of the consideration factors of the methodology is the risk assessment result which ensures areas of relatively higher perceived risks are considered in Internal Audit's scope of review. Audit plans are approved by the ACGC at the end of the preceding financial year in conjunction with the management.

The Internal Audit Department reports directly to the ACGC. Accordingly, Internal Audit reports are quarterly circulated to the Chairman & CEO, members of the ACGC, CFO and the external auditor.

## 2022 REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

For 2022, the Board has received a written confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of the systems from each business unit and function. An annual review of the effectiveness of the systems (including business, operational and functional risks) and material controls (including financial, operational and compliance controls) has been conducted by the Internal Audit Department. There is no significant change in the nature and extent of risks and the Group's ability to respond to changes in its business and the external environment since the last annual review. There was no significant control failure or weakness identified in 2022 which might have a material impact on the Group's financial performance or condition. Based on the results of the annual review, the Board considered that the systems are effective and adequate.

Based on the quarterly financial reporting by CFO, the quarterly Listing Rules compliance reporting by the Company Secretary and the quarterly Internal Audit reports presented to the ACGC and the Board, the Group considered it effectively complied with the required financial reporting, Listing Rules and the Internal Audit statutory requirements.

Resources, qualifications and experience of the Group's accounting, financial reporting, internal audit as well as ESG performance and reporting functions staff and their training programmes and budget were reviewed and considered as adequate for 2022. Each of the Internal Audit and Divisional Finance Heads was requested to assess such adequacy at its own level by submission of an internal questionnaire report to the Group and the ACGC.

## RISK FACTORS

The Group evaluates risks on an ongoing basis in order to achieve our goal of adding value. The Group defines risk as the possibility of internal or external events occurring that can have a negative influence on the attainment of the strategic and operational targets. The risks set forth below could cause the Group's financial condition or results of operations to differ materially from expected or historical results and they are not the only risks facing by the Group. Additional risks and uncertainties currently deemed immaterial also may materially adversely affect the Group's performance.

### Covid-19 Global Pandemic Risk

The global outbreak of Covid-19 has significantly increased economic, demand and operational uncertainty. The pandemic has heightened the level of risks related with the Group's ongoing property sales, property leasing and hotel operations. Authorities around the world have taken a variety of measures to slow the spread of Covid-19, including travel bans or restrictions, increased border controls or closures, quarantines and business shutdowns. These measures like restricted social distancing and travel restrictions have led to negative impact to the operations in the Group's shopping malls and hotels. The Group has taken actions to protect the employees and stakeholders and to mitigate the spread of Covid-19.



The extent to which Covid-19 will impact overall market conditions, including our operations and business results, is uncertain. This is due to potential new variants, the spread and duration of the virus, emerging medical solutions, measures taken by government authorities and the pace of economic recovery. Although certain countries have relaxed some restrictions, there can be no assurance that there will not be new cases of infections or other variants would not appear and there can be no assurance that similar restriction and lockdowns will not recur.

### **Market Risk**

The Group operates in highly competitive and potentially volatile markets. We compete on the basis of products or service performance, quality and/or price across the industries and markets served. The Group's businesses are largely dependent on the current and future business environment including capital and consumer spending. New market entrants and in the intensification of price competition by existing competitors could adversely affect the prices or customers demand for our products and services, which no assurance that these will not impact our sales or profit margins, and/or resulting in a loss of market share.

### **Macroeconomic and Political Risk**

The current geopolitical developments such as the Russia-Ukraine conflict and US-China tensions have resulted in varying degrees of trade restrictions, sanctions and other risks in supply chains as well as lowering forward visibility on the global economy. Political instability in countries like Sri Lanka has impacted our investment. The Group constantly monitors ongoing developments and conducts regular performance review of operations, properties and projects during the year but there is still risk on material adverse effect on the Group's financial condition and results of operations.

### **Interest Rate Risk**

The real estate sector and the Group's results are affected by market sentiment and are sensitive to interest rate change. Unfavourable movements in interest rates or borrowing rates could negatively impact customers demand on the properties and increase the financing costs and development costs, therefore, there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and the profitability of the operations.

### **Foreign Exchange Risk**

The Group has notable investments in the Mainland to take advantage of its growth potential, and fluctuations in RMB will lead to changes in the value of the Group's unhedged monetary assets and liabilities and could impact the financial conditions and results of operations. Foreign exchange rates react in accordance with the macroeconomic performance of different countries, and fund flows between countries arising from trade or capital movements, therefore, there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and the profitability of the operations.

### **Cash Flow Risk**

The Group's investment and operations are long-term in nature and as such, cash flow and liquidity risks will be present based on the investment horizon. Volatility in market liquidity may constrain the Group's ability to acquire adequate and cost-effective funding.

### **Ability to Attract, Develop and Retain Key Employees**

The Group's success depends on the effort and abilities of our management and key employees. The failure to attract, develop and retain highly qualified employees could affect the Group's ability to deliver its strategic objectives as planned or correspondingly impact the business and operating results.

### **Cybersecurity Risk**

The Group relies on information technologies networks and systems to process, transmit and store electronic information and support a variety of business activities. These systems may be susceptible to damage, disruptions or shutdown due to cyberattacks. Despite the implementation of cybersecurity measures including access controls, data encryption, continuous monitoring and maintenance of backup, the Group's information systems may still be vulnerable to unforeseen and unknown cybersecurity threats. Should the Group be unable to prevent security breaches or other damage to the information technology systems, which could exceed the insurance coverage the Group maintains, which could result in third party claims and/or regulatory claims or investigation, any of these disruptions could negatively impact the operations as well as expose the Group to litigation, liability or penalties under privacy laws and reputational damage.

### **Environmental and Climate Risk**

In response to growing customer, investor, government and other stakeholder interest in ESG, the Group has increased reporting of our ESG programmes. The ability to achieve such goals and the expectations of the stakeholders is subject to numerous risks and uncertainties. Many of which rely on the collective efforts of others and may be outside of the Group's control.

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### ◆ Executive Directors



**Mr Kuok Khoon Hua**

Aged 44, has been the Chairman of the Company since May 2022 and the Chief Executive Officer of the Company since June 2019. He is also the chairman of the Company's Nomination Committee, a member of the Company's Remuneration Committee, Finance Committee and Executive Committee. Prior to his appointment as the Chairman, Mr Kuok was the Vice Chairman of the Company from June 2019 to May 2022 and a Non-executive Director of the Company from June 2015 to May 2019. Mr Kuok is the chairman of Kerry Holdings Limited ("**KHL**") and a director of Kerry Group Limited ("**KGL**") and Kuok (Singapore) Limited. Both KHL and KGL are the controlling shareholders of the Company. Mr Kuok is the vice chairman and a non-executive director of Kerry Logistics Network Limited (a listed company in Hong Kong). He is also a non-executive and non-independent director of Wilmar International Limited (a listed company in Singapore) and a director of Sea Limited (a listed company in New York). Mr Kuok holds a Bachelor's degree in Economics from Harvard University. He is the brother-in-law of Mr Bryan Pallop Gaw, an Executive Director of the Company.



**Mr Au Hing Lun, Dennis**

Aged 63, has been the Deputy Chief Executive Officer and an Executive Director of the Company since May 2022 and is a member of the Company's Executive Committee and Finance Committee. Mr Au is also a director of Shang Properties, Inc. (a listed company in the Philippines and an associated company of the Company). Mr Au has over 35 years of experience in accounting, finance, consultancy, business development and general management spanning across manufacturing, technology and real estate industries. Prior to joining the Company, Mr Au was the managing director of real estate of the Chinachem Group from 2019 to 2022; and a non-executive director of ENM Holdings Limited (a listed company in Hong Kong, a related company of the Chinachem Group) from 2020 to 2022. Before the Chinachem Group, Mr Au held various senior positions, including executive director, deputy chief executive officer and chief financial officer, etc. in various listed companies in Hong Kong for over twenty years. He is a fellow member of the Association of Chartered Certified Accountants. He holds a Master of Business Administration degree from the University of Hong Kong and a Bachelor of Science degree from Dalhousie University in Canada.





### **Mr Bryan Pallop Gaw**

Aged 46, has been an Executive Director of the Company since 2012 and is a member of the Company's Executive Committee. Mr Gaw has previous experience in private equity, management consulting, strategic planning and business development. He holds a Bachelor of Arts in Political Science from Princeton University and a Master of Business Administration from Stanford's Graduate School of Business. Mr Gaw is the brother-in-law of Mr Kuok Khoon Hua, the Chairman and Chief Executive Officer of the Company.

## **◆ Independent Non-executive Directors**



### **Ms Wong Yu Pok, Marina, JP**

Aged 74, has been an Independent Non-executive Director of the Company since 2008. She is now the chairman of the Company's Audit and Corporate Governance Committee and Remuneration Committee and also a member of the Company's Nomination Committee. She had been with PricewaterhouseCoopers for over 30 years specialising in the PRC tax and business advisory services, and has extensive experience in advising both Hong Kong and foreign investors in the structuring of their businesses and investments in the PRC. Ms Wong joined Tricor Services Limited as a director from 2004 to 2006 after her retirement as a partner from PricewaterhouseCoopers in 2004. Ms Wong is now an independent non-executive director of Kerry Logistics Network Limited, Hong Kong Ferry (Holdings) Company Limited, Luk Fook Holdings (International) Limited and SJM Holdings Limited (all of which are listed companies in Hong Kong). She is a Fellow Member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.



### Mr Hui Chun Yue, David

Aged 51, has been an Independent Non-executive Director of the Company since May 2020. He is now a member of the Company's Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee. Mr Hui is the Partner in charge of the Hong Kong office of Heidrick & Struggles International, Inc. (a publicly traded company on the NASDAQ stock market) and is the Regional Managing Partner of the Industrial Practice for Asia Pacific and the Middle East and leads the Chief Executive Officer and Board Practice in Hong Kong. He has over 20 years of experience in executive search and consulting globally and across the Asia Pacific region in the industrial and financial services sectors. Earlier in his career, Mr Hui was a banking and finance lawyer at Allen & Overy and Baker McKenzie. He is qualified to practise as a solicitor in England, Wales and Hong Kong. Mr Hui holds a Bachelor of Law with joint honors in Law and Chinese Studies from the University of Leeds, a Master of Law from the University of London and an Executive Master of Business Administration from Kellogg-HKUST Executive MBA program.



### Mr Cheung Leong

Aged 51, has been an Independent Non-executive Director of the Company since May 2022. He is now a member of the Company's Audit and Corporate Governance Committee. Mr Cheung is the co-founder of RunOurCity, an innovative social enterprise with the aim of transforming life through running. He also serves as the chairperson of the Hong Kong Special Administrative Region Government's Committee on Reduction of Salt and Sugar in Food. Mr Cheung is the former executive director of Charities and Community at The Hong Kong Jockey Club ("HKJC") and the former senior advisor of HKJC. He is also a former director of Hong Kong Mortgage Corporation Limited. Prior to that, he was an operating partner at Bain Capital, the managing director of Global Sourcing & Supply Chain at Esquel Group, and a senior consultant at the Boston Consulting Group. Mr Cheung graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration and obtained a Master of Business Administration from Harvard Business School.



### Mr Chum Kwan Lock, Grant

Aged 47, has been an Independent Non-executive Director of the Company since May 2022. He is a member of the Company's Audit and Corporate Governance Committee. Mr Chum is the chief operating officer and an executive director of Sands China Ltd. (a listed company in Hong Kong). Since July 2022, he also serves concurrently as the executive vice president – Asia operations at Las Vegas Sands Corp.. Prior to joining the Las Vegas Sands group in 2013, Mr Chum spent 14 years at UBS Investment Bank in a variety of roles, including serving as managing director, head of Hong Kong Equity Research and head of China Equity Research. He was named the top stock picker of the year in Asia by the Financial Times in 2011. Mr Chum graduated in Philosophy, Politics and Economics with First Class Honors from the University of Oxford.

The Executive Directors of the Company are members of senior management of the Group.

# REPORT OF DIRECTORS

The directors (the “**Directors**”) of Kerry Properties Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding.

The principal activities of the Company’s subsidiaries, associates and joint ventures comprise the following:

- (i) property development, investment and management in Hong Kong, the Mainland and the Asia Pacific region;
- (ii) hotel ownership in Hong Kong, and hotel ownership and operations in the Mainland; and
- (iii) integrated logistics and international freight forwarding.

An analysis of the Group’s revenue and contribution to gross profit for the year by principal activity and market is set out in note 5 to the financial statements.

## BUSINESS REVIEW

A business review of the Group and a discussion and analysis of the Group’s performance during the year, the material factors underlying its results and financial position and material attributable factors relating to the development and likely future developments of the Group’s business, are provided in different sections of this annual report as set out below. The following sections shall form an integral part of this Report of Directors.

Sections	Page Number(s)
Financial Highlights	4 to 5
Chairman’s Statement	6 to 7
Management Discussion & Analysis	8 to 37
Corporate Sustainability	38 to 45

During the financial year ended 31 December 2022, the Company has complied with the requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “**SFO**”) and the Bermuda Companies Act. Details of the Company’s compliance with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules are provided in the Corporate Governance Report of this annual report.

During the financial year ended 31 December 2022, the Group has also complied with the Residential Properties (First-hand Sales) Ordinance through established internal procedures and engagement of external professional advisors including architects, surveyors and solicitors for the checking of the accuracy of the information contained in the relevant documents made available to the public in connection with the sales of first-hand residential properties in Hong Kong.

To protect the privacy of its employees, tenants and purchasers of its properties and to safeguard the interests of its employees, the Group has complied with the requirements of the Personal Data (Privacy) Ordinance, the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to disability, sex, family status, race discrimination and occupational safety through established internal policies and/or procedures during the financial year ended 31 December 2022.

In addition, a discussion on the Group’s policies and performance in the areas of environmental, social and governance and its key relationships with stakeholders are discussed in the section headed “Corporate Sustainability” of this annual report.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the section headed “Consolidated Income Statement” of this annual report.

Particulars of dividends proposed and paid during the year are set out in note 10 to the financial statements.

## DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$12,079,000 (2021: HK\$22,647,000).

## INVESTMENT, HOTEL AND DEVELOPMENT PROPERTIES

Particulars of investment, hotel and development properties of the Group are set out in the section headed “Particulars of Properties Held” of this annual report.



## DISTRIBUTABLE RESERVES

As at 31 December 2022, the reserves of the Company available for distribution amounted to approximately HK\$24,807,131,000 (2021: HK\$26,246,432,000).

## SHARE CAPITAL

The movements in the share capital of the Company during the year are set out in note 32 to the financial statements.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Group's principal subsidiaries, associates and joint ventures as at 31 December 2022 are set out in note 44 to the financial statements.

## PARTICULARS OF BANK LOANS

Particulars of bank loans of the Group as at 31 December 2022 are set out in note 28 to the financial statements.

## FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are summarised in the section headed "Five-Year Financial Summary" of this annual report.

## BOARD OF DIRECTORS

The composition of the board of Directors (the "Board") during the year and up to the date of this Report of Directors is set out below:

### Executive Directors

Mr Kuok Khoon Hua (Chairman)  
*(Former Vice Chairman, elected as Chairman on 19 May 2022)*  
Mr Wong Siu Kong  
*(Retired on 19 May 2022)*  
Mr Au Hing Lun, Dennis  
*(Appointed on 24 May 2022)*  
Mr Bryan Pallop Gaw  
Ms Serene Siew Noi Nah  
*(Resigned on 31 August 2022)*

### Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP  
Mr Hui Chun Yue, David  
Mr Cheung Leong  
*(Appointed on 19 May 2022)*  
Mr Chum Kwan Lock, Grant  
*(Appointed on 19 May 2022)*  
Mr Chang Tso Tung, Stephen  
*(Retired on 19 May 2022)*

Mr Kuok Khoon Hua and Ms Wong Yu Pok, Marina will retire from the Board by rotation in accordance with bye-law 99 of the Company's bye-laws (the "Bye-laws") and Mr Au Hing Lun, Dennis, Mr Cheung Leong and Mr Chum Kwan Lock, Grant will retire from the Board in accordance with Bye-law 102 at the Company's forthcoming annual general meeting to be held on 31 May 2023 (the "2023 AGM"). All the retiring Directors, being eligible, offer themselves for re-election.

### Board Committees

As at the date of this annual report, the composition of the Board Committees of the Company is set out in the section headed "Corporate Information & Financial Calendar" of this annual report.

### Changes in Information of Directors

Set out below are the changes in the Directors' information since the publication of the Interim Report 2022 of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- (1) Mr Cheung Leong was appointed as the Senior Advisor of The Hong Kong Jockey Club from 1 September 2022 to 31 December 2022;
- (2) Mr Chum Kwan Lock, Grant was appointed as the executive vice president – Asia operations at Las Vegas Sands Corp. since July 2022; and
- (3) Mr Au Hing Lun, Dennis was appointed as the director of Shang Properties, Inc., a company listed on The Philippines Stock Exchange (stock code: SHNG) with effect from 22 March 2023.

Save as disclosed above, there is no other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out in the section headed "Directors and Senior Management" of this annual report.

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (the "Associated Corporations") as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

### (i) Long position in ordinary shares of the Company

Name of Directors	Number of ordinary shares interested				Total interests	Approximate % of shareholding <sup>5</sup>
	Personal interests <sup>1</sup>	Family interests <sup>2</sup>	Corporate interests <sup>3</sup>	Other interests <sup>4</sup>		
Kuok Khoon Hua	2,746,413	–	1,000,000	3,297,763	7,044,176	0.49
Au Hing Lun, Dennis	–	–	–	50,000	50,000	<0.01
Bryan Pallop Gaw	–	4,324,763	–	702,048	5,026,811	0.35

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests held and/or deemed to be held by the spouse of the relevant Director.
3. This represents interests deemed to be held by the relevant Director through his controlled corporation(s).
4. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
5. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 31 December 2022 (i.e. 1,451,305,728 ordinary shares).

### (ii) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Name of Director	Capacity in which the underlying shares were held	Number of underlying shares in respect of share options granted <sup>1</sup>	Approximate % of shareholding <sup>2</sup>
Bryan Pallop Gaw	Beneficial owner	100,000	0.01

Notes:

1. Information on the movement of the share options of the Company during the year ended 31 December 2022 is set out in the section headed "Share Option Schemes" of this Report of Directors.
2. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 31 December 2022 (i.e. 1,451,305,728 ordinary shares).

**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (Continued)**(iii) Long position in ordinary shares of the Associated Corporations**

Associated Corporations	Name of Directors	Number of ordinary shares interested				Total interests	Approximate % of shareholding <sup>5</sup>
		Personal interests <sup>1</sup>	Family interests <sup>2</sup>	Corporate interests <sup>3</sup>	Other interests <sup>4</sup>		
Kerry Group Limited	Kuok Khoon Hua	2,000,000	–	–	240,480,219	242,480,219	15.69
	Au Hing Lun, Dennis	–	–	–	3,115,476	3,115,476	0.20
	Bryan Pallop Gaw	2,500,000	191,584,756	–	49,515,464	243,600,220	15.76
Kerry Logistics Network Limited	Kuok Khoon Hua	600,428	–	–	1,132,479	1,732,907	0.10
	Au Hing Lun, Dennis	–	–	–	717,588	717,588	0.04
	Bryan Pallop Gaw	–	189,781	–	1,308,612	1,498,393	0.08
	Wong Yu Pok, Marina	20,796	–	–	–	20,796	<0.01
Hopemore Ventures Limited	Kuok Khoon Hua	50	–	–	–	50	3.57
Kerry Mining (Mongolia) Limited	Kuok Khoon Hua	–	–	–	500	500	0.46
	Bryan Pallop Gaw	–	–	–	500	500	0.46
Majestic Tulip Limited	Kuok Khoon Hua	10	–	–	–	10	3.33
Marine Dragon Limited	Kuok Khoon Hua	1,200	–	–	–	1,200	4.00
Medallion Corporate Limited	Kuok Khoon Hua	48	–	–	–	48	4.80
	Bryan Pallop Gaw	26	26	–	–	52	5.20
Ocean Fortune Enterprises Limited	Kuok Khoon Hua	100,000	–	–	–	100,000	6.67
	Bryan Pallop Gaw	–	–	20,000	50,000	70,000	4.67
Oceanic Ally Global Limited	Kuok Khoon Hua	1,500	–	3,000	–	4,500	15.00
	Bryan Pallop Gaw	900	2,400	–	–	3,300	11.00
Rubyhill Global Limited	Kuok Khoon Hua	1	–	–	–	1	10.00
Shang Properties, Inc.	Bryan Pallop Gaw	–	–	–	248,482	248,482	0.01
United Beauty Limited	Kuok Khoon Hua	–	–	–	15	15	15.00
	Bryan Pallop Gaw	–	10	–	5	15	15.00
Vencedor Investments Limited	Kuok Khoon Hua	5	–	–	–	5	5.00
	Bryan Pallop Gaw	5	5	–	–	10	10.00

## Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests held and/or deemed to be held by the spouse of the relevant Director.
3. This represents interests deemed to be held by the relevant Director through his controlled corporation(s).
4. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
5. The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 31 December 2022.



**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES** (Continued)

Save as disclosed above, as at 31 December 2022, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

As at 31 December 2022, the number of outstanding share options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out in the section headed "Share Option Schemes" of this Report of Directors.

Apart from the aforesaid, at no time during the year ended 31 December 2022 was the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARE CAPITAL OF THE COMPANY**

As at 31 December 2022, the following companies, other than the Directors, had long positions of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO. Their interests were as follows:

**Long position in ordinary shares of the Company**

Name	Capacity in which ordinary shares were held	Number of ordinary shares interested	Approximate % of shareholding <sup>2</sup>
<b>Kerry Group Limited</b>	Interest of controlled corporations	874,090,494 <sup>1</sup>	60.23
<b>Kerry Holdings Limited</b>	Interest of controlled corporations	746,230,656 <sup>1</sup>	51.42
<b>Caninco Investments Limited</b>	Beneficial owner	312,248,193 <sup>1</sup>	21.51
<b>Darmex Holdings Limited</b>	Beneficial owner	256,899,261 <sup>1</sup>	17.70
<b>Schroders Plc</b>	Investment manager	87,107,500	6.00
<b>Moslane Limited</b>	Beneficial owner	73,821,498 <sup>1</sup>	5.09

Notes:

1. Caninco Investments Limited ("**Caninco**"), Darmex Holdings Limited ("**Darmex**") and Moslane Limited ("**Moslane**") are wholly-owned subsidiaries of Kerry Holdings Limited ("**KHL**"). KHL itself is a wholly-owned subsidiary of Kerry Group Limited ("**KGL**"). Accordingly, the shares in which Caninco, Darmex and Moslane were shown to be interested had also been included in the shares in which KHL was shown to be interested, and KGL was deemed to be interested in the shares in which KHL was shown to be interested.
2. The percentage represents the number of ordinary shares of the Company interested divided by the total number of the issued shares of the Company as at 31 December 2022 (i.e. 1,451,305,728 ordinary shares).

Save as disclosed above, as at 31 December 2022, no other person (other than the Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## STAFF

As at 31 December 2022, the Group had approximately 7,700 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. The Group's emolument policy is formulated based on the performance, contribution and responsibilities of individual employees together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as share option schemes and share award scheme. Details of employee benefit expense are set out in note 12 to the financial statements.

## SHARE OPTION SCHEMES

On 20 May 2020, the shareholders of the Company (the "Shareholders") approved the adoption of a new share option scheme (the "2020 Share Option Scheme") and the termination of the share option scheme adopted by the Company on 5 May 2011 (the "2011 Share Option Scheme"). Accordingly, with effect from 20 May 2020, the 2020 Share Option Scheme has taken effect whereas the 2011 Share Option Scheme has been terminated such that no further share options of the Company (the "Share Option(s)") shall be offered or granted under the 2011 Share Option Scheme, but the outstanding Share Options which have been granted during the life of the 2011 Share Option Scheme should continue to be valid and exercisable in accordance with the terms thereof.

### (1) Purpose of the Share Option Schemes

Both of the 2020 Share Option Scheme and the 2011 Share Option Scheme fall within the ambit of, and are subject to the regulations under Chapter 17 of the Listing Rules. The purposes of the said two schemes are to motivate Directors, executives and key employees of the Group and other participants as defined in these schemes (collectively referred to as the "Eligible Participant(s)") to optimise their future contributions to the Group and/or to reward them for their past contributions, and also to attract, retain or otherwise maintain ongoing relationships with Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth and success of the Group.

### (2) Participants of the Share Option Schemes

Eligible Participants under the 2020 Share Option Scheme and the 2011 Share Option Scheme are:

- (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in, any member of the Group (an "Employee" in this section), any proposed Employee, any full-time or part-time Employee, or a person for the time being seconded to work full-time or part-time for any member of the Group;
- (b) a director or proposed director (including an independent non-executive director) of any member of the Group;
- (c) a consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group;
- (d) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; or
- (e) an associate (having the meaning ascribed to it under the Listing Rules) of any of the foregoing persons.

In light of the amendments made to Chapter 17 of the Listing Rules, the Company will only grant Share Options under the 2020 Share Option Scheme to Eligible Participants who fall within Rule 17.03A of the Listing Rules.

**SHARE OPTION SCHEMES** (Continued)**(3) Maximum Number of Shares Available for Issue**

The maximum number of shares of the Company (the “**Shares**”) which may be issued upon exercise of all Share Options to be granted under the 2020 Share Option Scheme (and under any other scheme of the Company) shall not in aggregate exceed 10% of the Shares in issue as at the date of the adoption of the 2020 Share Option Scheme provided that the Company may seek approval from the Shareholders to refresh such limit. As at 29 March 2023 (the date of this annual report), a total of 145,650,122 Shares (representing approximately 10% of the number of issued Shares as at 29 March 2023) are available for issue under the 2020 Share Option Scheme.

**(4) Maximum Entitlement of Each Eligible Participant**

The maximum entitlement of each Eligible Participant in any 12-month period is 1% of the Shares in issue from time to time.

**(5) Exercise and Vesting Period**

The period within which a Share Option may be exercised will be determined by the Board at its absolute discretion but no Share Option may be exercised later than 10 years from the date on which the Share Option is granted. The vesting period of the Share Options is from the date of grant until the commencement of the exercise period.

**(6) Acceptance of Share Options**

The amount payable on acceptance of a Share Option is HK\$1 and the period within which payments may be made is specified in the letter containing the offer of the grant of the Share Option.

**(7) Exercise Price of Share Options**

The subscription price of the Share Option under the 2020 Share Option Scheme shall be determined by the Board at its absolute discretion at the time of grant of the Share Option but it shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the Board resolution approving the grant of Share Options; and
- (c) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five business days immediately preceding the date of the Board resolution approving the grant of Share Options.

The 2020 Share Option Scheme will expire on 19 May 2030. No Share Option has been granted under the 2020 Share Option Scheme since its adoption on 20 May 2020. As at 31 December 2022, 145,650,122 Shares were available for grant under the 2020 Share Option Scheme.

As at 31 December 2022, a total of 5,473,000 Share Options granted under the 2011 Share Option Scheme were outstanding.

**SHARE OPTION SCHEMES** (Continued)**Movement of Share Options**

Details of movement of the Share Options of the 2011 Share Option Scheme during the year ended 31 December 2022 are listed below in accordance with Rule 17.07 of the Listing Rules:

Name or category of option holders	Date of grant	Tranche	Number of Share Options				Outstanding as at 31/12/2022	Exercise price per share HK\$	Exercise period
			Outstanding as at 01/01/2022	Transferred to other category during the year <sup>2</sup>	Transferred from other category during the year <sup>2</sup>	Lapsed during the year			
<b>1. Directors</b>									
Wong Siu Kong	30/04/2012	I	1,500,000	-	-	(1,500,000)	-	35.45	31/10/2012 – 29/04/2022
<i>(retired on 19 May 2022)</i>	30/04/2012	II	1,500,000	-	-	(1,500,000)	-	35.45	31/10/2013 – 29/04/2022
	08/01/2014	II	784,000	(784,000)	-	-	-	26.88	08/01/2015 – 07/01/2024
Bryan Pallop Gaw	30/04/2012	I	100,000	-	-	(100,000)	-	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	150,000	-	-	(150,000)	-	35.45	31/10/2013 – 29/04/2022
	08/01/2014	II	100,000	-	-	-	100,000	26.88	08/01/2015 – 07/01/2024
<b>2. Other Employee Participants</b>									
	30/04/2012	I	4,489,500	-	-	(4,489,500)	-	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	5,431,000	-	-	(5,431,000)	-	35.45	31/10/2013 – 29/04/2022
	08/01/2014	I	1,955,000	-	-	-	1,955,000	26.88	08/07/2014 – 07/01/2024
	08/01/2014	II	2,634,000	-	784,000	-	3,418,000	26.88	08/01/2015 – 07/01/2024
<b>Total:</b>			<b>18,643,500</b>	<b>(784,000)</b>	<b>784,000</b>	<b>(13,170,500)</b>	<b>5,473,000</b>		

Notes:

1. The vesting period of the Share Options set out above is from the date of grant until the commencement of the exercise period.
2. The transfer was due to retirement of a Director.
3. Other employee participants include former Directors, and both former and current employees of the Company and its subsidiaries or former subsidiary.
4. During the year ended 31 December 2022, no Share Option was granted, exercised or cancelled under the 2011 Share Option Scheme.



## SHARE AWARD SCHEME

A share award scheme of the Company (the “**Share Award Scheme**”) was adopted by the Board on 25 November 2022 (the “**Adoption Date**”) and shall be valid for a term of 10 years.

### (1) Purpose of the Share Award Scheme

The Share Award Scheme falls within the ambit of, and is subject to the regulations under Chapter 17 of the Listing Rules. The purposes of the Share Award Scheme are to support the long-term growth of the Group, to attract and incentivise suitable personnel for the further development of the Group, to recognise contributions by Directors, executives and key employees of the Group and other participants as defined in the Share Award Scheme, to retain talent, and to help align the interests of Directors and senior management of the Group with the Group’s long-term performance.

### (2) Participants of the Share Award Scheme

The eligible participants of the Share Award Scheme are:

- (a) any individual being an employee (whether full-time or part-time employee) of any members of the Group or any Affiliate (defined as below) (an “**Employee**” in this section) provided that the Selected Participant (defined as below) shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or the relevant Affiliate; or (ii) transfer amongst the Company and any Affiliates or any successor, and provided further that an Employee shall, for the avoidance of doubt, cease to be an Employee with effect from (and including) the date of termination of his employment; or
- (b) any individual being a director, officer, consultant or advisor of any member of the Group or any Affiliate who the Board considers, in its sole discretion, to have contributed or will contribute to the Group.

Affiliate in the above means a company that directly, indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company and includes any company which is (i) the holding company of the Company; or (ii) a subsidiary of holding company of the Company; or (iii) a subsidiary of the Company; or (iv) a fellow subsidiary of the Company; or (v) the controlling shareholder of the Company; or (vi) a company controlled by the controlling shareholder of the Company; or (vii) a company controlled by the Company; or (viii) an associated company of the holding company of the Company; or (ix) an associated company of the Company.

Selected Participant in the above means any eligible person approved for participation in the Share Award Scheme and who has been granted any awarded Share.

However, no individual who is a resident in a place where the grant, acceptance or vesting of an awarded Share pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations (including without limitation the Listing Rules) in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Share Award Scheme.

### (3) Maximum Number of Shares Available to be Granted

No new Shares will be issued under the Share Award Scheme. The share awards will be satisfied by existing Shares to be acquired through on-market transactions by a trustee on the instruction of the Company.

The maximum number of Shares (excluding those that have been lapsed or forfeited) which can be awarded under the Share Award Scheme shall not exceed 10% of the Shares in issue from time to time. No further grant may be made under the Share Award Scheme if this will result in the aforesaid limit being exceeded.

## SHARE AWARD SCHEME (Continued)

### (4) Maximum Entitlement of Each Selected Participant

The maximum number of non-vested awarded Shares granted to a Selected Participant under the Share Award Scheme shall not exceed 1% of the Shares in issue from time to time.

### (5) Vesting

The vesting criteria and conditions or period for the awarded Shares granted under the Share Award Scheme shall be determined by the Board in its absolute discretion at the time of grant. The awarded Shares shall be subject to a vesting period, to the satisfaction of performance and/or other conditions to be determined by the Board. If such conditions are not satisfied, the awarded Shares shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion.

### (6) Acceptance of Share Awards

An award may be accepted by a Selected Participant within five business days after receipt of the award letter.

There is no prescribed amount payable on acceptance of the award and the Board may specify an amount payable on acceptance of the award in the award letter.

### (7) Other Information

Since the Adoption Date and up to 31 December 2022, no awarded Shares have been granted.

The price/consideration (if any) per awarded Share to be granted under the Share Award Scheme shall be determined by the Board in its absolute discretion at the time of grant.

Details of the Share Award Scheme are disclosed in note 34 to the financial statements.

## SERVICE CONTRACT

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any Director proposed for re-election at the 2023 AGM.

## MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, the combined value of the Group's contracts with its five largest suppliers, which were not of a capital nature, was less than 30 per cent of the total value of supplies purchased. The Group's five largest customers combined contributed less than 30 per cent of its total revenue during the year ended 31 December 2022.

## DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Directors have disclosed that during the year ended 31 December 2022, they are considered to have interests in the following businesses ("**Excluded Businesses**"), being businesses which competed or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested; and (b) the Directors' only interests are as directors appointed to represent the interests of the Group.

During the year ended 31 December 2022, Messrs Wong Siu Kong (who retired on 19 May 2022), Kuok Khoon Hua and Bryan Pallop Gaw were directors of subsidiaries of Shangri-La Asia Limited ("**SA**") and Messrs Wong Siu Kong, Kuok Khoon Hua and Bryan Pallop Gaw had interests in shares of SA, the businesses of which consisted of hotel ownership and operation. The Directors believed that as the size of that part of these Excluded Businesses in the Mainland, where the Group has hotel businesses, is not insignificant when compared with the hotel business of the Group in the Mainland, it is likely that these Excluded Businesses may compete with the hotel business of the Group in the Mainland.

## DIRECTOR'S INTERESTS IN COMPETING BUSINESS (Continued)

During the year ended 31 December 2022, Mr Wong Siu Kong was a director of China World Trade Center Co., Ltd. ("CWTC") but he did not have any interests in shares of CWTC, the businesses of which consisted of property and hotel business in the Mainland. The Directors believed that as the size of these Excluded Businesses is not insignificant when compared with the property and hotel businesses of the Group in the Mainland, it is likely that these Excluded Businesses may compete with the property and hotel businesses of the Group in the Mainland.

The Excluded Businesses are operated and managed by companies (and in the case of SA and CWTC, by listed companies) with independent management and administration. On this basis, the Directors believed that the Group is capable of carrying on its businesses independently of the Excluded Businesses and at arm's length from the Excluded Businesses.

The Directors, including those interested in the Excluded Businesses, will, as and when required under the Bye-laws, abstain from voting on any resolution of the Board in respect of any contract, arrangement or proposal in which he/she or any of his/her associate(s) has a material interest.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified against all losses and liabilities which they may incur in connection with their duties. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

## DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party or were parties and in which a Director or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this Report of Directors and within the knowledge of the Directors, there was a sufficiency of public float of the Company's securities as required under the Listing Rules.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws in Bermuda.

## CONNECTED TRANSACTIONS

During the financial year ended 31 December 2022, the Group entered into the connected transactions that are subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of the transactions are as follows:

### (i) Renewal of Tenancies of Kerry Centre

As disclosed in the Company's announcement dated 17 November 2022 ("**Kerry Centre Announcement**"), Kerry Properties (H.K.) Limited, Fine Century Holdings Limited and Asia Insight Investments Limited, the wholly-owned subsidiaries of the Company as tenants, have accepted the offers made by Ubagan Limited ("**Ubagan**") (which is indirectly owned as to 60% by Kerry Holdings Limited ("**KHL**") and 40% by the Company) as landlord on 17 November 2022 to renew the tenancies in respect of the Units 1, 2A and 2B on Level 2, Units 1 and 2 on Level 3, Units 1, 2 and 3 on Level 5, Level 22, Level 25 and Level 26 of Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong (collectively, the "**Tenancy Agreements**") for a term of three years commencing on 19 November 2022 and expiring on 18 November 2025 (both days inclusive) (the "**Renewals**").

Ubagan, is indirectly owned by KHL and the Company as to 60% and 40% respectively, whereas KHL is the controlling shareholder of the Company. Ubagan is an associate of KHL and is therefore a connected person of the Company.

In accordance with Hong Kong Financial Reporting Standards 16 "Leases", the aggregate rental payment under the Tenancy Agreements was recognised as right-of-use assets of the Group on 19 November 2022 for an amount of approximately HK\$131,000,000. Accordingly, the Renewals constituted a one-off connected transaction of the Company under the Listing Rules.

Details of the connected transaction are set out in the Kerry Centre Announcement.

## CONNECTED TRANSACTIONS (Continued)

### (ii) Intra-Group Loan among Non-wholly Owned Subsidiaries

As disclosed in the Company's announcement dated 5 December 2022 ("**Intra-Group Loan Announcement**"), 嘉里(瀋陽)房地產開發有限公司 (Kerry (Shenyang) Real Estate Development Co., Ltd.) ("**KSRE**") as lender and 運億置業(秦皇島)有限公司 (Lucky Billion Development (Qinhuangdao) Co., Ltd. \*) ("**LBDQ**") as borrower (both being non-wholly owned subsidiaries of the Company), entered into the cash advance agreement dated 5 December 2022 (the "**Cash Advance Agreement**"), pursuant to which KSRE agreed to provide intra-group loan in the principal amount up to RMB630,000,000 (approximately HK\$693,000,000) to LBDQ for a term of two years (the "**Loan**").

KSRE is held indirectly as to 60%, 25% and 15% by the Company, Shangri-La Asia Limited ("**SA**") and Allgreen Properties Limited ("**Allgreen**") respectively, and LBDQ is held indirectly as to 60%, 30% and 10% by the Company, KHL and Allgreen respectively. KHL is the controlling shareholder of the Company and a substantial shareholder of SA, and Allgreen is an associate of KHL. Accordingly, KHL, SA and Allgreen are connected persons of the Company, and in turn KSRE and LBDQ are connected subsidiaries of the Company. Therefore, the entering into of the Cash Advance Agreement to grant the Loan constituted a connected transaction of the Company under the Listing Rules.

Details of the connected transaction are set out in the Intra-Group Loan Announcement.

## CONTINUING CONNECTED TRANSACTIONS

Certain transactions entered into by the Group constituted continuing connected transactions that were subject to the reporting requirements in the annual report under Chapter 14A of the Listing Rules. Details of the transactions are disclosed below:

### (i) Hotel Management Agreements and Marketing and Training Services Agreement

#### (a) Kerry Hotel, Beijing

Shangri-La International Hotel Management Limited ("**SLIM-HK**") and Shangri-La Hotel Management (Shanghai) Co., Ltd. ("**SLIM-PRC**"), both wholly-owned subsidiaries of SA, are providing hotel management, reservation, sales, marketing and training services to Kerry Hotel, Beijing pursuant to the hotel management agreement (the "**Beijing HM Agreement**") and the marketing and training services agreement (the "**MTS Agreement**") (collectively, the "**Beijing Agreements**") entered into by Beijing Kerry Hotel Co., Ltd. ("**BKH**") with SLIM-HK and SLIM-PRC respectively on 26 August 2019. The Beijing HM Agreement was entered into for 20 years ending on 27 August 2039, with an option to renew for 10 years which is exercisable by mutual agreement of both parties. The MTS Agreement was entered into from 28 August 2019 to the termination date of the Beijing HM Agreement.

BKH, being the owner of Kerry Hotel, Beijing, is owned as to 71.25% by the Group, 23.75% by the SA group and 5% by an independent third party. KHL is the controlling shareholder of the Company and a substantial shareholder of SA. Therefore, SA, SLIM-HK and SLIM-PRC are connected persons of the Company. Accordingly, the provision of the hotel management, reservation, sales, marketing and training services by SLIM-HK and SLIM-PRC to BKH constituted continuing connected transactions of the Company under the Listing Rules.

\* For identification purposes only



## CONTINUING CONNECTED TRANSACTIONS (Continued)

### (i) Hotel Management Agreements and Marketing and Training Services Agreement (Continued)

#### (a) Kerry Hotel, Beijing (Continued)

The annual aggregate fee payable by the Group pursuant to the Beijing Agreements for the year ended 31 December 2022 is not expected to exceed RMB110,000,000 (“**Cap A**”). The fee paid by the Group under the Beijing Agreements for the year ended 31 December 2022 amounted to RMB8,117,000 (approximately HK\$9,422,000) which is within Cap A.

#### (b) Jing An Shangri-La Hotel

SLIM-HK is providing the hotel management, marketing and reservation services (the “**HM Services**”) to Jing An Shangri-La Hotel pursuant to the hotel management agreement (the “**Jing An Agreement**”) entered into between Shanghai Ji Xiang Properties Co., Ltd. (“**SJXP**”) and SLIM-HK on 17 October 2012. The Jing An Agreement was entered into for a term of 20 years ending on 28 June 2033.

SJXP, being the owner of Jing An Shangri-La Hotel, is owned as to 51% by the Group and 49% by the SA group. SA and SLIM-HK are connected persons of the Company. Accordingly, the provision of the HM Services by SLIM-HK to SJXP constituted a continuing connected transaction of the Company under the Listing Rules.

The annual aggregate fee payable by the Group pursuant to the Jing An Agreement for the year ended 31 December 2022 is not expected to exceed US\$14,000,000 (“**Cap B**”). The fee paid by the Group under the Jing An Agreement for the year ended 31 December 2022 amounted to US\$2,712,000 (approximately HK\$21,150,000) which is within Cap B.

### (c) Midtown Shangri-La Hotel, Hangzhou

SLIM-HK and SLIM-PRC are providing the HM Services to Midtown Shangri-La Hotel, Hangzhou (the “**Hangzhou Hotel**”) pursuant to the hotel management agreement (the “**Hangzhou HM Agreement**”) and the marketing services agreement (the “**MS Agreement**”) (collectively, the “**Hangzhou Agreements**”), entered into by Kerry Real Estate (Hangzhou) Co. Ltd. (“**KREH**”) with SLIM-HK and SLIM-PRC respectively on 4 March 2016. The Hangzhou HM Agreement was entered into for a term of 20 years ending on 11 March 2036. The MS Agreement was entered into from 4 March 2016 to the termination date of the Hangzhou HM Agreement.

KREH, being the owner of the Hangzhou Hotel, is owned as to 75% by the Group and 25% by the SA group. SA, SLIM-HK and SLIM-PRC are connected persons of the Company. Accordingly, the provision of the HM Services by SLIM-HK and SLIM-PRC to KREH constituted continuing connected transactions of the Company under the Listing Rules.

The annual aggregate fee payable by the Group pursuant to the Hangzhou Agreements for the year ended 31 December 2022 is not expected to exceed RMB93,000,000 (“**Cap C**”). The fee paid by the Group under the Hangzhou Agreements for the year ended 31 December 2022 amounted to RMB10,888,000 (approximately HK\$12,517,000) which is within Cap C.

## CONTINUING CONNECTED TRANSACTIONS (Continued)

### (ii) Framework Agreement

On 29 August 2019, the Company had entered into a framework agreement (the “**Framework Agreement**”) with Kerry Logistics Network Limited (“**KLN**”) in relation to (a) the lease of premises by the Group to KLN and its subsidiaries (the “**KLN Group**”) from time to time, which include but not limited to, office premises, residential premises and warehouses (the “**Leased Premises**”); and (b) the provision of such services by the KLN Group to the Group from time to time, comprising delivery services, local courier services, freight services, freight agency services, insurance brokerage and related services, and services relating to management and operation of warehouse facilities, including building management, leasing and licensing management, warrant operations, IT support, human resources, administration and related services (the “**KLN Services**”).

The Framework Agreement was entered into for a term of 3 years from 1 January 2020 to 31 December 2022 which may be extended for a further term of three years by the parties, subject to compliance by each party with the applicable requirements under the Listing Rules.

Before the completion of the disposal of shares in KLN in September 2021, KLN was a subsidiary of the controlling shareholder of the Company and was therefore a connected person of the Company. Accordingly, the transactions between the Group and the KLN Group from time to time in relation to the lease of the Leased Premises by the Group to the KLN Group and the provision of the KLN Services by the KLN Group to the Group constituted continuing connected transactions of the Company under the Listing Rules. Currently, the Company is holding approximately 20.8% of the shares of KLN.

The maximum annual aggregate rental income receivable by the Group for the lease of the Leased Premises and the maximum annual aggregate service fees payable by the Group for the KLN Services for the year ended 31 December 2022 are not expected to exceed HK\$100,000,000 (“**Cap D**”) and HK\$55,000,000 (“**Cap E**”) respectively. The rental income and service fees under the Framework Agreement for the year ended 31 December 2022 amounted to approximately HK\$22,496,000 and HK\$13,064,000 which are within Cap D and Cap E respectively.

### (iii) Annual Review by Independent Non-executive Directors and the Auditor of the Company

Pursuant to rule 14A.55 of the Listing Rules, the continuing connected transactions mentioned above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or better; and
3. in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants and has issued an unqualified letter containing the findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with rule 14A.56 of the Listing Rules. A copy of the auditor’s letter has been provided by the Company to the Stock Exchange.

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

During the year ended 31 December 2022, the Company repurchased a total of 3,166,000 Shares on the Stock Exchange at an aggregate consideration of HK\$59,383,490 (the "Repurchase"). The Repurchase was made for the enhancement of the Shareholders' value. Details of the Repurchase are as follows:

Month	Price paid per share		Aggregate consideration HK\$	
	Number of ordinary shares repurchased	Highest HK\$		Lowest HK\$
May 2022	204,000	19.98	19.84	4,064,780
June 2022	461,000	19.98	19.90	9,206,160
July 2022	251,000	19.98	19.68	4,987,800
August 2022	1,700,000	19.00	17.74	31,226,610
September 2022	550,000	18.48	17.64	9,898,140
<b>Total</b>	<b>3,166,000</b>			<b>59,383,490</b>

All 3,166,000 Shares repurchased were cancelled during the year ended 31 December 2022. Apart from the above, 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 2022.

## AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retires and, being eligible, offers itself for re-appointment.

On behalf of the Board

**Kuok Khoon Hua**

*Chairman and Chief Executive Officer*

Hong Kong, 29 March 2023

# INDEPENDENT AUDITOR'S REPORT



**Independent Auditor's Report**  
**To the Shareholders of Kerry Properties Limited**  
*(incorporated in Bermuda with limited liability)*

羅兵咸永道

## OPINION

### What we have audited

The consolidated financial statements of Kerry Properties Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 101 to 200, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*



**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Valuation of investment properties
- Recoverability of properties under development and completed properties held for sale; and
- Impairment assessment of carrying amount of hotels properties in mainland China

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties</b></p> <p>Refer to notes 15 and 19 to the consolidated financial statements.</p> <p>The Group had investment properties held by subsidiaries and associates and joint ventures as at 31 December 2022 of which changes in fair value were recognised and presented as a “(Decrease)/increase in fair value of investment properties” and “Share of results of associates and joint ventures” respectively in the consolidated income statement. The Group’s investment property portfolio comprises commercial and residential properties, and warehouses in Hong Kong and mainland China. Management has engaged independent valuers, to determine the fair value of the investment properties and investment properties under development held by the Group’s subsidiaries, associates and joint ventures as at 31 December 2022. Investment properties were valued using the income capitalisation method and, wherever appropriate, the direct comparison method. For investment properties under development, fair value was derived using the residual method.</p> <p>The valuation of investment properties and investment properties under development is subject to high degree of estimation uncertainty. For investment properties, key assumptions included capitalisation rates and prevailing market rents. For investment properties under development, key assumptions included prevailing market price, development costs and developer’s profit.</p> <p>The estimation uncertainty and management judgement, as mentioned in note 4(a)(i) to the consolidated financial statements, led us to consider this a key audit matter.</p>	<p>Our procedures in relation to the key assumptions used in management’s valuation of investment properties held by the Group’s subsidiaries and associates and joint ventures included:</p> <ul style="list-style-type: none"> <li>• Understanding management’s control and process for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;</li> <li>• Evaluating the independent valuers’ competence, capabilities and objectivity;</li> <li>• Reading the valuation reports and meeting with the independent valuers to discuss the valuation methodologies and key assumptions;</li> <li>• Involving our in-house valuation experts and assessing the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties on a sample basis;</li> <li>• Checking the accuracy of the input data, on a sample basis, used by the independent valuers including rental income and estimated development cost by agreeing them back to management’s records, invoices received or other supporting documentations such as lease agreements, rental income schedules, construction cost schedules and approved budgets.</li> <li>• Comparing the key assumptions used by the independent valuers against our own expectations using evidence from comparable market transactions, historical records and approved budgets by comparing:             <ul style="list-style-type: none"> <li>• capitalisation rates to published market data;</li> <li>• prevailing market rents to leasing transactions of comparable properties or recent letting of subject property; and</li> <li>• estimated development cost and developer’s profit for the investment properties under development to approved budgets and market norm in the industry respectively.</li> </ul> </li> <li>• Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements.</li> </ul> <p>Based on the procedures performed, we considered that the methods were appropriate and the key assumptions and data used in management’s valuation of investment properties were supported by the available evidence.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b><i>Recoverability of properties under development and completed properties held for sale</i></b></p> <p>Refer to notes 4(a)(ii), 17, 19 and 24 to the consolidated financial statements.</p> <p>The Group had properties under development and completed properties held for sale held by subsidiaries, joint ventures and associates as at 31 December 2022.</p> <p>Management assessed the recoverability of properties under development and completed properties held for sale based on an estimation of the net realisable value of the underlying properties. This involves analyses of the estimated costs to completion, estimated costs necessary to make the sale, construction costs contracts, pre-sale contracts and expected future sales price based on prevailing market conditions such as current market prices of comparable standards and locations.</p> <p>If the carrying amounts of the underlying stock of properties differ from those net realisable values estimated as a result of changes in market condition, reversal of or provision for properties under development and completed properties held for sale may result.</p> <p>We focused on the recoverability of properties under development and completed properties held for sale as a key audit matter because the estimation of net realisable value is subject to high degree of estimation uncertainty.</p>	<p>Our procedures in relation to management's assessments of recoverability of properties under development and completed properties held for sale included:</p> <ul style="list-style-type: none"> <li>• Understanding management's control and process for assessing the recoverability of properties under development and completed properties held for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;</li> <li>• Testing the key controls around the property construction cycle with particular focus on, but not limited to, controls over cost budgeting for estimated costs to completion;</li> <li>• Assessing the reasonableness of key assumptions and estimates in management's assessments, on a sample of properties selected, including: <ul style="list-style-type: none"> <li>• expected future sales prices which we compared, on a sample basis to contracted sales prices of the underlying properties or current market prices of properties of comparable standards and locations, where applicable; and</li> <li>• estimated costs necessary to make the sales and costs to completion that we assessed the reasonableness of the costs necessary to make sales and the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation.</li> </ul> </li> <li>• Assessing the adequacy of the disclosures related to the recoverability of properties under development and completed properties held for sale in the context of HKFRSs disclosure requirements.</li> </ul> <p>Based on the procedures performed, we considered that the significant assumptions and data used by management were supported by the available evidence.</p>

**Key Audit Matter**

***Impairment assessment of hotels properties in mainland China***

Refer to notes 4(b)(v), 14, 16 and 19 to the consolidated financial statements.

The Group had hotel operations in mainland China, and the major assets were held as property, plant and equipment and right-of-use assets through its subsidiaries and associates as at 31 December 2022. Given the impact of COVID-19 pandemic to the occupancy rate and the profitability of the hotels, impairment indicator existed at some of the hotels as of 31 December 2022.

Management considered each hotel as a separate cash-generating unit ("CGU") and has carried out impairment assessments for those CGUs with impairment indicator. The impairment assessment is performed by estimating the recoverable amount of each CGU which is compared to their carrying amount. The recoverable amount of the CGUs is determined as the higher of value-in-use ("VIU") and fair value less cost of disposal.

Based on the impairment assessment carried out as at 31 December 2022, management considered that no provision for impairment loss for hotel operations was necessary as at 31 December 2022. The key assumptions and judgements adopted by management in the assessment of the recoverable amount included discount rates, estimated occupancy rates and room rates.

Due to the estimation uncertainty and management judgement involved in determining the recoverable amount, we considered this a key audit matter.

**How our audit addressed the Key Audit Matter**

Our procedures in relation to management's assessments of impairment of property, plant and equipment and right-of-use assets held by the Group's subsidiaries and associates for the hotel operations in mainland China included:

- Evaluating management's assessments on respective hotel performance as to which property, plant and equipment and right-of-use assets demonstrated impairment indicators;
- Understanding management's control and process of determining the recoverable amount and carrying amounts of hotels properties in mainland China, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- Evaluating management's cash flow forecast adopted to estimate the recoverable amount, including testing on the mathematical accuracy of the calculations and comparing the cash flow forecast to the latest approved budgets;
- Evaluate the key input by management in cash flow forecast including occupancy rates and room rates, by reference to the historical trend and other supporting documentations;
- Involving our in-house valuation experts to assess the reasonableness of the discount rates and terminal capitalisation rates adopted, with reference to published market data and our experience in this industry; and
- Evaluating the sensitivity analysis performed by the management on the key input data and assumptions to understand the impact of reasonably possible changes in assumptions on the estimated recoverable amounts.

Based on the procedures performed, we considered that the significant assumptions and data used by management in relation to the impairment assessment of property, plant and equipment and right-of-use assets held by the Group's subsidiaries and associates for the hotel operations in mainland China were supported by the available evidence.

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND AUDIT AND CORPORATE GOVERNANCE COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit and Corporate Governance Committee are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit and Corporate Governance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit and Corporate Governance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit and Corporate Governance Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsang Nga Kwan.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 29 March 2023

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	5	<b>14,590,475</b>	15,326,764
Cost of sales and direct expenses		<b>(7,605,791)</b>	(6,583,757)
Gross profit	5	<b>6,984,684</b>	8,743,007
Other income and net gains	6	<b>915,526</b>	2,992,814
Selling, administrative and other operating expenses		<b>(1,720,023)</b>	(2,003,343)
(Decrease)/increase in fair value of investment properties	15	<b>(2,040,840)</b>	1,666,422
Operating profit before finance costs	7	<b>4,139,347</b>	11,398,900
Finance costs	8	<b>(317,225)</b>	(575,135)
Operating profit		<b>3,822,122</b>	10,823,765
Share of results of associates and joint ventures	19(d)	<b>1,345,947</b>	3,402,332
Profit before taxation		<b>5,168,069</b>	14,226,097
Taxation	9	<b>(1,693,183)</b>	(2,936,131)
Profit for the year		<b>3,474,886</b>	11,289,966
Profit attributable to:			
Company's shareholders		<b>2,754,780</b>	10,358,011
Non-controlling interests		<b>720,106</b>	931,955
		<b>3,474,886</b>	11,289,966
Earnings per share			
– Basic	11	<b>HK\$1.90</b>	HK\$7.11
– Diluted	11	<b>HK\$1.90</b>	HK\$7.11

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Profit for the year		<b>3,474,886</b>	11,289,966
Other comprehensive income			
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges	36	<b>948,801</b>	120,346
Share of other comprehensive income of associates and joint ventures	36	<b>(223,494)</b>	(258,068)
Net translation differences on foreign operations		<b>(9,088,008)</b>	2,356,147
<b>Items that will not be reclassified to profit or loss</b>			
Fair value losses on financial assets at fair value through other comprehensive income	36	<b>(1,032,970)</b>	(22,826)
Release of exchange fluctuation reserve upon disposal of subsidiaries	36	<b>26,179</b>	–
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	36	–	168,949
Other comprehensive income for the year, net of tax		<b>(9,369,492)</b>	2,364,548
Total comprehensive income for the year		<b>(5,894,606)</b>	13,654,514
Total comprehensive income attributable to:			
Company's shareholders		<b>(5,218,204)</b>	12,312,984
Non-controlling interests		<b>(676,402)</b>	1,341,530
		<b>(5,894,606)</b>	13,654,514

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	4,617,237	5,406,884
Investment properties	15	77,063,008	87,201,879
Right-of-use assets	16	1,830,251	1,965,609
Properties under development and land deposits	17	31,515,644	21,410,388
Associates and joint ventures	19	25,802,012	28,326,935
Derivative financial instruments	20	954,781	186,310
Financial assets at fair value through other comprehensive income	21	522,122	1,555,092
Financial assets at fair value through profit or loss	22	674,057	679,056
Mortgage loans receivable	23	1,079,619	1,181,321
Intangible assets		122,504	122,504
		<b>144,181,235</b>	148,035,978
<b>Current assets</b>			
Properties under development	17	22,982,883	13,056,483
Completed properties held for sale	24	20,162,050	18,112,492
Accounts receivable, prepayments and deposits	25	1,676,993	2,305,111
Current portion of mortgage loans receivable	23	255,463	386,924
Tax recoverable		325,421	466,309
Tax reserve certificates		189,255	189,255
Derivative financial instruments	20	–	68,457
Restricted bank deposits	26	354,814	920,902
Cash and bank balances	26	11,346,645	16,513,645
		<b>57,293,524</b>	52,019,578
<b>Current liabilities</b>			
Accounts payable, deposits received and accrued charges	27	6,783,829	6,978,489
Contract liabilities	27	4,372,308	8,040,581
Current portion of lease liabilities	16	41,284	48,012
Taxation		2,198,798	2,107,384
Short-term bank loans and current portion of long-term bank loans	28	5,997,133	5,268,298
Derivative financial instruments	20	103,846	–
		<b>19,497,198</b>	22,442,764
<b>Net current assets</b>		<b>37,796,326</b>	29,576,814



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Total assets less current liabilities</b>		<b>181,977,561</b>	177,612,792
<b>Non-current liabilities</b>			
Long-term bank loans	28	<b>46,873,144</b>	32,210,214
Amounts due to non-controlling interests	29	<b>2,495,861</b>	2,299,732
Lease liabilities	16	<b>84,206</b>	381
Derivative financial instruments	20	<b>347,584</b>	166,083
Deferred taxation	30	<b>9,694,605</b>	10,623,256
		<b>59,495,400</b>	45,299,666
<b>ASSETS LESS LIABILITIES</b>		<b>122,482,161</b>	132,313,126
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	<b>1,451,306</b>	1,454,472
Shares held for share award scheme	34	<b>(18,097)</b>	–
Share premium	35	<b>13,102,767</b>	13,027,720
Other reserves	36	<b>6,834,882</b>	15,534,100
Retained profits		<b>87,415,992</b>	86,812,603
		<b>108,786,850</b>	116,828,895
Non-controlling interests		<b>13,695,311</b>	15,484,231
<b>TOTAL EQUITY</b>		<b>122,482,161</b>	132,313,126

The financial statements on pages 101 to 200 were approved by the Board of Directors on 29 March 2023 and were signed on its behalf.

**Kuok Khoon Hua**  
Director

**Au Hing Lun, Dennis**  
Director

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Operating activities</b>			
Net cash generated from operations	37(a)	<b>2,432,741</b>	8,930,268
Interest paid		<b>(1,348,090)</b>	(800,595)
Income tax paid		<b>(1,444,607)</b>	(2,650,860)
Net cash (used in)/generated from operating activities		<b>(359,956)</b>	5,478,813
<b>Investing activities</b>			
Additions of property, plant and equipment		<b>(43,619)</b>	(86,835)
Additions of investment properties		<b>(375,879)</b>	(191,432)
Increase in land deposits		<b>(24,648,498)</b>	(615,107)
Acquisition of subsidiaries	37(c)	<b>(480,243)</b>	–
Disposal of subsidiaries	37(d)	<b>4,623,956</b>	149,440
Proceeds from disposal of partial interest in an associate	37(e)	–	6,357,048
Increase in investments in associates and joint ventures		<b>(10,892)</b>	(3,244,401)
Dividends received from associates		<b>1,043,148</b>	5,897,014
Additional loans to associates and joint ventures		<b>(401,309)</b>	(1,322,992)
Repayment of loans by associates and joint ventures		<b>1,578,359</b>	157,587
Additional loans from associates and joint ventures		<b>15,091</b>	5,449
Repayment of loans to associates and joint ventures		<b>(200,948)</b>	(34,255)
Mortgage loans to buyers		<b>(116,341)</b>	(156,414)
Repayment of mortgage loans from buyers		<b>384,393</b>	570,487
Interest received		<b>593,892</b>	506,137
Return of investment from financial assets at fair value through profit or loss		–	52,131
Decrease/(increase) in restricted bank deposits		<b>492,844</b>	(339,321)
(Increase)/decrease in short-term bank deposits maturing after more than three months		<b>(607)</b>	528,574
Dividends received from listed and unlisted investments		<b>52,552</b>	48,729
Proceeds from sale of property, plant and equipment		<b>6,205</b>	13,524
Proceeds from sale of investment properties		<b>350,000</b>	2,000
Net cash (used in)/generated from investing activities		<b>(17,137,896)</b>	8,297,363

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Financing activities</b>			
Consideration and expenses for shares repurchased for cancellation		<b>(59,575)</b>	(40,396)
Purchase of shares for share award scheme		<b>(18,097)</b>	–
Repayment of bank loans	37(b)	<b>(40,506,291)</b>	(41,610,936)
Drawdown of bank loans	37(b)	<b>56,748,438</b>	36,876,256
Principal elements of lease payments	37(b)	<b>(54,210)</b>	(55,237)
Dividends paid	10(a)	<b>(1,962,410)</b>	(5,316,230)
Redemption of fixed rate bonds	37(b)	–	(2,330,430)
Return of capital to non-controlling interests		–	(444,112)
Dividends of subsidiaries paid to non-controlling interests		<b>(615,217)</b>	(196,990)
Additional loans from non-controlling interests	37(b)	<b>12,641</b>	–
Repayment of loans to non-controlling interests	37(b)	–	(458,800)
Net cash generated from/(used in) financing activities		<b>13,545,279</b>	(13,576,875)
(Decrease)/increase in cash and cash equivalents		<b>(3,952,573)</b>	199,301
Effect of exchange rate changes		<b>(1,198,718)</b>	402,446
Cash and cash equivalents at 1 January		<b>16,476,695</b>	15,874,948
Cash and cash equivalents at 31 December	26(b)	<b>11,325,404</b>	16,476,695

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Attributable to the shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Shares held		Other reserves	Retained profits	Total	Non-controlling interests		
			for share award scheme	Share premium						
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance as at 1 January 2022		1,454,472	-	13,027,720	15,534,100	86,812,603	116,828,895	15,484,231	132,313,126	
Profit for the year		-	-	-	-	2,754,780	2,754,780	720,106	3,474,886	
Cash flow hedges	36	-	-	-	948,801	-	948,801	-	948,801	
Share of other comprehensive income of associates and joint ventures	36	-	-	-	(223,494)	-	(223,494)	-	(223,494)	
Net translation differences on foreign operations	36	-	-	-	(7,691,500)	-	(7,691,500)	(1,396,508)	(9,088,008)	
Fair value losses on financial assets at fair value through other comprehensive income	36	-	-	-	(1,032,970)	-	(1,032,970)	-	(1,032,970)	
Release of exchange fluctuation reserve upon disposal of subsidiaries	36	-	-	-	26,179	-	26,179	-	26,179	
Total comprehensive income for the year ended 31 December 2022		-	-	-	(7,972,984)	2,754,780	(5,218,204)	(676,402)	(5,894,606)	
Lapse of share options		-	-	131,456	(131,456)	-	-	-	-	
Repurchase of shares	32 and 35	(3,166)	-	(56,409)	-	-	(59,575)	-	(59,575)	
Purchase of shares for share award scheme	34	-	(18,097)	-	-	-	(18,097)	-	(18,097)	
Dividends paid and payables		-	-	-	-	(1,962,410)	(1,962,410)	(1,111,918)	(3,074,328)	
Transfer	36	-	-	-	188,981	(188,981)	-	-	-	
Share of other reserves of associates and joint ventures	36	-	-	-	(763,068)	-	(763,068)	-	(763,068)	
Acquisition of subsidiaries	37(c)	-	-	-	-	-	-	3,470	3,470	
Release of other reserves upon disposal of subsidiaries	37(d)	-	-	-	(20,691)	-	(20,691)	(4,070)	(24,761)	
Total transactions with owners		(3,166)	(18,097)	75,047	(726,234)	(2,151,391)	(2,823,841)	(1,112,518)	(3,936,359)	
<b>Balance at 31 December 2022</b>		<b>1,451,306</b>	<b>(18,097)</b>	<b>13,102,767</b>	<b>6,834,882</b>	<b>87,415,992</b>	<b>108,786,850</b>	<b>13,695,311</b>	<b>122,482,161</b>	



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Attributable to the shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Share premium	Other reserves	Retained profits	Total		
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance as at 1 January 2021		1,456,501	13,062,999	13,310,301	82,042,736	109,872,537	14,783,803	124,656,340
Profit for the year		–	–	–	10,358,011	10,358,011	931,955	11,289,966
Cash flow hedges	36	–	–	120,346	–	120,346	–	120,346
Share of other comprehensive income of associates and joint ventures	36	–	–	(258,068)	–	(258,068)	–	(258,068)
Net translation differences on foreign operations	36	–	–	1,946,572	–	1,946,572	409,575	2,356,147
Fair value losses on financial assets at fair value through other comprehensive income	36	–	–	(22,826)	–	(22,826)	–	(22,826)
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	36	–	–	168,949	–	168,949	–	168,949
Total comprehensive income for the year ended 31 December 2021		–	–	1,954,973	10,358,011	12,312,984	1,341,530	13,654,514
Lapse of share options		–	3,088	(3,088)	–	–	–	–
Repurchase of shares	32 and 35	(2,029)	(38,367)	–	–	(40,396)	–	(40,396)
Dividends paid		–	–	–	(5,316,230)	(5,316,230)	(196,990)	(5,513,220)
Transfer	36	–	–	423,854	(423,854)	–	–	–
Transfer upon disposal of partial interest in an associate	36	–	–	(151,940)	151,940	–	–	–
Capital reduction of subsidiaries		–	–	–	–	–	(444,112)	(444,112)
Total transactions with owners		(2,029)	(35,279)	268,826	(5,588,144)	(5,356,626)	(641,102)	(5,997,728)
Balance at 31 December 2021		1,454,472	13,027,720	15,534,100	86,812,603	116,828,895	15,484,231	132,313,126

# NOTES TO THE FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

Kerry Properties Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The principal activities of the Company’s subsidiaries, associates and joint ventures comprise the following:

- (i) property development, investment and management in Hong Kong, the Mainland and the Asia Pacific region;
- (ii) hotel ownership in Hong Kong, and hotel ownership and operations in the Mainland; and
- (iii) integrated logistics and international freight forwarding.

These financial statements have been approved for issue by the Board of Directors on 29 March 2023.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together, the “Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments and first mortgage loans) at fair value through other comprehensive income or through profit or loss, and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Basis of preparation (Continued)

#### (i) Adoption of amendments to existing standards and accounting guideline

The following amendments to existing standards and accounting guideline have been published that are effective for the accounting period of the Group beginning on 1 January 2022:

Amendments to HKFRS 16, 'Covid-19-related rent concessions beyond 2021'  
 Amendments to HKFRS 3, HKAS 16 and HKAS 37, 'Narrow-scope amendments'  
 Annual improvements to HKFRSs 2018-2020 cycle  
 Revised Accounting Guideline 5, 'Merger accounting for common control combinations'

The adoption of the above amendments to existing standards and accounting guideline had no material impact on the consolidated financial statements of the Group.

#### (ii) Standard, amendments to existing standards and interpretation which are not yet effective

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 2023, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKFRS 17, 'Initial application of HKFRS 17 and HKFRS 9 – comparative information'	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, 'Disclosure of accounting policies'	1 January 2023
Amendments to HKAS 8, 'Definition of accounting estimates'	1 January 2023
Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	1 January 2023
Amendments to HKFRS 16, 'Lease liability in a sale and leaseback'	1 January 2024
Amendments to HKAS 1, 'Classification of liabilities as current or non-current'	1 January 2024
Amendments to HKAS 1, 'Non-current liabilities with covenants'	1 January 2024
Hong Kong Interpretation 5 (Revised), 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'	1 January 2024
Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Consolidation

The financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

#### (i) *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Consolidation (Continued)

#### **(ii) Transactions with non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

#### **(iii) Associates**

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

#### **(iv) Joint arrangements**

Under HKFRS 11 'Joint arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

##### *Joint ventures*

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (b) Consolidation (Continued)

#### (iv) Joint arrangements (Continued)

##### *Joint ventures (Continued)*

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2(j).

#### (v) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### (d) Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar (HK\$), which is the Company's functional and the Group's presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Foreign currency translation (Continued)

#### (ii) Transactions and balances (Continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are included in other comprehensive income.

#### (iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (e) Property, plant and equipment

Properties comprise hotel properties, warehouse, buildings and staff quarters. All property, plant and equipment are stated at historical cost less aggregate depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost or re-valued amounts less their residual values over their estimated useful lives as follows:

Properties*	Shorter of lease term of 20 to 50 years or useful lives
Leasehold improvements	5 to 7 years
Motor vehicles, furniture, fixtures and office equipment	3 to 10 years

\* *Hotel properties included the respective fixtures and equipment with estimated useful lives of 5 to 10 years.*

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of all property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognised in the consolidated income statement.

### (f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies of the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and ceased once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Investment properties (Continued)

Subsequent expenditure is capitalised to the carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in the consolidated income statement. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to 'Completed properties held for sale' at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as 'Property, plant and equipment', and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the consolidated income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is charged to the consolidated income statement. Upon the subsequent disposal of the investment property, any revaluation reserve balance of the property is transferred to retained profits and is shown as a movement in equity.

### (g) Properties under development

Properties under development comprise leasehold land, land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. Costs of leasehold land and land use rights are amortised over the lease term in accordance with the pattern of benefit provided or on a straight-line basis over the lease term. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. Properties under development are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Upon completion of the properties which are pre-determined for self-use purpose, the leasehold land portion under lease are classified as 'Right-of-use assets', while the buildings portion are classified as 'Property, plant and equipment'.

Upon the completion of the properties which are pre-determined for sale purpose, the properties including the costs of leasehold land and land use rights are classified as 'Completed properties held for sale' in current assets.

Properties under development are classified as non-current assets unless the construction period of the relevant property development project is expected to be completed within the normal operating cycle and are intended for sale.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (h) Completed properties held for sale

Completed properties held for sale are initially measured at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### (i) Intangible assets – goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate or joint venture at the date of acquisition. Goodwill on acquisitions of subsidiaries is recognised separately as a non-current asset. Goodwill on acquisitions of associates and joint ventures is included in investments in associates and joint ventures and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisitions of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Group allocates goodwill to each operating segment in which it operates.

### (j) Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates or joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate or joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Investments and financial assets

#### (i) Classification

The Group classifies its financial assets in the measurement categories of those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss) and those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in OCI or profit or loss. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

#### (ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

#### (iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income and net gains using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in other income and net gains together with foreign exchange gains and losses. Impairment losses, if material, are presented as separate line item in the consolidated income statement.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Investments and financial assets (Continued)

#### (iii) Measurement (Continued)

##### *Debt instruments (Continued)*

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and net gains. Interest income from these financial assets is included in other income and net gains using the effective interest rate method. Foreign exchange gains and losses are presented in other income and net gains and impairment losses, if material, are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in consolidated income statement.

##### *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in consolidated income statement as other income and net gains when the Group's right to receive payments is established.

### (l) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group's other financial assets carried at amortised cost include second mortgage loans receivable, other receivables, amounts due from subsidiaries, associates and joint ventures. The impairment loss of other financial assets carried at amortised cost is measured based on twelve months expected credit loss. The twelve months expected credit loss is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within twelve months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

The carrying amount of the receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within selling, administrative and other operating expenses. Subsequent recoveries of amounts previously written off are credited against selling, administrative and other operating expenses in the consolidated income statement.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); (2) hedges of a particular risk associated with a recognised asset or liability or highly probable forecast transactions (cash flow hedges); or (3) hedges of net investments in foreign operations (net investment hedges).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments are disclosed in note 20. Movements on the hedging reserve in shareholders' equity are shown in note 36. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months after the end of the reporting period.

#### (i) Fair value hedge

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the consolidated income statement over the period to maturity.

#### (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated income statement within finance costs.

When a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Derivative financial instruments and hedging activities (Continued)

#### *(iii) Net investment hedge*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement.

Gains and losses accumulated in equity are included in the consolidated income statement when the foreign operation is disposed of or sold.

#### *(iv) Derivatives that do not qualify for hedge accounting*

Derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss.

Changes in the fair value of these derivatives instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

### (n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Restricted bank deposits are not included in cash and cash equivalents.

### (o) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### (p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (q) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary difference arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### (r) Employee benefits

#### (i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

#### (ii) Defined contribution plan

A defined contribution plan is a pension plan which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (r) Employee benefits (Continued)

#### (iii) Share-based payments

The Group has outstanding options granted under share option scheme. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any service and non-market performance vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

#### (iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### (v) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

### (s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (t) Financial guarantees contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates or joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### (u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised when it is probable that future economic benefits will flow to the Group and specific criteria for each of the Group's activities as described below have been met. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

- (i) Revenue from sales of properties is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time in accordance with the input method for measuring progress. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property. The Group recognised revenue from sales of properties at a point in time during the year.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Contract acquisition costs incurred to obtain contracts are capitalised and amortised when the related revenue is recognised.

- (ii) Rental revenue and other revenues incidental to the letting of properties are recognised on a straight-line basis over the periods of the respective leases.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (u) Revenue recognition (Continued)

- (iii) Income from property management is recognised when services are rendered.
- (iv) Hotel revenue from room rental is recognised over time during the period of stay for hotel guests. Revenue from food and beverages sales and other ancillary services is generally recognised at the point in time when the services are rendered.
- (v) Dividend income is recognised when the right to receive payment is established.
- (vi) Interest income is recognised on a time proportion basis, using the effective interest method.

### (v) Leases

#### (i) *The Group is the lessee*

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (v) Leases (Continued)

#### (i) *The Group is the lessee* (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the end of the reporting period.

#### (ii) *The Group is the lessor*

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expenses over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sales. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. The Group ceases capitalisation of borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sales are completed.

### (x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

### (y) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

## 3 FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

The Group's major financial instruments include financial assets at fair value through other comprehensive income or through profit or loss, derivative financial instruments, mortgage loans receivable, accounts receivable, cash and bank balances, restricted bank deposits, accounts payable, bank loans and amounts with associates, joint ventures and non-controlling interests. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Risk management is carried out by the Group's management under the supervision of the Finance Committee. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Finance Committee provides guidance for overall risk management.



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (i) Market risk

###### (I) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group entities' functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the year, the currencies of certain countries where the Group has foreign operations, including the United States dollar and Renminbi, fluctuated against the Hong Kong dollar. This gave rise to an unrealised loss of approximately HK\$7,923,043,000 (2021: gain of HK\$1,756,747,000) on translation of these operations' net assets to the Group's Hong Kong dollar reporting currency, including the Group's share of the translation gains and losses of associates and joint ventures. This unrealised gain/loss is reflected as a movement in other reserves under the heading of exchange fluctuation reserve.

###### (II) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include deposits at bank and amounts due from associates and joint ventures. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings if issued at fixed rates will expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. To match with underlying risk faced by the Group, the level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates, interest cover and the cash flow cycles of the Group's businesses and investments.

Furthermore, the Group manages its cash flow interest rate risk on certain bank borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At the end of the reporting periods, if interest rates had been increased or decreased by 25 (2021: 25) basis points and all other variables were held constant, the profit of the Group would have increased or decreased by approximately HK\$10,872,000 (2021: decreased or increased by approximately HK\$10,670,000) resulting from the change in interest income on bank deposits and the borrowing costs of bank borrowings after capitalisation of interest expenses.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (i) Market risk (Continued)

###### (iii) Price risk

The Group is exposed to equity securities price risk arising from the listed equity investments held by the Group. The performance of the Group's listed and unlisted equity investments is monitored regularly, together with an assessment of their relevance to the Group's strategic plans. The Group is not exposed to commodity price risk.

The carrying amount of the listed portion of financial assets at fair value through profit or loss would be an estimated HK\$3,687,000 (2021: HK\$4,629,000) lower or higher if the year end share prices of the above-mentioned investments were to differ by 20% (2021: 20%).

The carrying amount of the unlisted portion of financial assets at fair value through profit or loss would be an estimated HK\$129,845,000 (2021: HK\$129,793,000) lower or higher if the year end underlying fair value of the above-mentioned investments were to differ by 20% (2021: 20%).

##### (ii) Credit risk

The carrying amounts of cash and bank balances, restricted bank deposits, mortgage loans receivable, accounts receivable and amounts due from associates and joint ventures represent the Group's maximum exposure to credit risk in relation to financial assets. The Group reviews the recoverable amount on a regular basis and an allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

In order to minimise the credit risk, management of the Company has delegated a team in each business unit responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is adequately covered.

The Group applies the HKFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balance.

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has a large number of customers which are internationally dispersed.

In respect of credit exposures to customers for sale of properties and mortgage loans, the Group normally receives deposits or progress payments from individual customers prior to the completion of sale transactions. If a customer defaults on the payment of the sale of properties, the Group is able to forfeit the customer's deposit and re-sell the property to another customer. Therefore, the Group's credit risk is significantly reduced.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk (Continued)

For mortgage loans receivable, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

Management considered the credit risk of other receivables and amounts due from associates and joint ventures is low, as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these other receivables and amounts due from associates and joint ventures were minimal under 12 months expected losses method and no provision was recognised.

The credit risk on liquid funds is limited because approximately 93% (2021: 93%) of the funds are placed in banks with high credit rankings, ranging from BBB- to AA-, and the remaining 7% (2021: 7%) in local banks with close monitoring by the management and there is no concentration in any particular bank.

##### (iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities, loans and commitments of the Group.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (iii) Liquidity risk (Continued)

The following tables detail the contractual maturity of the Group for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2022					
Amounts due to associates and joint ventures	–	415,549	–	–	415,549
Bank loans	8,612,147	14,860,870	35,089,509	1,020,886	59,583,412
Amounts due to non-controlling interests	–	2,512,771	–	–	2,512,771
Accounts payable, deposits received and accrued charges	5,833,487	292,954	514,332	42,532	6,683,305
Lease liabilities	47,185	47,125	41,548	–	135,858
Derivative financial instruments	179,273	149,687	168,379	–	497,339
<b>Total</b>	<b>14,672,092</b>	<b>18,278,956</b>	<b>35,813,768</b>	<b>1,063,418</b>	<b>69,828,234</b>

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
At 31 December 2021					
Amounts due to associates and joint ventures	–	599,650	–	–	599,650
Bank loans	5,827,896	4,911,734	26,071,778	2,327,538	39,138,946
Amounts due to non-controlling interests	–	2,303,836	–	–	2,303,836
Accounts payable, deposits received and accrued charges	6,899,482	–	–	–	6,899,482
Lease liabilities	48,835	267	160	–	49,262
Derivative financial instruments	32,534	26,459	119,501	(4,788)	173,706
<b>Total</b>	<b>12,808,747</b>	<b>7,841,946</b>	<b>26,191,439</b>	<b>2,322,750</b>	<b>49,164,882</b>



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the loan and equity balance.

The Directors of the Company review the capital structure periodically. As a part of this review, the Directors of the Company assess the annual budget prepared by the finance department which reviews the planned construction projects proposed by project department and prepared the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the Directors of the Company consider the cost of capital and the risks associated with capital. The Directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group monitors capital by maintaining prudent gearing ratio based on prevailing market environment and economic condition. This ratio is calculated as net debt to total equity. Net debt is calculated as borrowings (including current and non-current borrowings, as shown in the consolidated statement of financial position) less cash and cash equivalents, short-term bank deposits maturing after more than three months and restricted bank deposits.

The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022	2021
Net debt (HK\$ million)	41,169	20,044
Total equity (HK\$ million)	122,482	132,313
Gearing ratio	33.6%	15.1%

#### (c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2022:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Derivative financial instruments	–	954,781	–	954,781
Financial assets at fair value through other comprehensive income	–	–	522,122	522,122
Financial assets at fair value through profit or loss	18,437	–	655,620	674,057
First mortgage loans receivable	–	–	256,512	256,512
<b>Total assets</b>	<b>18,437</b>	<b>954,781</b>	<b>1,434,254</b>	<b>2,407,472</b>
<b>Liabilities</b>				
Derivative financial instruments	–	451,430	–	451,430
<b>Total liabilities</b>	<b>–</b>	<b>451,430</b>	<b>–</b>	<b>451,430</b>

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Derivative financial instruments	–	254,767	–	254,767
Financial assets at fair value through other comprehensive income	–	–	1,555,092	1,555,092
Financial assets at fair value through profit or loss	23,147	–	655,909	679,056
First mortgage loans receivable	–	–	424,971	424,971
<b>Total assets</b>	<b>23,147</b>	<b>254,767</b>	<b>2,635,972</b>	<b>2,913,886</b>
<b>Liabilities</b>				
Derivative financial instruments	–	166,083	–	166,083
<b>Total liabilities</b>	<b>–</b>	<b>166,083</b>	<b>–</b>	<b>166,083</b>

There were no transfers between levels during the year.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

##### (i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Hong Kong Stock Exchange classified as financial assets at fair value through profit or loss.

##### (ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial instruments of the Group comprise cross currency swap and interest rate swap contracts. The fair value is calculated as the present value of the estimated future cash flows based on forward exchange rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

##### (iii) Financial instruments in Level 3

The following table presents the changes in Level 3 instruments:

	First mortgage loans receivable (note)		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
At 1 January	424,971	836,012	1,555,092	1,577,918	655,909	706,446
Return of investment	-	-	-	-	-	(52,131)
(Losses)/gains recognised in other comprehensive income or profit or loss	-	-	(1,032,970)	(22,826)	303	87
Additions	-	-	-	-	-	-
Repayments	(168,459)	(411,041)	-	-	-	-
Exchange adjustment	-	-	-	-	(592)	1,507
At 31 December	256,512	424,971	522,122	1,555,092	655,620	655,909

Note: The fair value of the first mortgage loans receivable approximates their carrying amount.

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Fair value estimation (Continued)

##### **(iii) Financial instruments in Level 3** (Continued)

The Group established fair value of unlisted financial assets by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

##### **(iv) Valuation techniques used to determine fair value**

Special valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves,
- for cross currency swaps – present value of future cash flows based on forward exchange rates that are quoted in an active market and forward interest rates extracted from observable yield curves, and
- for other financial instruments – discounted cash flow analysis.

##### **(v) Group's valuation processes for financial instruments**

The Group's finance department includes a team that performs the valuation of financial assets required for financial reporting purposes, including Level 3 fair values. Discussions of valuation processes and results are held between the management and the valuation team at each reporting date. Reasons for the fair value movements will be explained during the discussions.

##### **(vi) Fair value of financial assets and liabilities measured at amortised cost**

The fair value of the following financial assets and liabilities approximates their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables
- Bank loans
- Second mortgage loans receivable

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) *Estimate of fair value of investment properties*

The valuation of investment properties is performed in accordance with the 'The HKIS Valuation Standards on Properties (2020 Edition)' published by the Hong Kong Institute of Surveyors and the 'International Valuation Standards' published by the International Valuation Standards Committee.

Details of the judgement and assumptions have been disclosed in note 15(a).

#### (ii) *Provision for properties under development and completed properties held for sale*

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their recoverable amounts based on an estimation of the net realisable value of the underlying properties, taking into account estimated costs to completion based on past experience and committed contracts and expected future sales price/rental value based on prevailing market conditions. If the carrying amounts of the underlying stock of properties differ from those values estimated as a result of changes in market condition, material reversal of or provision for impairment losses on properties under development and completed properties held for sale may result. The assessment requires the use of judgement and estimates.

#### (iii) *Income taxes*

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

The Group is subject to land appreciation taxes and withholding tax on capital gains in the Mainland. Significant judgement is required in determining the amount of the land appreciation and capital gains, and its related taxes. The Group recognised these land appreciation taxes and withholding tax on capital gains based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax and deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.



#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (a) Critical accounting estimates and assumptions (Continued)

###### **(iv) Useful lives of property, plant and equipment**

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovation. Management will change the depreciation charge where useful lives are different from the previously estimated lives. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

###### **(v) Fair value of certain financial assets and derivative financial instruments**

The fair value of financial assets and derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

###### **(vi) Impairment of financial assets**

The Group assesses whether there is objective evidence as stated in note 2(l) that trade receivables are impaired. The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables based on the expected credit loss model.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### (b) Critical judgements in applying the Group's accounting policies

###### **(i) Distinction between investment properties and owner-occupied properties**

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

###### **(ii) Revenue recognition**

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 5 according to the accounting policy as stated in note 2(u)(i). To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and obtained legal advice, where necessary. Revenue is recognised at a point in time when the underlying completed property unit is legally and/or physically transferred to the customer.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (b) Critical judgements in applying the Group's accounting policies (Continued)

###### ***(iii) Financial implication of regulations of idle land***

Under the Mainland laws and regulations, if a property developer fails to commence the development of land within the timeframe designated in the land grant contract, the Mainland government may regard the land as idle land and issue a warning or impose a penalty on the developer or reclaim the land.

In making this judgement, the Group evaluates the extent of development of the whole tracts of land, status of negotiation with the government authorities as to the extension of time of commencement or revision of development plans.

###### ***(iv) Impairment of associates and joint ventures***

The investments in associates or joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of investments is evaluated based on the financial position of associates or joint ventures, historical and expected future performance by management judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of the investments.

###### ***(v) Impairment of property, plant and equipment***

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rates, estimated occupancy rates and room rates. Additional information for the impairment assessment of property, plant and equipment is disclosed in note 14.

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) Revenue recognised during the year is as follows:

	2022	2021
	HK\$'000	HK\$'000
<b>Revenue</b>		
Sale of properties	8,543,430	8,371,059
Rental and others	4,990,665	5,344,121
Hotel revenue	1,056,380	1,611,584
	<b>14,590,475</b>	<b>15,326,764</b>

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

### Year ended 31 December 2022

	Revenue			Gross profit
	The Company and its subsidiaries HK\$'000	Share of associates and joint ventures HK\$'000	Combined HK\$'000	The Company and its subsidiaries HK\$'000
Property rental and others				
– Mainland property	3,791,358	300,035	4,091,393	2,759,678
– Hong Kong property	1,199,307	152,773	1,352,080	926,988
	4,990,665	452,808	5,443,473	3,686,666
Property sales				
– Mainland property	4,397,247	18,395	4,415,642	1,953,737
– Hong Kong property	4,146,183	–	4,146,183	1,170,719
	8,543,430	18,395	8,561,825	3,124,456
Hotel operations				
– Mainland property	1,056,380	261,660	1,318,040	173,562
– Hong Kong property	–	27,595	27,595	–
	1,056,380	289,255	1,345,635	173,562
	<b>14,590,475</b>	<b>760,458</b>	<b>15,350,933</b>	<b>6,984,684</b>

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

(b) An analysis of the Group's revenue and gross profit for the year by principal activity and market is as follows: (Continued)

Year ended 31 December 2021

	Revenue			Gross profit
	The Company and its subsidiaries HK\$'000	Share of associates and joint ventures HK\$'000	Combined HK\$'000	The Company and its subsidiaries HK\$'000
Property rental and others				
– Mainland property	4,053,111	339,256	4,392,367	2,998,954
– Hong Kong property	1,291,010	163,750	1,454,760	995,479
	5,344,121	503,006	5,847,127	3,994,433
Property sales				
– Mainland property	4,584,914	48,497	4,633,411	2,830,331
– Hong Kong property	3,786,145	67,664	3,853,809	1,414,109
	8,371,059	116,161	8,487,220	4,244,440
Hotel operations				
– Mainland property	1,611,584	366,352	1,977,936	504,134
– Hong Kong property	–	18,274	18,274	–
	1,611,584	384,626	1,996,210	504,134
	15,326,764	1,003,793	16,330,557	8,743,007

(c) Information about operating segment:

Management has determined the operating segments based on the reports reviewed by the Board of Directors.

The Board of Directors considers the business by principal activities and markets, management assesses the performance of the principal activities of the Group namely property business. The property business is further segregated into the Mainland property, Hong Kong property and Overseas property.

Property segment derives revenue primarily from sales of properties, rental revenue and hotel revenue.

Others mainly include corporate activities including central treasury management and administrative function and results of other business not categorised as operating segments.

The Board of Directors assesses the performance of the operating segments based on a measure of gross profit.

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

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

	2022				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	9,244,985	5,345,490	14,590,475	–	14,590,475
Results					
Segment results – gross profit	4,886,977	2,097,707	6,984,684	–	6,984,684
Other income and net gains					915,526
Selling, administrative and other operating expenses					(1,720,023)
Decrease in fair value of investment properties					(2,040,840)
Operating profit before finance costs					4,139,347
Finance costs					(317,225)
Operating profit					3,822,122
Share of results of associates and joint ventures					1,345,947
Profit before taxation					5,168,069
Taxation					(1,693,183)
Profit for the year					3,474,886
Profit attributable to:					
Company's shareholders					2,754,780
Non-controlling interests					720,106
					3,474,886
Depreciation	413,172	68,037	481,209	1,703	482,912



## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

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

	2021				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	10,249,609	5,077,155	15,326,764	–	15,326,764
Results					
Segment results – gross profit	6,333,419	2,409,588	8,743,007	–	8,743,007
Other income and net gains					2,992,814
Selling, administrative and other operating expenses					(2,003,343)
Increase in fair value of investment properties					1,666,422
Operating profit before finance costs					11,398,900
Finance costs					(575,135)
Operating profit					10,823,765
Share of results of associates and joint ventures					3,402,332
Profit before taxation					14,226,097
Taxation					(2,936,131)
Profit for the year					11,289,966
Profit attributable to:					
Company's shareholders					10,358,011
Non-controlling interests					931,955
					11,289,966
Depreciation	449,381	69,499	518,880	1,457	520,337

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

(e) An analysis of the Group's financial position by operating segment is as follows:

	2022						
	Mainland Property	Hong Kong Property**	Overseas Property	Total Operating Segments	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	117,613,088	60,621,988	709,585	178,944,661	75,438,234	(82,710,866)	171,672,029
Associates and joint ventures	8,708,247	10,219,378	2,140,735	21,068,360	4,733,652	-	25,802,012
Derivative financial instruments	-	-	-	-	954,781	-	954,781
Financial assets at fair value through other comprehensive income	-	-	522,122	522,122	-	-	522,122
Financial assets at fair value through profit or loss	6,864	666,367	-	673,231	826	-	674,057
Mortgage loans receivable	-	1,335,082	-	1,335,082	-	-	1,335,082
Tax recoverable	268,156	56,373	-	324,529	892	-	325,421
Tax reserve certificates	-	-	-	-	189,255	-	189,255
<b>Total assets</b>	<b>126,596,355</b>	<b>72,899,188</b>	<b>3,372,442</b>	<b>202,867,985</b>	<b>81,317,640</b>	<b>(82,710,866)</b>	<b>201,474,759</b>
Segment liabilities	59,322,808	25,840,594	1,035,326	86,198,728	7,793,765	(82,710,866)	11,281,627
Bank loans	4,747,478	-	-	4,747,478	48,122,799	-	52,870,277
Derivative financial instruments	-	-	-	-	451,430	-	451,430
Taxation and deferred taxation	10,567,166	958,984	167,998	11,694,148	199,255	-	11,893,403
Amounts due to non-controlling interests	1,481,063	842,674	172,124	2,495,861	-	-	2,495,861
<b>Total liabilities</b>	<b>76,118,515</b>	<b>27,642,252</b>	<b>1,375,448</b>	<b>105,136,215</b>	<b>56,567,249</b>	<b>(82,710,866)</b>	<b>78,992,598</b>
Segment non-current assets*	93,876,478	39,812,457	2,517,825	136,206,760	4,743,896	-	140,950,656

\* Other than derivative financial instruments, financial assets at fair value through other comprehensive income and through profit or loss and mortgage loans receivable, additions to non-current assets mainly comprise of additions to investment properties and properties under development and land deposits as set out in notes 15 and 17 to the financial statements respectively.

\*\* Included Macau.

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

(e) An analysis of the Group's financial position by operating segment is as follows: (Continued)

	2021						
	Mainland Property HK\$'000	Hong Kong Property** HK\$'000	Overseas Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Segment assets	113,518,805	54,384,549	1,152,607	169,055,961	70,148,605	(72,188,669)	167,015,897
Associates and joint ventures	9,702,727	11,698,876	2,035,873	23,437,476	4,889,459	–	28,326,935
Derivative financial instruments	–	–	–	–	254,767	–	254,767
Financial assets at fair value through other comprehensive income	–	–	1,555,092	1,555,092	–	–	1,555,092
Financial assets at fair value through profit or loss	7,416	670,814	–	678,230	826	–	679,056
Mortgage loans receivable	–	1,568,245	–	1,568,245	–	–	1,568,245
Tax recoverable	412,006	12,690	–	424,696	41,613	–	466,309
Tax reserve certificates	–	–	–	–	189,255	–	189,255
<b>Total assets</b>	<b>123,640,954</b>	<b>68,335,174</b>	<b>4,743,572</b>	<b>196,719,700</b>	<b>75,524,525</b>	<b>(72,188,669)</b>	<b>200,055,556</b>
Segment liabilities	47,632,609	26,839,872	1,270,065	75,742,546	11,513,586	(72,188,669)	15,067,463
Bank loans	4,657,071	–	–	4,657,071	32,821,441	–	37,478,512
Derivative financial instruments	–	–	–	–	166,083	–	166,083
Taxation and deferred taxation	11,469,870	893,644	167,831	12,531,345	199,295	–	12,730,640
Amounts due to non-controlling interests	1,491,930	636,483	171,944	2,300,357	(625)	–	2,299,732
<b>Total liabilities</b>	<b>65,251,480</b>	<b>28,369,999</b>	<b>1,609,840</b>	<b>95,231,319</b>	<b>44,699,780</b>	<b>(72,188,669)</b>	<b>67,742,430</b>
Segment non-current assets*	90,505,158	46,166,602	2,867,174	139,538,934	4,895,265	–	144,434,199

\* Other than derivative financial instruments, financial assets at fair value through other comprehensive income and through profit or loss and mortgage loans receivable, additions to non-current assets mainly comprise of additions to investment properties and properties under development and land deposits as set out in notes 15 and 17 to the financial statements respectively.

\*\* Included Macau.

## 5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

(f) An analysis of the Group's operating segment non-current assets by geographical area is as follows:

	Operating segment non-current assets*	
	2022 HK\$'000	2021 HK\$'000
Mainland	93,876,478	90,505,158
Hong Kong	39,288,499	45,642,644
Others	3,041,783	3,391,132
	<b>136,206,760</b>	139,538,934

\* Other than derivative financial instruments, financial assets at fair value through other comprehensive income and through profit or loss and mortgage loans receivable.

## 6 OTHER INCOME AND NET GAINS

	2022 HK\$'000	2021 HK\$'000
Dividend income	52,552	48,729
Interest income	593,892	561,714
Gain on disposal of property, plant and equipment	443	114
Gain on sale of investment properties net of selling expenses	71,726	1,240
Exchange (losses)/gains, net	(334,561)	50,181
Net decrease in fair value of financial assets at fair value through profit or loss	(4,407)	(7,853)
Gain on disposal of subsidiaries (note 37(d))	897,490	117,838
Gain on disposal of partial interest in an associate (note 37(e))	–	2,093,943
Provision for properties under development (note 17(a))	(520,667)	–
Others	159,058	126,908
	<b>915,526</b>	2,992,814

## 7 OPERATING PROFIT BEFORE FINANCE COSTS

Operating profit before finance costs is stated after charging the following:

	2022 HK\$'000	2021 HK\$'000
Cost of sales of properties and sales related expenses	5,562,587	4,206,547
Direct operating expenses in respect of investment properties	822,250	873,186
Hotel direct operating expenses	882,818	1,107,450
Depreciation of property, plant and equipment	369,950	404,018
Depreciation of right-of-use assets – leasehold land and land use rights	61,769	64,197
Depreciation of right-of-use assets – buildings – offices	51,193	52,122
Expenses relating to short-term leases	10,789	10,034
Auditors' remuneration		
– audit services	11,564	11,684
– audit related services	353	1,443
– non-audit services	8,387	18,322

## 8 FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Finance costs		
– bank loans	1,417,363	717,825
– fixed rate bonds	–	36,738
– derivative financial instruments	(97,972)	36,797
– lease liabilities	1,630	2,698
– fair value losses on derivative financial instruments designated as cash flow hedges, transfer from equity (note 36)	534,134	63,745
– others (note)	(420,292)	(88,063)
Total finance costs incurred	1,434,863	769,740
Less: amount capitalised in properties under development and investment properties under development	(1,117,638)	(194,605)
Total finance costs expensed during the year	317,225	575,135

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.4% and 4.9% per annum (2021: between 1.3% and 4.9% per annum).

Note: The amount included net exchange gain from financing activities of HK\$450,405,000 (2021: HK\$101,657,000) for the year ended 31 December 2022.



## 9 TAXATION

### Hong Kong and overseas profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. Income tax on the overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the overseas countries in which the Group operates.

### Mainland corporate income tax

Mainland corporate income tax has been provided at the rate of 25% (2021: 25%) on the estimated assessable profit for the year.

### Withholding tax on distributed/undistributed profits

Withholding tax is levied on profit distribution upon declaration/remittance at the rates of taxation prevailing in the Mainland and overseas countries.

### Mainland land appreciation tax

Land appreciation tax in the Mainland is levied on properties developed and sold by the Group, 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 amount of taxation (charged)/credited to the consolidated income statement represents:

	2022 HK\$'000	2021 HK\$'000
Mainland taxation		
– Current	<b>(1,395,338)</b>	(2,023,716)
– (Under)/over-provision in prior years	<b>(257)</b>	23,921
– Deferred	<b>18,311</b>	(571,180)
	<b>(1,377,284)</b>	(2,570,975)
Hong Kong profits tax		
– Current	<b>(270,954)</b>	(340,539)
– Over/(under)-provision in prior years	<b>204</b>	(382)
– Deferred	<b>(23,714)</b>	(10,397)
	<b>(294,464)</b>	(351,318)
Overseas taxation		
– Current	<b>(7,439)</b>	(6,092)
– Deferred	<b>(13,996)</b>	(7,746)
	<b>(21,435)</b>	(13,838)
	<b>(1,693,183)</b>	(2,936,131)

The Group recorded land appreciation tax of HK\$606,828,000 (2021: HK\$1,114,877,000) for the year ended 31 December 2022 on sale of properties in the Mainland.

**9 TAXATION** (Continued)

The Group's share of taxation of associates and joint ventures for the year of HK\$411,102,000 (2021: HK\$545,189,000) is included in the share of results of associates and joint ventures in the consolidated income statement.

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2022 HK\$'000	2021 HK\$'000
Profit before taxation	<b>5,168,069</b>	14,226,097
Less: Share of results of associates and joint ventures	<b>(1,345,947)</b>	(3,402,332)
	<b>3,822,122</b>	10,823,765
Calculated at Hong Kong profits tax rate of 16.5% (2021: 16.5%)	<b>630,650</b>	1,785,921
Tax effect of different taxation rates in other countries	<b>341,881</b>	533,506
Utilisation of previously unrecognised tax losses	<b>(11,922)</b>	(21,726)
Tax effect of net income/expenses that are not taxable/deductible in determining taxable profit	<b>16,248</b>	(462,222)
Tax loss not recognised	<b>173,664</b>	120,373
Under/(over)-provision of taxation in prior years	<b>53</b>	(23,539)
	<b>1,150,574</b>	1,932,313
Withholding tax on distributed/undistributed profits	<b>87,488</b>	167,660
Land appreciation tax	<b>606,828</b>	1,114,877
Tax effect of deduction of land appreciation tax	<b>(151,707)</b>	(278,719)
Taxation charge	<b>1,693,183</b>	2,936,131

## 10 DIVIDENDS

### (a) Ordinary shares

	2022 HK\$'000	2021 HK\$'000
Final dividend for the year ended 31 December 2021 of HK\$0.95 (2020: HK\$0.95) per fully paid share	<b>1,381,748</b>	1,383,676
Interim dividend for the year ended 31 December 2022 of HK\$0.4 (2021: HK\$0.4) per fully paid share	<b>580,662</b>	582,601
Special dividend for the year ended 31 December 2022 of HK\$Nil (2021: HK\$2.3) per fully paid share	–	3,349,953
Total dividends paid	<b>1,962,410</b>	5,316,230

### (b) Dividends not recognised at the end of the reporting period

At a meeting held on 29 March 2023, the Board of Directors proposed a final dividend of HK\$0.95 (2021: HK\$0.95) per ordinary share for the year ended 31 December 2022 totalling to HK\$1,378,740,000 based on 1,451,305,728 ordinary shares in issue as at 31 December 2022 (2021: HK\$1,381,748,000 based on 1,454,471,728 ordinary shares in issue as at 31 December 2021). The actual amount of final dividend payable in respect of the year ended 31 December 2022 will be subject to the actual number of ordinary shares in issue on the record date, which is expected to be on or about 6 June 2023.

## 11 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.

	2022	2021
Weighted average number of ordinary shares in issue	<b>1,453,224,214</b>	1,456,307,188

	2022 HK\$'000	2021 HK\$'000
Profit attributable to shareholders	<b>2,754,780</b>	10,358,011
Basic earnings per share	<b>HK\$1.90</b>	HK\$7.11

**11 EARNINGS PER SHARE** (Continued)**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.

	<b>2022</b>	2021
Weighted average number of ordinary shares in issue	<b>1,453,224,214</b>	1,456,307,188
Adjustment for share options (note)	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,453,224,214</b>	1,456,307,188

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders	<b>2,754,780</b>	10,358,011
Diluted earnings per share	<b>HK\$1.90</b>	HK\$7.11

Note: The share options outstanding during the year ended 31 December 2022 had an anti-dilutive effect.

**12 EMPLOYEE BENEFIT EXPENSE**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Staff costs, including directors' emoluments	<b>1,567,721</b>	1,591,493
Pension costs – defined contribution plans (note)	<b>92,057</b>	89,779
	<b>1,659,778</b>	1,681,272

Note: Details of the defined contribution plans are set out in note 31.

### 13 BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' and senior management's emoluments

The remuneration of the Directors for the year ended 31 December 2022, excluding share option benefits, is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Employer's contribution to retirement benefit scheme	Total HK\$'000
				HK\$'000	
Mr Kuok Khoon Hua*	–	6,000	15,000	120	21,120
Mr Au Hing Lun, Dennis <sup>1</sup>	–	5,817	3,512	12	9,341
Mr Bryan Pallop Gaw	–	4,782	6,125	120	11,027
Mr Wong Siu Kong <sup>2</sup>	–	2,675	5,000	–	7,675
Ms Serene Siew Noi Nah <sup>3</sup>	–	3,280	6,487	80	9,847
Ms Wong Yu Pok, Marina, JP	605	–	–	–	605
Mr Hui Chun Yue, David	565	–	–	–	565
Mr Cheung Leong <sup>4</sup>	310	–	–	–	310
Mr Chum Kwan Lock, Grant <sup>4</sup>	310	–	–	–	310
Mr Chang Tso Tung, Stephen <sup>5</sup>	224	–	–	–	224

\* Chairman (elected on 19 May 2022) and Chief Executive Officer

<sup>1</sup> Appointed as the Deputy Chief Executive Officer and an Executive Director on 24 May 2022

<sup>2</sup> Retired as Chairman and an Executive Director on 19 May 2022

<sup>3</sup> Resigned as an Executive Director and the Chief Financial Officer on 31 August 2022

<sup>4</sup> Appointed as an Independent Non-Executive Director on 19 May 2022

<sup>5</sup> Retired as an Independent Non-Executive Director on 19 May 2022



**13 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)**(a) Directors' and senior management's emoluments** (Continued)

The remuneration of the Directors for the year ended 31 December 2021, excluding share option benefits, is set out below:

Name of Director	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Employer's contribution to retirement benefit scheme HK\$'000	Total HK\$'000
Mr Wong Siu Kong*	–	6,960	15,000	120	22,080
Mr Kuok Khoon Hua**	–	4,800	20,000	120	24,920
Mr Bryan Pallop Gaw	–	4,620	7,000	120	11,740
Ms Serene Siew Noi Nah <sup>1</sup>	–	988	7,110	25	8,123
Mr Wong Chi Kong, Louis <sup>2</sup>	–	5,244	4,875	120	10,239
Ms Wong Yu Pok, Marina, JP	615	–	–	–	615
Mr Chang Tso Tung, Stephen	570	–	–	–	570
Mr Hui Chun Yue, David	575	–	–	–	575

\* *Chairman*

\*\* *Vice Chairman and Chief Executive Officer*

<sup>1</sup> *Appointed as an Executive Director on 15 October 2021*

<sup>2</sup> *Retired as an Executive Director on 31 December 2021*

**13 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)**(b) Share options granted to the Directors of the Company**

Pursuant to the Share Option Scheme of the Company (note 33), the Company granted to the Directors share options to subscribe for shares in the Company subject to terms and conditions stipulated therein. The fair values of share options granted to the Directors were included in the total employee benefit expense during the vesting period.

During the years ended 31 December 2022 and 31 December 2021, there were no share options granted to the Directors.

As at 31 December 2022 and 31 December 2021, certain Directors held the following share options to acquire shares of the Company:

Number of share options held		Exercise price per share HK\$	Exercise period
2022	2021		
–	1,600,000	35.45	31/10/2012 – 29/04/2022
–	1,650,000	35.45	31/10/2013 – 29/04/2022
<b>100,000</b>	884,000	<b>26.88</b>	<b>08/01/2015 – 07/01/2024</b>

The closing market price of the Company's share as at 31 December 2022 was HK\$17.00 (2021: HK\$20.30) per share.

**(c) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include three (2021: four) Directors. The emoluments payable to the five highest paid individuals during the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and fees	25,141	26,364
Discretionary bonuses and others	50,181	53,985
Pension contributions	393	600
	<b>75,715</b>	80,949

**13 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)**(c) Five highest paid individuals** (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
HK\$ 9,500,001 – HK\$10,000,000	1	–
HK\$10,000,001 – HK\$10,500,000	–	1
HK\$11,000,001 – HK\$11,500,000	1	–
HK\$11,500,001 – HK\$12,000,000	–	2
HK\$15,000,001 – HK\$15,500,000	1	–
HK\$18,500,001 – HK\$19,000,000	1	–
HK\$21,000,001 – HK\$21,500,000	1	–
HK\$22,000,001 – HK\$22,500,000	–	1
HK\$24,500,001 – HK\$25,000,000	–	1
	<b>5</b>	<b>5</b>

Pursuant to the Share Option Scheme of the Company (note 33), the Company granted to the individual share options to subscribe for shares in the Company subject to terms and conditions stipulated therein. The fair values of share options granted to the individual were included in the total employee benefit expense during the vesting period.

**(d) Directors' material interests in transactions, arrangements or contracts**

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party or were parties and in which a Director of the Company or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## 14 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK\$'000	Warehouse and buildings HK\$'000	Staff quarters HK\$'000	Leasehold improvements HK\$'000	Motor vehicles, furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost						
At 1 January 2022	7,917,411	484,168	51,530	88,152	319,055	8,860,316
Additions	12,230	–	–	6,913	24,476	43,619
Disposals	(4,838)	–	(2,323)	(2,257)	(16,586)	(26,004)
Disposal of subsidiaries (note 37(d))	–	–	–	–	(3,080)	(3,080)
Transfer and reclassification	16,180	–	–	4,493	(20,673)	–
Exchange adjustment	(688,145)	(6,691)	(4,142)	(2,019)	(15,510)	(716,507)
At 31 December 2022	7,252,838	477,477	45,065	95,282	287,682	8,158,344
Aggregate depreciation and accumulated impairment losses						
At 1 January 2022	2,987,251	123,190	16,548	74,008	252,435	3,453,432
Charge for the year	326,477	15,909	1,643	6,474	20,087	370,590
Disposals	(4,463)	–	(1,305)	(1,140)	(13,334)	(20,242)
Disposals of subsidiaries (note 37(d))	–	–	–	–	(3,076)	(3,076)
Transfer and reclassification	16,180	–	–	311	(16,491)	–
Exchange adjustment	(242,634)	(2,191)	(1,397)	(1,216)	(12,159)	(259,597)
At 31 December 2022	3,082,811	136,908	15,489	78,437	227,462	3,541,107
<b>Net book value as at 31 December 2022</b>	<b>4,170,027</b>	<b>340,569</b>	<b>29,576</b>	<b>16,845</b>	<b>60,220</b>	<b>4,617,237</b>
Net book value as at 1 January 2022	4,930,160	360,978	34,982	14,144	66,620	5,406,884

## 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties HK\$'000	Warehouse and buildings HK\$'000	Staff quarters HK\$'000	Leasehold improvements HK\$'000	Motor vehicles, furniture, fixtures and office equipment HK\$'000	Total HK\$'000
<b>Cost</b>						
At 1 January 2021	7,289,036	481,881	50,154	85,797	299,472	8,206,340
Additions	58,895	–	–	1,764	26,176	86,835
Disposals	(15,957)	–	(31)	–	(12,019)	(28,007)
Transfer and reclassification	375,650	–	–	–	–	375,650
Exchange adjustment	209,787	2,287	1,407	591	5,426	219,498
At 31 December 2021	7,917,411	484,168	51,530	88,152	319,055	8,860,316
<b>Aggregate depreciation and accumulated impairment losses</b>						
At 1 January 2021	2,554,217	106,469	14,386	66,292	240,850	2,982,214
Charge for the year	360,571	16,053	1,740	7,277	18,861	404,502
Disposals	(2,966)	–	(15)	–	(11,616)	(14,597)
Exchange adjustment	75,429	668	437	439	4,340	81,313
At 31 December 2021	2,987,251	123,190	16,548	74,008	252,435	3,453,432
Net book value as at 31 December 2021	4,930,160	360,978	34,982	14,144	66,620	5,406,884
Net book value as at 1 January 2021	4,734,819	375,412	35,768	19,505	58,622	5,224,126

The Group had property, plant and equipment held by subsidiaries and associates which included hotel operations in the Mainland as at 31 December 2022. Given the different economic environments in which the Group's hotels operate, there is a risk that the carrying amounts of these hotels held by subsidiaries and associates are higher than their recoverable amounts. The Group assesses the carrying amounts of hotel properties when there is any indicator that the assets may be impaired. These indicators include continuing adverse changes in the local market conditions in which the hotel operates or will operate, or when the hotel continues to operate at a loss position.

During the year ended 31 December 2022 and 31 December 2021, the Group considered that no provision for impairment loss or written back of hotel properties was necessary. The Group has made key assumptions and estimates on the appropriate discount rate, estimated occupancy rate and room rate. The discount rates adopted in the model by the Group range from 8% to 9.5% (2021: 8.75% to 9.75%).



## 15 INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
At 1 January	87,201,879	83,823,976
Additions	375,879	191,432
(Decrease)/increase in fair value	(2,040,840)	1,666,422
Disposals	(278,000)	(750)
Disposal of subsidiaries (note 37(d))	(3,740,000)	–
Transfer	(141,636)	50,617
Exchange adjustment	(4,314,274)	1,470,182
<b>At 31 December</b>	<b>77,063,008</b>	<b>87,201,879</b>

## (a) Valuation of investment properties

	Residential properties under development	Commercial properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong	Hong Kong	Hong Kong	Mainland	Hong Kong	Mainland	Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	509,000	–	17,357,800	4,707,440	10,794,000	49,593,639	4,240,000	87,201,879
Additions	106,862	–	6,268	12,994	39,932	209,734	90	375,880
Change in fair value	(131,862)	–	338,032	30,123	(209,932)	(2,067,111)	(90)	(2,040,840)
Disposals	–	–	–	–	(278,000)	–	–	(278,000)
Disposal of subsidiaries (note 37(d))	–	–	–	–	–	–	(3,740,000)	(3,740,000)
Transfer	–	404,000	(1,606,000)	–	–	1,060,364	–	(141,636)
Exchange adjustment	–	–	–	(374,654)	–	(3,939,621)	–	(4,314,275)
<b>At 31 December 2022</b>	<b>484,000</b>	<b>404,000</b>	<b>16,096,100</b>	<b>4,375,903</b>	<b>10,346,000</b>	<b>44,857,005</b>	<b>500,000</b>	<b>77,063,008</b>

**15 INVESTMENT PROPERTIES** (Continued)

## (a) Valuation of investment properties (Continued)

	Residential properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong	Hong Kong	Mainland	Hong Kong	Mainland	Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021	504,000	16,553,600	4,447,121	10,876,750	47,272,505	4,170,000	83,823,976
Additions	2,324	11,684	17,243	37,601	121,097	1,483	191,432
Change in fair value	2,676	820,043	116,630	(119,601)	778,157	68,517	1,666,422
Disposals	-	-	-	(750)	-	-	(750)
Transfer	-	(27,527)	-	-	78,144	-	50,617
Exchange adjustment	-	-	126,446	-	1,343,736	-	1,470,182
At 31 December 2021	509,000	17,357,800	4,707,440	10,794,000	49,593,639	4,240,000	87,201,879

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield Limited, Savills Valuation and Professional Services Limited and Prudential Surveyors (Hong Kong) Limited, independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued, at 31 December 2022. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit and Corporate Governance Committee. Discussions of valuation processes and results are held between the management and valuers.

At each financial year end, the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers.

Valuation techniques

Fair value of completed properties in Hong Kong and the Mainland is mainly derived using the income approach and wherever appropriate, by market approach.

Income approach is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

## 15 INVESTMENT PROPERTIES (Continued)

### (a) Valuation of investment properties (Continued)

#### Valuation techniques (Continued)

Market approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of investment properties under development in Hong Kong and the Mainland is generally derived using the residual method. This valuation method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit from the estimated capital value of the proposed development assuming completed as at the date of valuation.

#### Significant unobservable inputs used to determine fair value

Capitalisation rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 31 December 2022, capitalisation rates of 2.2% to 5.0% (2021: 2.4% to 5.0%) and 4.8% to 7.3% (2021: 4.8% to 8.3%) are used in the income approach for Hong Kong and the Mainland properties respectively.

Prevailing market rents are estimated based on recent lettings for Hong Kong and the Mainland investment properties, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion, and developer's profit required are estimated by valuers based on market conditions at the reporting date for investment properties under development. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and developer's profit, the lower the fair value.

The valuations of investment properties were based on the economic, market and other conditions as they exist on, and information available to management as of 31 December 2022. Given the outbreak of Covid-19 has caused high volatility to Hong Kong and Mainland economy and uncertainties to the property market, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the ongoing development of Covid-19 may impact the future fair value of the investment properties subsequent to 31 December 2022.

## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 HK\$'000	2021 HK\$'000
<b>Right-of-use assets</b>		
Leasehold land and land use rights	1,705,228	1,919,127
Buildings – offices (note (a))	125,023	46,482
	<b>1,830,251</b>	1,965,609

(a) For the year ended 31 December 2022, in respect of buildings – offices, additions to the right-of-use assets were HK\$129,927,000 (2021: HK\$Nil) and total cash outflows of leases was HK\$54,210,000 (2021: HK\$55,237,000).

Rental contracts for offices are typically made for fixed periods of three years, but have extension options which majority of these options are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that held by the lessor.

	2022 HK\$'000	2021 HK\$'000
<b>Lease liabilities</b>		
Current portion of lease liabilities	41,284	48,012
Non-current portion of lease liabilities	84,206	381
	<b>125,490</b>	48,393

As at 31 December 2022, the weighted average lessee's incremental borrowing rates applied was 5.56% (2021: 3.5%).

As at 31 December 2022, the balance included the lease liabilities payable to an associate of HK\$125,277,000 (2021: HK\$47,825,000).

## 17 PROPERTIES UNDER DEVELOPMENT AND LAND DEPOSITS

	2022 HK\$'000	2021 HK\$'000
Properties under development (note a)	38,097,119	31,364,425
Land deposits (note b)	16,401,408	3,102,446
	<b>54,498,527</b>	34,466,871

**17 PROPERTIES UNDER DEVELOPMENT AND LAND DEPOSITS** (Continued)

	2022 HK\$'000	2021 HK\$'000
The above are represented by:		
Amount included in non-current assets		
Hong Kong	804,496	675,278
Outside Hong Kong	30,711,148	20,735,110
	<b>31,515,644</b>	21,410,388
Amount included in current assets		
Hong Kong	7,415,085	–
Outside Hong Kong	15,567,798	13,056,483
	<b>22,982,883</b>	13,056,483
	<b>54,498,527</b>	34,466,871

**(a) Properties under development**

	2022 HK\$'000	2021 HK\$'000
At 1 January	31,364,425	26,322,778
Additions	5,018,103	5,042,993
Acquisition of subsidiaries (note 37(c))	1,976,879	–
Disposal of subsidiaries (note 37(d))	–	(31,602)
Provision (note 6)	(520,667)	–
Transfer	3,599,850	(672,145)
Exchange adjustment	(3,341,471)	702,401
At 31 December	<b>38,097,119</b>	31,364,425

**(b) Land deposits**

Balance as at 31 December 2022 mainly comprised land deposits paid for the acquisition of lands located in the Mainland.

On 4 January 2022, the Group successfully won the tender for the acquisition of the land use rights of the lots offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau in Shanghai at a consideration of RMB13,329,070,000 for mixed-use development.

These deposits will be transferred to properties under development once the relevant certificates are obtained.



## 18 SUMMARISED FINANCIAL INFORMATION OF A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Set out below are the summarised financial information of a subsidiary, Shanghai Ji Xiang Properties Co., Ltd., that has non-controlling interests of 49% that are material to the Group. The principal place of business of Shanghai Ji Xiang Properties Co., Ltd. is Shanghai, the Mainland.

### Summarised statement of financial position as at 31 December 2022

	2022 HK\$'000	2021 HK\$'000
Current		
Assets	1,000,651	756,455
Liabilities	(1,396,759)	(643,182)
Total current net (liabilities)/asset	(396,108)	113,273
Non-current		
Assets	15,346,063	16,363,930
Liabilities	(3,404,077)	(4,031,210)
Total non-current net assets	11,941,986	12,332,720
Net assets	11,545,878	12,445,993

### Summarised statement of comprehensive income for the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
Revenue	1,334,369	707,830
Profit before income tax	994,533	1,654,042
Income tax expenses	(256,849)	(426,597)
Profit for the year	737,684	1,227,445
Other comprehensive income	(975,939)	188,695
Total comprehensive income	(238,255)	1,416,140
Total comprehensive income allocated to non-controlling interests	(116,745)	693,909
Dividend paid to non-controlling interests	283,096	–

## 18 SUMMARISED FINANCIAL INFORMATION OF A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

### Summarised cash flows for the year ended 31 December 2022

	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities		
Cash generated from operations	<b>640,032</b>	1,069,230
Interest paid	<b>(42,903)</b>	(63,006)
Income tax paid	<b>(105,439)</b>	(148,549)
Net cash generated from operating activities	<b>491,690</b>	857,675
Net cash (used in)/generated from investing activities	<b>(24,546)</b>	2,770
Net cash used in financing activities	<b>(749,793)</b>	(647,987)
Net (decrease)/increase in cash and cash equivalents	<b>(282,649)</b>	212,458
Cash and cash equivalents at 1 January	<b>1,103,271</b>	873,600
Effect of exchange rate changes	<b>56,945</b>	17,213
Cash and cash equivalents at 31 December	<b>877,567</b>	1,103,271

The information above is the amount before inter-company eliminations.

## 19 ASSOCIATES AND JOINT VENTURES

	2022			2021		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted investments	10,326,212	656,231	10,982,443	11,186,861	1,189,813	12,376,674
Listed equity securities, in Hong Kong	4,640,750	–	4,640,750	4,756,964	–	4,756,964
Listed equity securities, outside Hong Kong	1,562,309	–	1,562,309	1,581,002	–	1,581,002
Share of net assets, including goodwill (note (a))	16,529,271	656,231	17,185,502	17,524,827	1,189,813	18,714,640
Amounts due from associates and joint ventures (note (b))	3,205,990	5,826,069	9,032,059	3,623,062	6,588,883	10,211,945
Amounts due to associates (note (c))	(415,549)	–	(415,549)	(599,650)	–	(599,650)
	<b>19,319,712</b>	<b>6,482,300</b>	<b>25,802,012</b>	<b>20,548,239</b>	<b>7,778,696</b>	<b>28,326,935</b>

- (a) Details of principal associates and joint ventures are set out in note 44(b).
- (b) The amounts due from associates and joint ventures are unsecured, not repayable within twelve months from the end of each reporting period and interest-free except for amounts totalling HK\$7,389,646,000 (2021: HK\$8,616,131,000) which bear interest at prevailing market rates.
- (c) The amounts due to associates are unsecured, interest-free and not repayable within twelve months from the end of each reporting period.
- (d) The following sets out the aggregate amount of the Group's share of results of associates and joint ventures for the year:

	2022 HK\$'000	2021 HK\$'000
Share of results of associates	1,612,296	3,445,581
Share of results of joint ventures	(266,349)	(43,249)
	<b>1,345,947</b>	<b>3,402,332</b>

- (e) The following sets out the commitments in respect of associates and joint ventures:

	2022 HK\$'000	2021 HK\$'000
Commitments to provide funding for capital commitments of associates and joint ventures, if called	1,855,762	2,860,262

**19 ASSOCIATES AND JOINT VENTURES** (Continued)

- (f) Set out below are the summarised financial information for the associate of the Group, Kerry Logistics Network Limited (“Kerry Logistics”), which, in the opinion of the Directors, is material to the Group. The associate is accounted for using the equity method.

**Summarised consolidated statement of financial position as at 31 December 2022**

	2022 HK\$'000	2021 HK\$'000
Current		
Assets	<b>23,901,474</b>	27,014,774
Liabilities	<b>(15,145,128)</b>	(17,840,700)
Total current net assets	<b>8,756,346</b>	9,174,074
Non-current		
Assets	<b>22,659,212</b>	22,374,215
Liabilities	<b>(9,069,659)</b>	(5,615,379)
Total non-current net assets	<b>13,589,553</b>	16,758,836
Net assets	<b>22,345,899</b>	25,932,910

**Summarised consolidated statement of comprehensive income for the year ended 31 December 2022**

	2022 HK\$'000	2021 HK\$'000
Revenue	<b>86,649,463</b>	78,954,724
Operating expenses and others	<b>(79,044,671)</b>	(71,189,554)
Depreciation and amortisation	<b>(2,208,770)</b>	(1,999,117)
Interest income	<b>72,791</b>	48,960
Interest expense	<b>(392,968)</b>	(250,756)
Profit before taxation	<b>5,075,845</b>	5,564,257
Taxation	<b>(1,255,827)</b>	(1,299,167)
Profit for the year from continuing operations	<b>3,820,018</b>	4,265,090
Profit for the year from discontinued operations	–	4,765,506
Profit for the year	<b>3,820,018</b>	9,030,596
Other comprehensive income	<b>(1,315,126)</b>	(454,717)
Total comprehensive income	<b>2,504,892</b>	8,575,879
Dividends received from the associate	<b>293,828</b>	5,552,058

The information above reflects the amounts presented in the consolidated financial statements of Kerry Logistics (and not the Group's share of those amounts) for the year adjusted for differences in accounting policies between the Group and the associate.

**19 ASSOCIATES AND JOINT VENTURES** (Continued)

(f) (Continued)

**Reconciliation of summarised financial information**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Opening net assets as at 1 January	<b>19,857,390</b>	26,256,285
Profit for the year attributable to shareholders	<b>3,579,191</b>	7,938,653
Other comprehensive income attributable to shareholders	<b>(1,128,873)</b>	(372,711)
Dividends paid	<b>(1,409,766)</b>	(13,967,664)
Changes in other reserves	<b>(3,656,654)</b>	(152,437)
Reversal of elimination of unrealised gains	<b>1,957,540</b>	–
Others	<b>100,913</b>	155,264
Closing net assets as at 31 December	<b>19,299,741</b>	19,857,390
Interest in the associate (approximately 20.84%) (2021: 20.84%)	<b>4,022,066</b>	4,138,280
Goodwill	<b>618,684</b>	618,684
Carrying value as at 31 December	<b>4,640,750</b>	4,756,964

As at 31 December 2022, the fair value of the Group's interest in Kerry Logistics, which is listed on the Hong Kong Stock Exchange, was HK\$5,288,906,000 (2021: HK\$7,179,954,000).

(g) The aggregate amount of the Group's share of results of its associates and joint ventures which are individually immaterial are as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Results for the year	<b>167,270</b>	531,349
Other comprehensive income	<b>14,500</b>	(8,976)
Total comprehensive income	<b>181,770</b>	522,373



## 20 DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Cash flow hedges				
Cross currency and interest rate swap contracts, at fair value (note (a))				
Non-current	954,781	347,584	186,310	166,083
Current	–	103,846	68,457	–
	<b>954,781</b>	<b>451,430</b>	254,767	166,083

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the end of the reporting period and, as a current asset or liability, if the maturity of the hedged item is less than 12 months after the end of the reporting period.

- (a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges

The changes in fair value of cross currency swap and interest rate swap contracts that are designated and qualified as cash flow hedges amounting to a gain of HK\$414,667,000 (2021: HK\$56,601,000) are recognised in hedging reserve in equity. Under cash flow hedges, the loss of HK\$534,134,000 (2021: HK\$63,745,000) was reclassified from hedging reserve to finance costs in the consolidated income statement.

- (i) Hedge for fixed rate bonds

During the year ended 31 December 2011, an indirect wholly-owned subsidiary of the Company entered into cross currency swap contracts amounting to US\$297,000,000, under which the principal amounts were exchanged at inception and were re-exchanged on expiring date in April 2021 at an average exchange rate of US\$1 to HK\$7.776. Under these contracts, the fixed interest rates ranging from 5.26% to 5.275% per annum on the exchanged Hong Kong dollar principal amounts had been paid and the fixed interest rate of 5.875% per annum on the United States dollar principal amounts had been received.

- (ii) Hedge for Hong Kong dollar bank borrowings

During the year ended 31 December 2021, the Group entered into notional principal amounts of HK\$3,700,000,000 3-year to 10-year interest rate swap contracts. Such interest rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. The contracted fixed rates range from 0.415% to 1.52% per annum.

During the year ended 31 December 2022, the Group entered into notional principal amount of HK\$13,100,000,000 2-year to 5-year interest rate swap contracts. Such interest rate swap contract has the economic effect of converting borrowings from floating rates to fixed rates. The contracted fixed rate is 1.49% to 4.18% per annum.

As at 31 December 2022, the outstanding total notional principal amounts of interest rate swap contracts were HK\$19,300,000,000 (2021: HK\$6,200,000,000). The contracted fixed rates range from 0.415% to 4.18% (2021: 0.415% to 2.5%) per annum.

**20 DERIVATIVE FINANCIAL INSTRUMENTS** (Continued)

## (a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges (Continued)

## (iii) Hedge for Australian dollar bank borrowings

During the year ended 31 December 2018, the Group entered into cross currency swap contract amounting to AUD180,000,000, under which the principal amount was exchanged at inception in December 2018 and will be re-exchanged on expiring date in December 2023 at an exchange rate of AUD1 to HK\$5.6709. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

During the year ended 31 December 2019, the Group entered into cross currency swap contract amounting to AUD148,478,000, under which the principal amount was exchanged at inception in September 2019 and will be re-exchanged on expiring date in September 2023 at an exchange rate of AUD1 to HK\$5.388. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to approximately AUD187,350,000, under which the principal amount was exchanged at inception in February 2020 and will be re-exchanged on expiring date in February 2026 at an exchange rate of AUD1 to HK\$5.3376. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

## (iv) Hedge for Japanese yen bank borrowings

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to JPY8,000,000,000, under which the principal amount was exchanged at inception in June 2020 and will be re-exchanged on expiring date in June 2027 at an exchange rate of JPY1 to HK\$0.0719. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Japanese yen interest rate on the Japanese yen principal amount would be received.

## (v) Hedge for Renminbi bank borrowings

During the year ended 31 December 2021, the Group entered into various cross currency swap contracts amounting to RMB3,290,000,000, under which the principal amounts were exchanged without cash settlements at inception in April to June 2021 and will be re-exchanged with cash settlements on expiring dates in March 2022 to January 2025 at an exchange rate of RMB1 to a range of HK\$1.1839 to HK\$1.2154. Under these contracts, the floating Hong Kong dollar interest rates on the exchanged Hong Kong dollar principal amounts would be paid and the fixed Renminbi interest rates on the Renminbi principal amounts would be received.

As at 31 December 2022, the outstanding principal amounts of RMB cross currency swap contracts were RMB2,290,000,000 (2021: RMB3,290,000,000).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

## 21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2022 HK\$'000	2021 HK\$'000
Unlisted equity securities, at fair value	522,122	1,555,092

## 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group classifies the following financial assets at fair value through profit or loss:

- investments that are held for trading, and
- investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	2022 HK\$'000	2021 HK\$'000
Non-current portion		
Listed equity securities	18,437	23,147
Unlisted equity securities	655,620	655,909
	<b>674,057</b>	679,056

Listed equity securities are denominated in Hong Kong dollar, whereas the unlisted equity securities are denominated in Hong Kong dollar and Renminbi.

**23 MORTGAGE LOANS RECEIVABLE**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Non-current mortgage loans receivable	<b>1,079,619</b>	1,181,321
Current portion of mortgage loans receivable	<b>255,463</b>	386,924
<b>Total mortgage loans receivable</b>	<b>1,335,082</b>	1,568,245

The balance included first mortgage loans of HK\$256,512,000 (2021: HK\$424,971,000) offered to buyers of certain properties developed by the Group in Hong Kong. For these first mortgage loans receivable, the fair value was calculated based on cash flows discounted using lending rates from financial institutions and assuming the loans will be repaid according to the contract terms. The valuation process of the Group is set out in note 3(c)(v) to the consolidated financial statements.

The remaining amounts mostly represented the second mortgage loans receivable which are carried at amortised cost.

The mortgage loans receivable are repayable by monthly instalments with various tenors not more than 30 years (2021: not more than 30 years) at the date of the consolidated statement of financial position and carrying interest at floating rates.

The Group determines the provision for expected credit losses by grouping together second mortgage loans receivable with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions, the asset value and realisability of the underlying collateral, and forward-looking information. For second mortgage loans receivable relating to amounts which are long over-due with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The Group has not provided any loss allowance for its mortgage loans receivable during the year (2021: Nil).

Mortgage loans receivable are denominated in Hong Kong dollars.

**24 COMPLETED PROPERTIES HELD FOR SALE**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Land costs	<b>11,547,452</b>	10,566,064
Other development costs	<b>8,614,598</b>	7,546,428
	<b>20,162,050</b>	18,112,492

These completed properties held for sale are located in Hong Kong and the Mainland.

## 25 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2022 HK\$'000	2021 HK\$'000
Trade receivables (note (a))	117,254	161,509
Prepayments	380,669	425,560
Others	1,179,070	1,718,042
	<b>1,676,993</b>	2,305,111

The carrying amounts of accounts receivable approximate their fair value.

The carrying amounts of the Group's accounts receivable, prepayments and deposits are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	820,395	985,149
Renminbi	813,937	1,236,898
Other currencies	42,661	83,064
	<b>1,676,993</b>	2,305,111

- (a) The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. At 31 December 2022, the ageing analysis of the trade receivables based on date of the invoice or the terms of the related sales and purchase agreements and net of impairment losses of the Group is as follows:

	2022 HK\$'000	2021 HK\$'000
Below 1 month	85,199	92,870
Between 1 month and 3 months	17,638	23,762
Over 3 months	14,417	44,877
	<b>117,254</b>	161,509

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected credit loss allowance for all trade receivables.

The Group determines the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing and forward-looking economic conditions. For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.



**25 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS** (Continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The management considers the credit risk for the net balance is not high.

The trade receivables, other receivables and deposits do not contain impaired asset.

**26 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS****(a) Restricted bank deposits**

	2022 HK\$'000	2021 HK\$'000
Restricted bank deposits (note)	<b>354,814</b>	920,902

Note: As at 31 December 2022, certain bank balances of the Group were deposited in certain banks respectively as guarantee deposits for bank facilities of the Group, including mortgage loan facilities (note 40(b)) granted by the banks to the purchasers of the Group's certain properties and as amounts required to be reserved by the relevant Mainland authorities for the Group's pre-sale of certain properties. The restricted bank deposits are denominated in Renminbi.

**(b) Cash and cash equivalents**

	2022 HK\$'000	2021 HK\$'000
Cash at bank and on hand	<b>10,438,367</b>	15,556,361
Short-term bank deposits (note (i))	<b>908,278</b>	957,284
Cash and bank balances (note (ii))	<b>11,346,645</b>	16,513,645
Less: short-term bank deposits maturing after more than three months	<b>(21,241)</b>	(36,950)
Cash and cash equivalents	<b>11,325,404</b>	16,476,695

Cash and bank balances are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Renminbi	<b>9,888,292</b>	15,061,600
Hong Kong dollar	<b>1,390,074</b>	1,368,747
United States dollar	<b>43,864</b>	39,306
Other currencies	<b>24,415</b>	43,992
	<b>11,346,645</b>	16,513,645

- (i) The effective interest rate on short-term bank deposits was 2.98% (2021: 1.41%) per annum; these deposits have an average maturity of less than 6 months.
- (ii) Cash at bank and on hand and short-term bank deposits of HK\$10,232,170,000 (2021: HK\$15,546,692,000) are held in the Mainland and are subject to local exchange control regulations.

## 27 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES AND CONTRACT LIABILITIES

### (a) Accounts payable, deposits received and accrued charges

	2022 HK\$'000	2021 HK\$'000
Trade payables	335,772	365,335
Construction costs payable	2,868,170	2,905,829
Rental deposits and rent received in advance	1,458,014	1,624,502
Others	2,121,873	2,082,823
	<b>6,783,829</b>	6,978,489

The ageing analysis of trade payables of the Group as at 31 December 2022 is as follows:

	2022 HK\$'000	2021 HK\$'000
Below 1 month	305,169	310,547
Between 1 month and 3 months	24,145	49,327
Over 3 months	6,458	5,461
	<b>335,772</b>	365,335

The carrying amounts of the Group's accounts payable, deposits received and accrued charges are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
Renminbi	4,840,438	5,195,621
Hong Kong dollar	1,940,886	1,674,744
Other currencies	2,505	108,124
	<b>6,783,829</b>	6,978,489

### (b) Contract liabilities

	2022 HK\$'000	2021 HK\$'000
Contract liabilities	4,372,308	8,040,581

The balance represents the contract liabilities recognised in relation to property development activities in Hong Kong and the Mainland.

## 27 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES AND CONTRACT LIABILITIES (Continued)

### (b) Contract liabilities (Continued)

- (i) The following table shows the amount of revenue recognised in the current reporting period that relates to contract liability balance at the beginning of the year:

	2022 HK\$'000	2021 HK\$'000
Property sales	<b>6,177,271</b>	4,570,136

- (ii) The following table shows the aggregate amount of the transaction price allocated to the unsatisfied/partially satisfied performance obligations resulting from property sales for contracts with an original expected duration of one year or more:

	2022 HK\$'000	2021 HK\$'000
Revenue expected to be recognised within one year	<b>5,628,236</b>	6,511,575
Revenue expected to be recognised after one year	<b>1,457,863</b>	5,412,744
	<b>7,086,099</b>	11,924,319

## 28 BANK LOANS

	2022 HK\$'000	2021 HK\$'000
Bank loans, unsecured		
Non-current	<b>46,873,144</b>	32,210,214
Current	<b>5,997,133</b>	5,268,298
Total bank loans	<b>52,870,277</b>	37,478,512

As at 31 December 2022, all bank loans are unsecured but guaranteed by the Company and/or shareholders of subsidiaries.

**28 BANK LOANS** (Continued)

The maturity of bank loans is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Within 1 year	<b>5,997,133</b>	5,268,298
Between 1 and 2 years	<b>12,850,954</b>	4,412,469
Between 2 and 5 years	<b>33,022,190</b>	25,506,709
Repayable within 5 years	<b>51,870,277</b>	35,187,476
Over 5 years	<b>1,000,000</b>	2,291,036
	<b>52,870,277</b>	37,478,512

The effective annual interest rates of the major bank loans at the end of the reporting period were as follows:

	<b>2022</b>		2021	
	<b>HK\$</b>	<b>RMB</b>	HK\$	RMB
Bank loans	<b>5.32%</b>	<b>3.76%</b>	0.99%	3.86%

The carrying amounts of all bank loans approximate their fair value.

The carrying amounts of the bank loans are denominated in the following currencies:

	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
Hong Kong dollar	<b>42,318,000</b>	25,328,000
Renminbi	<b>7,330,961</b>	8,689,428
Australian dollar	<b>2,744,516</b>	2,919,484
Japanese yen	<b>476,800</b>	541,600
	<b>52,870,277</b>	37,478,512

## 29 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests represent proportionate funding from the non-controlling interests of subsidiaries including an amount of approximately HK\$318,037,000 (2021: HK\$324,905,000) due to certain subsidiaries of Shangri-La Asia Limited ("SA"), a related company whose shares are listed on Hong Kong Stock Exchange. These loans are unsecured, subordinated to the bank loans of the relevant subsidiaries, not repayable within twelve months from the end of reporting period, and interest-free except for a total amount of HK\$498,425,000 (2021: HK\$327,428,000) which bears interest at prevailing market rates.

The carrying values of the Group's amounts due to non-controlling interests are denominated in the following currencies:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>1,880,495</b>	1,673,680
United States dollar	<b>468,789</b>	468,485
Other currencies	<b>146,577</b>	157,567
	<b>2,495,861</b>	2,299,732

## 30 DEFERRED TAXATION

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>10,623,256</b>	9,814,735
Deferred taxation charged to consolidated income statement	<b>19,399</b>	589,323
Disposal of subsidiaries (note 37(d))	<b>(19,440)</b>	–
Exchange adjustment	<b>(928,610)</b>	219,198
At 31 December	<b>9,694,605</b>	10,623,256

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$2,764,672,000 (2021: HK\$2,164,629,000) to be carried forward in offsetting the future taxable profits. These tax losses have no expiry dates except for the tax losses of HK\$1,036,170,000 (2021: HK\$798,584,000) which will expire at various dates up to and including year 2027 (2021: year 2026).



**30 DEFERRED TAXATION** (Continued)

As at 31 December 2022, the aggregate amount of unrecognised deferred tax liabilities associated with investments in subsidiaries totalled approximately HK\$1,114,397,000 (2021: HK\$1,190,887,000), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

The movements in deferred tax (assets) and liabilities during the year were as follows:

	Revaluation HK\$'000	Accelerated depreciation allowances HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2022	9,106,275	626,894	–	890,087	10,623,256
Deferred taxation charged to consolidated income statement	(302,584)	23,784	–	298,199	19,399
Disposal of subsidiaries (note 37(d))	–	(19,440)	–	–	(19,440)
Exchange adjustment	(730,660)	(13,376)	–	(184,574)	(928,610)
<b>At 31 December 2022</b>	<b>8,073,031</b>	<b>617,862</b>	<b>–</b>	<b>1,003,712</b>	<b>9,694,605</b>

	Revaluation HK\$'000	Accelerated depreciation allowances HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2021	8,421,492	599,502	(127)	793,868	9,814,735
Deferred taxation charged to consolidated income statement	440,134	10,364	127	138,698	589,323
Exchange adjustment	244,649	17,028	–	(42,479)	219,198
At 31 December 2021	9,106,275	626,894	–	890,087	10,623,256

### 31 RETIREMENT BENEFITS

Group companies operate various pension schemes. The schemes are funded through payments to independent trustee-administered funds. The Group has defined contribution plans during the year.

#### Defined contribution plans

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1 December 2000.

The MPF Scheme is a master trust scheme established under a trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Employees and employer who are covered by the MPF system are each required to make regular mandatory contributions calculated at 5% of the employee's relevant income as defined in the MPF Ordinance to the MPF Scheme, subject to the minimum and maximum relevant income levels. The MPF Contributions made by the employer (the "MPF Contribution") are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

Certain companies within the Group are also participants of the Kerry Trading Co. Limited – Provident Fund Scheme (the "Fund") which is a defined contribution scheme as defined in the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong). The Fund is for certain salaried persons (the "Fund Members") under the employment of the companies participating in the Fund. The assets of the Fund are managed by the trustees of the Fund. Contributions are made to the Fund by companies participating in the Fund at 10% of the Fund Members' monthly basic salaries up to a maximum of HK\$10,000 (2021: HK\$10,000) per Fund Member per month (the "Basic Contribution") less the MPF Contribution if the Basic Contribution is higher than the MPF Contribution. Fund Members are entitled to 100% of the employers' contributions to the Fund plus investment earnings upon leaving employment after completing ten years of service or more, or upon retirement after attaining the retirement age after any number of years of service, or upon retirement due to ill health. Fund Members are also entitled to the employers' contributions to the Fund plus investment earnings calculated at a reduced scale of between 20% and 90% after completing a period of service of at least two but less than ten years. The unvested benefits of employees terminating employment forfeited in accordance with the terms of the Fund can be utilised by the companies participating in the Fund to reduce future contributions. During the year, forfeited contributions totalling HK\$2,169,000 (2021: HK\$Nil) were utilised leaving HK\$13,801,000 (2021: HK\$5,739,000) at the year end to reduce future contributions.

The Group also made defined contributions to pension plans as required by the relevant municipality or provincial governments in the Mainland. The rates of contributions for the relevant periods ranged from 14% to 16% (2021: 14% to 24%) of the staff's salary.

### 32 SHARE CAPITAL

	Authorised Ordinary shares of HK\$1 each	
	Number of shares	HK\$'000
At 31 December 2021 and 2022	10,000,000,000	10,000,000

**32 SHARE CAPITAL** (Continued)

	Issued and fully paid Ordinary shares of HK\$1 each			
	2022		2021	
	Number of shares	HK\$'000	Number of shares	HK\$'000
At 1 January	<b>1,454,471,728</b>	<b>1,454,472</b>	1,456,501,228	1,456,501
Repurchase of shares (note (a))	<b>(3,166,000)</b>	<b>(3,166)</b>	(2,029,500)	(2,029)
At 31 December	<b>1,451,305,728</b>	<b>1,451,306</b>	1,454,471,728	1,454,472

Notes:

- (a) During the year ended 31 December 2022, the Company repurchased 3,166,000 shares on the Stock Exchange at an aggregate consideration of HK\$59,383,490 for cancellation.
- (b) During the years ended 31 December 2022 and 31 December 2021, no share option was exercised.

**33 SHARE OPTIONS****(a) 2011 Share Option Scheme**

Under the 2011 Share Option Scheme, the Directors of the Company may, at their discretion, grant share options to executives and key employees of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular share option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant share option subject to the compliance with the Listing Rules.

The 2011 Share Option Scheme was terminated on 20 May 2020 such that no further share options shall be offered but the share options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

Details of the movement of the share options under the 2011 Share Option Scheme are as follows:

	2022		2021	
	Weighted average exercise price in HK\$ per share	Number of share options	Weighted average exercise price in HK\$ per share	Number of share options
At 1 January	<b>32.93</b>	<b>18,643,500</b>	32.98	18,953,500
Lapsed during the year	<b>35.45</b>	<b>(13,170,500)</b>	35.45	(310,000)
At 31 December (note (i))	<b>26.88</b>	<b>5,473,000</b>	32.93	18,643,500

**33 SHARE OPTIONS** (Continued)**(a) 2011 Share Option Scheme** (Continued)

As at 31 December 2022, a total of 5,473,000 (2021: 18,643,500) outstanding share options granted under the 2011 Share Option Scheme were exercisable. Since no share option was exercised during the year, there was no weighted average share price (2021: HK\$Nil) and no proceeds received (2021: HK\$Nil). No share option was granted or cancelled during the year (2021: Nil).

Note:

(i) Terms of share options at the end of the reporting period were as follows:

Exercise period	Exercise price	Number of share options	
	per share	2022	2021
	(HK\$)		
31/10/2012 – 29/04/2022	35.45	–	6,089,500
31/10/2013 – 29/04/2022	35.45	–	7,081,000
08/07/2014 – 07/01/2024	26.88	<b>1,955,000</b>	1,955,000
08/01/2015 – 07/01/2024	26.88	<b>3,518,000</b>	3,518,000
		<b>5,473,000</b>	18,643,500

**(b) 2020 Share Option Scheme**

The 2020 Share Option Scheme was adopted by the Company on 20 May 2020. Under the 2020 Share Option Scheme, the Directors of the Company may, at their discretion, grant share options to executives and key employees of the Group and other persons who may make a contribution to the Group subject to terms and conditions stipulated therein. The exercise price for any particular share option shall be such price as the Board of Directors of the Company may in its absolute discretion determine at the time of grant of the relevant share option subject to the compliance with the Listing Rules.

The 2020 Share Option Scheme will expire on 19 May 2030. No share option has been granted under the 2020 Share Option Scheme since its adoption on 20 May 2020. As at 31 December 2022, 145,650,122 shares of the Company were available for grant under the 2020 Share Option Scheme.

### 34 SHARES HELD FOR SHARE AWARD SCHEME

	Number of shares	Total HK\$'000
At 1 January 2022	–	–
Purchase of shares for share award scheme	1,090,000	(18,097)
At 31 December 2022	1,090,000	(18,097)

The Share Award Scheme has been adopted by the Board of Directors of the Company on 25 November 2022 and shall be valid for a term of 10 years. The Group operates the Share Award Scheme as part of the benefits for its employees and the Directors of the Company which allow shares of the Company to be granted to the relevant selected participants. No new shares of the Company will be issued under the Share Award Scheme. The share awards will be satisfied by existing shares of the Company to be acquired through on-market transactions by a trustee on the instruction of the Company.

Since 25 November 2022 (the date of adoption of the Share Award Scheme) and up to 31 December 2022, a total of 1,090,000 shares of the Company were acquired and settled through on-market transactions and were held in trust under the Share Award Scheme. No awarded shares have been granted since the adoption date.

### 35 SHARE PREMIUM

	2022 HK\$'000	2021 HK\$'000
At 1 January	<b>13,027,720</b>	13,062,999
Repurchase of shares	<b>(56,409)</b>	(38,367)
Transfer from share options reserve (note 36(a))	<b>131,456</b>	3,088
At 31 December	<b>13,102,767</b>	13,027,720



## 36 OTHER RESERVES

	Other property revaluation reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Hedging reserve HK\$'000	Others (note (a)) HK\$'000	Total HK\$'000
At 1 January 2022	24,115	1,259,613	(122,777)	14,373,149	15,534,100
Cash flow hedges:					
– Fair value gains	–	–	414,667	–	414,667
– Transfer to finance costs (note 8)	–	–	534,134	–	534,134
Fair value losses on financial assets at fair value through other comprehensive income	–	(1,032,970)	–	–	(1,032,970)
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(231,543)	(231,543)
Share of other comprehensive income of associates and joint ventures	–	(30,205)	12,512	25,742	8,049
Net translation differences on foreign operations	–	–	–	(7,691,500)	(7,691,500)
Transfer to share premium (note 35)	–	–	–	(131,456)	(131,456)
Share of other reserves of associates and joint ventures	–	–	–	(763,068)	(763,068)
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 37(d))	–	–	–	26,179	26,179
Release of other reserves upon disposal of subsidiaries (note 37(d))	–	–	–	(20,691)	(20,691)
Transfer from retained profits	–	–	–	188,981	188,981
<b>At 31 December 2022</b>	<b>24,115</b>	<b>196,438</b>	<b>838,536</b>	<b>5,775,793</b>	<b>6,834,882</b>

## 36 OTHER RESERVES (Continued)

	Other property revaluation reserve HK\$'000	Financial assets at FVOCI reserve HK\$'000	Hedging reserve HK\$'000	Others (note (a)) HK\$'000	Total HK\$'000
At 1 January 2021	46,241	1,261,550	(243,123)	12,245,633	13,310,301
Cash flow hedges:					
– Fair value gains	–	–	56,601	–	56,601
– Transfer to finance costs (note 8)	–	–	63,745	–	63,745
Fair value losses on financial assets at fair value through other comprehensive income	–	(22,826)	–	–	(22,826)
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(189,825)	(189,825)
Share of other comprehensive income of associates and joint ventures	(255)	20,631	–	(88,619)	(68,243)
Net translation differences on foreign operations	–	–	–	1,946,572	1,946,572
Transfer to share premium (note 35)	–	–	–	(3,088)	(3,088)
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	–	–	–	168,949	168,949
Transfer upon disposal of partial interest in an associate	(21,871)	3,376	–	(133,445)	(151,940)
Transfer from retained profits	–	(3,118)	–	426,972	423,854
At 31 December 2021	24,115	1,259,613	(122,777)	14,373,149	15,534,100

## 36 OTHER RESERVES (Continued)

(a) Others

	Capital reserve (note (b)) HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Enterprise expansion and general reserve funds (note (c)) HK\$'000	Capital redemption reserve (note (d)) HK\$'000	Acquisition reserve (note (e)) HK\$'000	Put option reserve (note (f)) HK\$'000	Total HK\$'000
At 1 January 2022	7,935,251	161,304	4,874,798	822,877	12,606	567,271	(958)	14,373,149
Share of exchange fluctuation reserve of associates and joint ventures	-	-	(231,543)	-	-	-	-	(231,543)
Share of other comprehensive income of associates and joint ventures	-	-	-	(2,259)	-	27,043	958	25,742
Net translation differences on foreign operations	-	-	(7,691,500)	-	-	-	-	(7,691,500)
Transfer to share premium (note 35)	-	(131,456)	-	-	-	-	-	(131,456)
Share of other reserves of associates and joint ventures	-	-	-	-	-	(763,068)	-	(763,068)
Release of exchange fluctuation reserve upon disposal of subsidiaries	-	-	26,179	-	-	-	-	26,179
Release of other reserves upon disposal of subsidiaries	(41)	-	-	(20,650)	-	-	-	(20,691)
Transfer from retained profits	-	-	-	185,815	3,166	-	-	188,981
At 31 December 2022	7,935,210	29,848	(3,022,066)	985,783	15,772	(168,754)	-	5,775,793

	Capital reserve (note (b)) HK\$'000	Share options reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Enterprise expansion and general reserve funds (note (c)) HK\$'000	Capital redemption reserve (note (d)) HK\$'000	Acquisition reserve (note (e)) HK\$'000	Put option reserve (note (f)) HK\$'000	Total HK\$'000
At 1 January 2021	7,935,251	164,392	2,955,598	755,431	10,576	426,221	(1,836)	12,245,633
Share of exchange fluctuation reserve of associates and joint ventures	-	-	(189,825)	-	-	-	-	(189,825)
Share of other comprehensive income of associates and joint ventures	-	-	-	(8,975)	-	(79,654)	10	(88,619)
Net translation differences on foreign operations	-	-	1,946,572	-	-	-	-	1,946,572
Transfer to share premium (note 35)	-	(3,088)	-	-	-	-	-	(3,088)
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	-	-	168,949	-	-	-	-	168,949
Transfer upon disposal of partial interest in an associate	-	-	-	(171)	-	(134,142)	868	(133,445)
Transfer from retained profits	-	-	(6,496)	76,592	2,030	354,846	-	426,972
At 31 December 2021	7,935,251	161,304	4,874,798	822,877	12,606	567,271	(958)	14,373,149

**36 OTHER RESERVES** (Continued)

- (b) Capital reserve of the Group arose from the Group's reorganisation in preparation for its listing on Hong Kong Stock Exchange in August 1996, adjusted by the excess or deficit of the fair values of the net assets of subsidiaries and associates subsequently acquired over the cost of investment at the date of acquisition before 1 January 2001.
- (c) Enterprise expansion and general reserve funds are set up by subsidiaries and associates established and operating in the Mainland. According to the Mainland Foreign Enterprise Accounting Standards, upon approval, the enterprise expansion reserve fund may be used for increasing capital while the general reserve fund may be used for making up losses and increasing capital.
- (d) Capital redemption reserve arose from the purchase of the Company's shares for cancellation and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.
- (e) Acquisition reserve arose from the acquisition of additional interest or disposal of interest in subsidiaries that do not result in a loss of control, and represents any differences between the amount by which the non-controlling interests are adjusted (to reflect the changes in the interests in the subsidiaries) and the fair value of the consideration paid or received.
- (f) Put option reserve is set up by an associate of the Group, Kerry Logistics, which has granted written put options to its certain subsidiaries' non-controlling interests to sell their interests to Kerry Logistics.

## 37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

## (a) Reconciliation of profit before taxation to net cash generated from operations

	2022 HK\$'000	2021 HK\$'000
Profit before taxation	5,168,069	14,226,097
Depreciation of property, plant and equipment and right-of-use assets	482,912	520,337
Dividend income on listed and unlisted investments	(52,552)	(48,729)
Interest income	(593,892)	(561,714)
Gain on disposal of property, plant and equipment	(443)	(114)
Gain on disposal of subsidiaries	(897,490)	(117,838)
Gain on disposal of partial interest in an associate	–	(2,093,943)
Gain on sale of investment properties	(72,000)	(1,250)
Net decrease in fair value of financial assets at fair value through profit or loss	4,407	7,853
Provision for properties under development	520,667	–
Decrease/(increase) in fair value of investment properties	2,040,840	(1,666,422)
Finance costs	317,225	575,135
Share of results of associates and joint ventures	(1,345,947)	(3,402,332)
Operating profit before working capital changes	5,571,796	7,437,080
Increase in properties under development	(4,288,848)	(4,847,731)
Decrease in completed properties held for sale	4,856,601	3,657,823
Decrease/(increase) in accounts receivable, prepayments and deposits	300,334	(628,346)
(Decrease)/increase in accounts payable, deposits received and accrued charges	(1,043,275)	355,346
(Decrease)/increase in contract liabilities	(2,963,867)	2,956,096
Net cash generated from operations	2,432,741	8,930,268

## 37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

## (b) Reconciliation of liabilities arising from financing activities

	Bank loans non-current HK\$'000	Bank loans current HK\$'000	Fixed rate bonds HK\$'000	Amounts due to non- controlling interests HK\$'000	Lease liabilities HK\$'000	Derivative financial instruments held to hedge bank loans HK\$'000	Total HK\$'000
Balances as at 1 January 2022	32,210,214	5,268,298	–	2,299,732	48,393	(88,684)	39,737,953
Cash flows	19,668,279	(3,426,132)	–	12,641	(54,210)	–	16,200,578
Non-cash changes							
Additions	–	–	–	–	129,927	–	129,927
Acquisition of subsidiaries	–	–	–	194,174	–	–	194,174
Reclassifications	(4,344,839)	4,344,839	–	–	–	–	–
Foreign exchange movement	(660,510)	(189,872)	–	(12,099)	(250)	–	(862,731)
Other non-cash movement	–	–	–	1,413	1,630	(414,667)	(411,624)
Balances as at 31 December 2022	46,873,144	5,997,133	–	2,495,861	125,490	(503,351)	54,988,277

	Bank loans non-current HK\$'000	Bank loans current HK\$'000	Fixed rate bonds HK\$'000	Amounts due to non- controlling interests HK\$'000	Lease liabilities HK\$'000	Derivative financial instruments held to hedge fixed rate bonds and bank loans HK\$'000	Total HK\$'000
Balances as at 1 January 2021	37,622,263	4,587,085	2,325,147	2,749,035	100,999	(32,083)	47,352,446
Cash flows	1,628,641	(6,363,321)	(2,330,430)	(458,800)	(55,237)	–	(7,579,147)
Non-cash changes							
Reclassifications	(7,001,327)	7,001,327	–	–	–	–	–
Foreign exchange movement	(39,363)	43,207	5,283	5,679	(66)	–	14,740
Other non-cash movement	–	–	–	3,818	2,697	(56,601)	(50,086)
Balances as at 31 December 2021	32,210,214	5,268,298	–	2,299,732	48,393	(88,684)	39,737,953



**37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**(c) Analysis of the net cash outflow in respect of the acquisition of subsidiaries**

On 31 August 2022, the Group entered into the sale and purchase agreements to acquire an additional 40% equity interest in Great Billion Corporation Limited (“GBCL”) and Wealth Channel Holdings Limited (“WCHL”) where the principal assets are two parcels of land in Yuen Long’s Shap Pat Heung Road and Tai Tong Road, at a total consideration of HK\$1,777,494,000 from Top Spring International Holdings Limited (“Top Spring”). The sites are expected to develop into a residential project for sale. The transaction was completed in August 2022. Following the acquisition, the Group’s interests in GBCL and WCHL were changed from 50% to 90%. GBCL and WCHL are now subsidiaries of the Group.

Aggregate net cash outflow of the above transaction is as follows:

	2022 HK\$’000	2021 HK\$’000
Cash consideration paid	486,780	–
Cash and bank balances acquired	(6,537)	–
Net cash outflow arising from the acquisition	<b>480,243</b>	–

The fair value of net assets acquired as at the date of acquisition is as follows:

	2022 HK\$’000	2021 HK\$’000
Properties under development (note 17)	1,976,879	–
Accounts receivable, prepayments and deposits	379	–
Cash and bank balances	6,537	–
Accounts payable, deposits received and accrued charges	(8,657)	–
Amounts due to non-controlling interests	(194,174)	–
Non-controlling interests	(3,470)	–
Total identifiable net assets	<b>1,777,494</b>	–

Satisfied by:

Share of net assets of joint ventures	183,969	–
Amounts due from joint ventures	866,145	–
Amounts due from Top Spring	240,600	–
Cash consideration	486,780	–
	<b>1,777,494</b>	–

**37 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS** (Continued)**(d) Analysis of the net cash inflow in respect of the disposal of subsidiaries**

	2022 HK\$'000	2021 HK\$'000
Net assets disposed of:		
Property, plant and equipment (note 14)	4	–
Investment properties (note 15)	3,740,000	–
Properties under development (note 17)	–	31,602
Completed properties held for sale	53,045	–
Accounts receivable, prepayments and deposits	2,672	337
Amounts due from associates	16,118	–
Cash and bank balances	15,381	63
Accounts payable, deposits received and accrued charges	(57,438)	(337)
Taxation	(9,913)	–
Deferred taxation	(19,440)	–
Non-controlling interests	(4,070)	–
	<b>3,736,359</b>	31,665
Gain on disposal of subsidiaries (note 6)	897,490	117,838
Release of exchange fluctuation reserve upon disposal of subsidiaries (note 36)	26,179	–
Release of other reserves upon disposal of subsidiaries (note 36)	(20,691)	–
Total consideration	<b>4,639,337</b>	149,503
Cash and bank balances disposed of	<b>(15,381)</b>	(63)
Net cash inflow in respect of the disposal of subsidiaries	<b>4,623,956</b>	149,440

**(e) Analysis of the net cash inflow in respect of the disposal of partial interest in an associate**

On 28 September 2021, the Group disposed partial interest in an associate, Kerry Logistics, to a third party. Immediately upon completion of the partial disposal, the shareholding in the associate held by the Group was reduced from 39.75% to 20.84%. The Group continues to have significant influence and account the investment as an associate.

	2022 HK'000	2021 HK\$'000
Net assets disposed of:		
Share of net assets of an associate	–	4,094,156
Release of exchange fluctuation reserve upon disposal of partial interest in an associate	–	168,949
	–	4,263,105
Gain on disposal of partial interest in an associate (note 6)	–	2,093,943
Net cash inflow in respect of the disposal of partial interest in an associate	–	6,357,048

### 38 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out with related parties during the year:

#### (a) Purchases of services/lease of premises

	2022 HK\$'000	2021 HK\$'000
Marketing, consultancy and administrative management fees expense (note (i))	65,028	101,272
Rental expenses/lease payments (note (ii))	64,688	65,031
Logistics, insurance brokerage and service fee paid (note (iii))	13,064	16,767
Rental income (note (iv))	22,496	34,835

- (i) This represents payment of services fees to Shangri-La International Hotel Management Limited and Shangri-La Hotel Management (Shanghai) Co., Ltd., subsidiaries of SA, which provided marketing, consultancy and administrative management services to members of the Group. The service fees payable during the year were determined at either a fixed amount or a certain percentage of the gross operating revenue of the relevant company in accordance with the agreement for the provision of the above services.
- (ii) This represents payment of rental expenses/lease payments to Ubagan Limited, an associate of the Group, in respect of leasing of several units and floors of Kerry Centre as corporate offices and several car parking spaces for the use by the Group in conjunction with such offices.

On 17 November 2022, the Group renewed the tenancies in respect of certain units and floors of Kerry Centre with Ubagan Limited for a term of 3 years from 19 November 2022 to 18 November 2025. In accordance with HKFRS 16, the rental payment under these tenancy agreements was recognised as right-of-use assets on 19 November 2022 for an amount of HK\$129,927,000.

- (iii) This represents payment for delivery services, local courier services, freight services, freight agency services, insurance brokerage and related services, and services relating to management and operation of warehouse facilities provided by Kerry Logistics.
- (iv) This represents rental income received from Kerry Logistics in relation to the lease of certain premises held by the Group.

#### (b) Key management compensation, excluding share option benefits

	2022 HK\$'000	2021 HK\$'000
Salaries and other short-term benefits	58,678	76,597
Post-employment benefits	332	505
	<b>59,010</b>	<b>77,102</b>

**38 RELATED PARTY TRANSACTIONS** (Continued)**(c) Year-end balances**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Receivables from related parties:		
Associates and joint ventures (note 19)	<b>9,032,059</b>	10,211,945
Payables to related parties:		
Included under amounts due to non-controlling interests (note 29)		
– Subsidiaries of SA	<b>318,037</b>	324,905
Associates and joint ventures (note 19)	<b>415,549</b>	599,650
Lease liabilities (note 16)	<b>125,277</b>	47,825

**(d) Guarantees for banking facilities of certain associates and joint ventures**

The Group has executed guarantees for banking facilities granted to certain associates and joint ventures. 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 2022 amounted to approximately HK\$4,018,472,000 (2021: HK\$4,791,647,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2022 amounted to approximately HK\$5,239,444,000 (2021: HK\$5,082,268,000). The above-mentioned amounts are also reflected in the guarantees given by the Group for banking facilities disclosed in note 40(a).

**(e) Other related party transactions**

During the year ended 31 December 2021, certain subsidiaries of the Group entered into sale and purchase agreements with certain related parties for sale of properties for a total consideration of RMB71,508,400 (approximately HK\$85,810,080). The sale of the properties to related parties were in the ordinary course of business of the Group.

**39 COMMITMENTS**

- (a) At 31 December 2022, the Group had capital and other commitments in respect of property, plant and equipment, investment properties, land costs and properties under development contracted for at the end of the year but not provided for in these financial statements as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment	<b>13,650</b>	–
Investment properties	<b>139,016</b>	39,715
Land costs	<b>342,636</b>	8,205,255
Properties under development	<b>9,163,004</b>	10,250,897
	<b>9,658,306</b>	18,495,867

**39 COMMITMENTS** (Continued)

- (b) At 31 December 2022, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Land and buildings:		
Within one year	<b>3,417,386</b>	3,829,630
In the second to fifth year, inclusive	<b>4,427,010</b>	5,734,936
Over five years	<b>270,836</b>	242,941
	<b>8,115,232</b>	9,807,507

**40 CONTINGENT LIABILITIES****Guarantees for banking facilities**

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Guarantees for banking facilities of certain associates and joint ventures (note (a))	<b>4,018,472</b>	4,791,647
Guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties in the Mainland (note (b))	<b>2,028,943</b>	2,312,364
	<b>6,047,415</b>	7,104,011

- (a) The Group has executed guarantees for banking facilities granted to certain associates and joint ventures. 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 2022 amounted to approximately HK\$4,018,472,000 (2021: HK\$4,791,647,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2022 amounted to approximately HK\$5,239,444,000 (2021: HK\$5,082,268,000).
- (b) The Group has executed guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties developed by the Group in the Mainland. 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 2022 amounted to approximately HK\$2,028,943,000 (2021: HK\$2,312,364,000).

**41 ULTIMATE HOLDING COMPANY**

The Directors regard Kerry Group Limited, a company incorporated in the Cook Islands and continued in the Cayman Islands, as being the ultimate holding company.

## 42 EVENTS AFTER THE REPORTING PERIOD

On 15 February 2023, Wealthy Guide Limited, a wholly-owned subsidiary of the Company, successfully won the tender for the acquisition of the land for Tsuen Wan Town Lot No. 427 at Po Fung Road, Tsuen Wan, New Territories, Hong Kong at a premium of HK\$1,438,800,000 for private residential purpose.

## 43 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

### Statement of financial position of the Company as at 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		10,244	5,578
Interests in subsidiaries		16,029,195	16,029,195
Associates		1,524,957	1,501,244
		<b>17,564,396</b>	17,536,017
<b>Current assets</b>			
Amounts receivable from subsidiaries		39,641,939	27,342,428
Accounts receivable, prepayments and deposits		4,443	4,738
Cash and bank balances		115,178	433,423
		<b>39,761,560</b>	27,780,589
<b>Current liabilities</b>			
Amounts payable to subsidiaries		17,864,051	4,302,346
Accounts payable and accrued charges		88,950	124,332
		<b>17,953,001</b>	4,426,678
<b>Net current assets</b>		<b>21,808,559</b>	23,353,911
<b>ASSETS LESS LIABILITIES</b>		<b>39,372,955</b>	40,889,928
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	1,451,306	1,454,472
Shares held for share award scheme	34	(18,097)	–
Share premium	35	13,102,767	13,027,720
Other reserves (note (a))		10,473,135	10,601,425
Retained profits (note (b))		14,363,844	15,806,311
<b>TOTAL EQUITY</b>		<b>39,372,955</b>	40,889,928



**43 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY** (Continued)**(a) Other reserves movement of the Company**

	Contributed Surplus (note (i)) HK\$'000	Share options reserve HK\$'000	Capital redemption reserve (note (ii)) HK\$'000	Total HK\$'000
At 1 January 2022	10,427,515	161,304	12,606	10,601,425
Transfer to share premium (note 35)	–	(131,456)	–	(131,456)
Transfer from retained profits	–	–	3,166	3,166
At 31 December 2022	10,427,515	29,848	15,772	10,473,135
At 1 January 2021	10,427,515	164,392	10,576	10,602,483
Transfer to share premium (note 35)	–	(3,088)	–	(3,088)
Transfer from retained profits	–	–	2,030	2,030
At 31 December 2021	10,427,515	161,304	12,606	10,601,425

- (i) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the companies acquired. At Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.
- (ii) The capital redemption reserve arose from the purchase of the Company's shares for cancellation and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.

**(b) Retained profits movement of the Company**

	2022 HK\$'000	2021 HK\$'000
At 1 January	15,806,311	8,314,305
Profit for the year	523,109	12,810,266
Dividends paid	(1,962,410)	(5,316,230)
Transfer to capital redemption reserve	(3,166)	(2,030)
At 31 December	14,363,844	15,806,311

## 44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### (a) Principal subsidiaries

As at 31 December 2022, the Company held interests in the following subsidiaries which are categorised according to the business divisions of the Group, namely, Property Division and Other Divisions as listed below:

Name	Place of incorporation/ operation	Principal activities	Issued share capital <sup>(1)</sup> / Registered capital	Indirect interest held	Notes
<b>Property Division – Mainland</b>					
Beijing Jia Ao Real Estate Development Co., Ltd.	PRC	Property investment	US\$77,967,600	71.25%	(6)(9)
Beijing Kerry Hotel Co., Ltd.	PRC	Hotel ownership and operation	US\$33,000,000	71.25%	(6)(9)
Beijing Kerry Huayuan Real Estate Development Co., Ltd.	PRC	Property trading	RMB68,500,000	71%	(3)(6)(9)
Excellent (Beijing) Management Consultancy Ltd.	PRC	Investment holding and management	RMB100,000	100%	(3)(5)(9)
Full Fortune Real Estate (Putian) Co., Ltd.	PRC	Property trading	RMB20,000,000	60%	(3)(5)
Grand Glory Real Estate (Wuhan) Co., Ltd.	PRC	Property development	RMB6,700,000,000	100%	(3)(5)
Grand Luck Real Estate (Fuzhou) Co., Ltd.	PRC	Property development	RMB2,600,000,000	100%	(5)
Great Universe Development (Shenzhen) Co., Ltd.	PRC	Property development	RMB2,800,000,000	70%	(5)
Hong Kong Shanghai Development Co Limited	HK	Investment holding	HK\$8,000,000	75%	
Huilong Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading	RMB200,000,000	100%	(3)(5)(9)
Huiyao Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading	RMB1,000,000	100%	(3)(5)(9)
Jian'an Real Estate (Kunming) Co., Ltd.	PRC	Property development	RMB400,000,000	55%	(3)(5)(9)
Kerry Asset Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB10,000,000	100%	(3)(5)(9)
Kerry Cao Jia Yan Properties (Shanghai) Co., Ltd.	PRC	Property investment and trading	US\$5,000,000	100%	(3)(5)
Kerry Centre Real Estate (Shenzhen) Co. Ltd.	PRC	Property investment	HK\$1,500,000	100%	(3)(5)(9)
Kerry Development (Shanghai) Co., Ltd.	PRC	Property investment	RMB79,261,780	100%	(3)(5)
Kerry Development (Shenzhen) Co., Ltd.	PRC	Property investment	HK\$708,350,000	100%	(3)(5)(9)
Kerry Huafeng Property Development (Hangzhou) Co., Ltd.	PRC	Property trading	HK\$1,000,000	100%	(3)(5)
Kerry Properties (China) Investment Co., Ltd.	PRC	Provision of consultancy services	RMB4,053,626,513.09	100%	(3)(5)
Kerry Properties (China) Limited	HK	Investment holding and provision of administrative support services	HK\$10,000,000,000	100%	
Kerry Properties (China) Project Management Co., Ltd.	PRC	Provision of consultancy and administrative services	RMB50,000,000	100%	(3)(5)
Kerry Properties (Shenzhen) Co., Ltd.	PRC	Property trading	HK\$1,500,000	100%	(3)(5)(9)
Kerry Properties Development Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB8,862,190	100%	(5)(9)
Kerry Real Estate (Hangzhou) Co. Ltd.	PRC	Property investment, trading and hotel ownership and operation	US\$347,750,000	75%	(5)
Kerry Real Estate (Nanchang) Co., Ltd.	PRC	Property trading and development	RMB800,000,000	80%	(3)(5)
Kerry (Shenyang) Real Estate Development Co., Ltd.	PRC	Property investment, trading and development	RMB3,887,500,000	60%	(3)(5)
Lucky Billion Development (Qinhuangdao) Co., Ltd.	PRC	Property trading and development	RMB1,617,000,000	60%	(3)(5)(9)
Million Palace Development (Shenzhen) Co., Ltd.	PRC	Property trading and development	RMB4,980,000,000	100%	(5)(9)
Risenland Development (Fuzhou) Co., Ltd.	PRC	Property investment	HK\$1,500,000	100%	(3)(5)
Shanghai Brilliant Prestige Real Estate Co., Ltd.	PRC	Property investment and development	RMB14,000,000,000	100%	(3)(5)
Shanghai Gang Hu Properties Co., Ltd.	PRC	Property investment and trading	US\$90,000,000	74.25%	(3)(6)

## 44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

## (a) Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued share capital <sup>(1)</sup> / Registered capital	Indirect interest held	Notes
<b>Property Division – Mainland</b> (Continued)					
Shanghai Ji Xiang Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US\$311,250,000	51%	(5)
Shanghai Xin Ci Hou Properties Co., Ltd.	PRC	Property investment	US\$60,000,000	74.25%	(6)
Shangri-La Hotel (Shenyang) Co., Ltd.	PRC	Hotel ownership and operation	RMB700,000,000	60%	(3)(5)
Well Fortune Real Estate (Putian) Co., Ltd.	PRC	Hotel ownership and operation	RMB200,000,000	60%	(3)(5)
Xiang Heng Real Estate (Jinan) Co., Ltd.	PRC	Property investment, trading and hotel ownership and operation	RMB600,000,000	55%	(3)(5)
Ying He Company Limited	HK	Investment holding	HK\$10 HK\$21,000,000 <sup>(2)</sup>	100%	
Yinlong Real Estate (Hangzhou) Co., Ltd.	PRC	Property development	RMB7,100,000,000	100%	(3)(5)
Zhengzhou Yuheng Real Estate Co., Ltd.	PRC	Property development	RMB600,000,000	55%	(3)(5)
<b>Property Division – Hong Kong</b>					
All First Investments Limited	BVI / HK	Property investment	US\$2	100%	
Asia Insight Investments Limited	HK	Restaurant operation	HK\$1	100%	
Best Insight Limited	HK	Property trading	HK\$1	100%	
Bethan Company Limited	HK	Property trading	HK\$2	100%	
Classic Gold Holdings Limited	HK	Property trading	HK\$1	100%	
Crystal Talent Limited	HK	Property investment	HK\$1	100%	
Fine Century Holdings Limited	HK	Restaurant operation	HK\$1	100%	
Golden Concord Properties Limited	HK	Property trading	HK\$1	100%	
Great Billion Corporation Limited	HK	Property development	HK\$2	90%	
High Dynamic Holdings Limited	HK	Property development	HK\$1	100%	
Kerry D.G. Warehouse (Kowloon Bay) Limited	HK	Warehouse ownership	HK\$20,000,000	100%	
Kerry Properties (H.K.) Limited	HK	Investment holding and provision of administrative support services	HK\$1,000 HK\$200,000,000 <sup>(2)</sup>	100%	
Kerry Properties (Macau) Limited	Macau	Property development	MOP1,000,000	71%	
Kildare Limited	HK	Property trading	HK\$2	100%	
Magnifair Company Limited	HK	Property trading	HK\$10,000	100%	
Mani Holdings Limited	HK	Property investment	HK\$1	100%	
Many Treasure Limited	HK	Property investment	HK\$1	100%	
Maple Crest Development Limited	BVI / HK	Recreation park operation	US\$120	75%	
MegaBox Development Company Limited	HK	Property investment	HK\$2	100%	
MegaBox Management Services Limited	HK	Property management	HK\$2	100%	
Mid-Levels Portfolio (Aigburth) Limited	Cook Islands (continued in BVI) / HK	Property investment	US\$9	100%	
Mid-Levels Portfolio (Branksome) Limited	HK	Property investment	HK\$1,000	100%	

## 44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

## (a) Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued share capital <sup>(1)</sup> / Registered capital	Indirect interest held	Notes
<b>Property Division – Hong Kong</b> (Continued)					
Mid-Levels Portfolio (Gladdon) Limited	HK	Property investment	HK\$1,000	100%	
Mid-Levels Portfolio (Tavistock) Limited	HK	Property investment	HK\$1,000	100%	
Mid-Levels Portfolio (Valverde) Limited	HK	Property trading	HK\$1,000	100%	
NMC 6 Limited	BVI / HK	Property trading	US\$1	100%	
NMC 7 Limited	BVI / HK	Property investment	US\$1	100%	
NMC 8 Limited	BVI / HK	Property trading	US\$1	100%	
NMC 9 Limited	BVI / HK	Property investment	US\$1	100%	
Norminster Limited	HK	Property development	HK\$1,000	100%	
Pettico Limited	HK	Provision of financial services	HK\$20	100%	
Port Destiny Limited	HK	Property development	HK\$2	100%	
Precise Skill Investments Limited	HK	Provision of financial services	HK\$1	71%	
Prismatic Limited	HK	Property trading and investment	HK\$20	100%	
Rayhay Company Limited	HK	Provision of financial services	HK\$2	100%	
Rink Management Group Limited	HK	Ice rink operation	HK\$1,000,000	100%	
Senworld Investment Limited	HK	Property trading	HK\$2	100%	
Smart Value Investments Limited	HK	Property development	HK\$1	100%	
Trebanos Investment Company Limited	HK	Investment holding	HK\$2	100%	
Wealth Channel Holdings Limited	HK	Property development	HK\$2	90%	
Wealthy State Investments Limited	HK	Property investment	HK\$1	100%	
<b>Property Division – Overseas</b>					
SHANG PROPERTIES (PVT) LTD	Sri Lanka	Property development	LKR1,000	80%	
<b>Other Divisions</b>					
Apex Ally Limited	HK	Group financing	HK\$1	100%	
Dragon Fame Limited	HK	Group financing	HK\$1	100%	
Kerry Project Management (H.K.) Limited	HK	Project management	HK\$300,000	100%	
Kerry Properties (Beijing) Development Co. Ltd.	PRC	Project management and investment holding	RMB5,000,000	100%	(3)(5)(9)
Kerry Property Management Services Limited	HK	Property management	HK\$20	100%	
Kerry Real Estate Agency Limited	HK	Estate agency	HK\$2	100%	
Perfect Delight Limited	HK	Group financing	HK\$1	100%	
Thinkwise Technovation Limited	HK	IT system and consulting services	HK\$1	100%	
Twickenham Limited	HK	Group financing	HK\$1	100%	
Upsmart Investments Limited	HK	Provision of administrative support services	HK\$2	100%	

**44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES** (Continued)

**(b) Principal associates and joint ventures**

As at 31 December 2022, the Company held interests in the following associates and joint ventures which are categorised according to the business divisions of the Group, namely, Property Division and Other Divisions as listed below:

Name	Place of incorporation/ operation	Principal activities	Class of shares/ Registered capital	Indirect interest held unless denoted with*	Notes
<b>Associates</b>					
<b>Property Division – Mainland</b>					
Hengyun Real Estate (Tangshan) Co., Ltd.	PRC	Property trading	RMB223,000,000	40%	(3)(5)
Ningbo Ruifeng Real Estate Co., Ltd.	PRC	Property trading	RMB1,000,000	50%	(3)(5)
Ruihe Real Estate (Tangshan) Co., Ltd.	PRC	Hotel ownership and operation	RMB938,000,000	40%	(3)(5)
Shanghai Pudong Kerry City Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US\$171,361,400	40.8%	(6)
Shanghai Xin Zhuo Real Estate Co., Ltd.	PRC	Property investment and development	RMB6,200,000,000	40%	(3)(5)(9)
Shangri-La Hotel (Nanjing) Co., Ltd.	PRC	Hotel ownership and operation	RMB750,000,000	45%	(3)(5)
Tianjin Kerry Real Estate Development Co., Ltd.	PRC	Property investment, trading and development, hotel ownership and operation	RMB2,261,250,000	49%	(3)(5)
Zhuhai HZM#2 Partnership	PRC	Property development	RMB180,000,000	30%	(3)(6)(9)
<b>Property Division – Hong Kong</b>					
Capital Faith (Hong Kong) Limited	HK	Property investment	Ordinary	47.37%	(3)
Cardiff Investments Limited	HK	Investment holding	Ordinary	30%	(3)
Century Link (Hong Kong) Limited	HK	Property investment	Ordinary	47.37%	(3)
Cheerjoy Development Limited	HK	Property trading	Ordinary	35%	
Dragons Range Finance Company Limited	HK	Provision of financial services	Ordinary	40%	
Dynamic Wish Limited	HK	Property development	Ordinary	25%	
Enterprico Investment Limited	HK	Loan financing	Ordinary	47.50%	(3)
Excel Wisdom Development Limited	HK	Property investment	Ordinary	47.37%	(3)
Fine Winner Holdings Limited	HK	Hotel ownership and operation	Ordinary	30%	
Grand Rise Investments Limited	HK	Property investment	Ordinary	47.37%	(3)
Harley Investments Limited	HK	Property investment	Ordinary	47.37%	(3)
Jet Fame (Hong Kong) Limited	HK	Property investment	Ordinary	47.37%	(3)
Joint Prospect Limited	HK	Property investment	Ordinary	47.37%	(3)
Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited	HK	Warehouse operation	Ordinary	50%	(3)
Lohas Park Package Thirteen (Project Management) Limited	HK	Project management	Ordinary	25%	
Orient Field Holdings Limited	HK	Property investment	Ordinary	47.37%	(3)
Sky Vision Development Limited	HK	Property investment	Ordinary	47.37%	(3)
Time Rank Limited	HK	Property trading	Ordinary	50%	(4)

#### 44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

##### (b) Principal associates and joint ventures (Continued)

Name	Place of incorporation/ operation	Principal activities	Class of shares/ Registered capital	Indirect interest held unless denoted with*	Notes
<b>Property Division – Hong Kong (Continued)</b>					
Ubagan Limited	HK	Property investment	Ordinary	40%	
Union Top Properties Limited	HK	Property investment	Ordinary	47.37%	(3)
Victory Top Properties Limited	HK	Property investment	Ordinary	47.37%	(3)
Win Chanford Enterprises Limited	HK	Investment holding and property investment	Ordinary	47.37%	(3)
Wise Grand Limited	HK	Property investment	Ordinary	47.37%	(3)
Wolver Hollow Company Limited	HK	Warehouse ownership	Ordinary	50%	(3)
Wu Wing International Company, Limited	HK	Property trading and investment	Ordinary	45%	(3)(4)
<b>Property Division – Overseas</b>					
Phoenix Commercial Pte. Ltd.	Singapore	Property development	Ordinary	30%*	(3)
Phoenix Residential Pte. Ltd.	Singapore	Property development	Ordinary	30%*	(3)
Shang Properties, Inc.	Philippines	Property development, real estate management and investment holding	Common	34.61%	(7)
<b>Other Divisions</b>					
Kerry Logistics Network Limited	BVI (continued into Bermuda) / HK	Integrated logistics and international freight forwarding business	Ordinary	20.84%*	(7)
Western Harbour Tunnel Company Limited	HK	Tunnel operation and management	Ordinary	15%	(3)(4)(8)
<b>Joint Ventures</b>					
<b>Property Division – Mainland</b>					
Million Fortune Development (Shenzhen) Co., Ltd.	PRC	Property development	RMB3,500,000,000	25%	(5)
<b>Property Division – Hong Kong</b>					
High Crown Holdings Limited	HK	Property development	Ordinary	50%	
WCH Property Development Company Limited	HK	Property development	Ordinary	50%	



#### 44 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

*Notes:*

- (1) *all being ordinary shares and fully paid up except otherwise stated*
- (2) *non-voting deferred shares*
- (3) *companies not audited by PricewaterhouseCoopers*
- (4) *companies having a financial accounting period which is not coterminous with the Group*
- (5) *wholly foreign-owned enterprise*
- (6) *sino-foreign equity joint venture enterprise*
- (7) *listed company*
- (8) *significant influence is obtained by the Group through participation in the board of directors of this associate*
- (9) *English translation of name only*

*BVI British Virgin Islands*

*HK Hong Kong*

*PRC The People's Republic of China*

# PARTICULARS OF PROPERTIES HELD

Particulars of major properties held by the Group as at 31 December 2022 are as follows:

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Mainland Properties</b>						
<b>A. Completed and held for investment</b>						
1. Shenzhen Qianhai Kerry Centre Phase I	1 Qianwan Road Nanshan District Shenzhen	Office Retail	100.00	1,287,198 222,908	720	Medium lease
				<b>1,510,106</b>		
2. Jing An Kerry Centre Phase II	1218, 1228 and 1238 Yanan Zhong Road 1539, 1551 and 1563 Nanjing Xi Road Jing An District Shanghai	Office Retail	51.00	646,802 444,478	557	Medium lease
				<b>1,091,280</b>		
3. Beijing Kerry Centre	1 Guang Hua Road Chaoyang District Beijing	Office Residential Retail	71.25	711,121 277,330 98,406	423	Medium lease
				<b>1,086,857</b>		
4. Hangzhou Kerry Centre	385 Yanan Road Gongshu District Hangzhou	Retail Office	75.00	798,300 101,582	376	Medium lease
				<b>899,882</b>		
5. Shenzhen Kerry Plaza Phase II	1 Zhong Xin Si Road Futian CBD Shenzhen	Office Retail	100.00	745,425 104,110	335	Medium lease
				<b>849,535</b>		
6. Shenyang Kerry Centre Phase II	123, 125 and 125-1 Qingnian Avenue Shenhe District Shenyang	Retail Office	60.00	486,057 353,615	550	Medium lease
				<b>839,672</b>		
7. Shenzhen Kerry Plaza Phase I	1 Zhong Xin Si Road Futian CBD Shenzhen	Office	100.00	<b>804,709</b>	306	Medium lease
8. Kerry Parkside	1155 and 1201 Fangdian Road 1378, 1388 and 1398 Hua Mu Road Pudong Shanghai	Office Retail Residential	40.80	417,189 216,592 153,300	475	Medium lease
				<b>787,081</b>		
9. Rivercity Commercial Centre	Land Parcel 2018-34 Zhanglan Village Block Cangshan District Fuzhou	Retail	100.00	<b>719,930</b>	–	Medium lease
10. Jing An Kerry Centre Phase I	1515 Nanjing Road West Jing An District Shanghai	Office Residential Retail	74.25	308,584 142,355 103,971	180	Medium lease
				<b>554,910</b>		
11. Shanghai Central Residences Phase II Towers 1 and 3	166 and 168 Lane 1038 Huashan Road Changning District Shanghai	Residential	100.00	<b>478,286</b>	211	Long lease
12. Tianjin Kerry Centre Riverview Place	238 Liuwai Road Hedong District Tianjin	Retail	49.00	<b>435,099</b>	387	Medium lease
13. Kerry Everbright City Phase I	218 Tianmu Road West Jing An District Shanghai	Retail Office	74.25	330,141 8,791	179	Medium lease
				<b>338,932</b>		
14. Jinan Enterprise Square	102 Luoyuan Street Lixia District Jinan	Office Retail	55.00	195,036 33,634	140	Medium lease
				<b>228,670</b>		
<b>Sub-total</b>				<b>10,624,949</b>	<b>4,839</b>	

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Mainland Properties</b>						
<b>A. Completed and held for investment (Continued)</b>						
15. Shenzhen Qianhai Kerry Centre Phase II	Qianhai Avenue Qianwan Area Qianhai Shenzhen-Hong Kong Cooperation Zone Nanshan District Shenzhen	Office Retail	25.00	165,446 20,357	83	Medium lease
				<b>185,803</b>		
16. Shenzhen Kerry Centre	2008 Renminnan Road Lowu District Shenzhen	Office	100.00	<b>1,641</b>	193	Medium lease
<b>Sub-total</b>				<b>187,444</b>	<b>276</b>	
<b>Total Mainland completed investment properties</b>				<b>10,812,393</b>	<b>5,115</b>	

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Mainland Properties</b>						
<b>B. Hotel properties</b>						
1. Shangri-La Hotel, Nanchang	669 Cui Lin Road Honggutan New District Nanchang	Hotel	80.00	<b>642,735</b>	182	Medium lease
2. Kerry Hotel Beijing	1 Guang Hua Road Chaoyang District Beijing	Hotel	71.25	<b>499,642</b>	–	Medium lease
3. Midtown Shangri-La Hotel, Hangzhou	6 Changshou Road Gongshu District Hangzhou	Hotel	75.00	<b>461,443</b>	12	Medium lease
4. Jing An Shangri-La Hotel, West Shanghai	1218 Yanan Zhong Road Jing An District Shanghai	Hotel	51.00	<b>433,566</b>	–	Medium lease
5. Shangri-La Hotel, Nanjing	329 Zhong Yang Road Gulou District Nanjing	Hotel	45.00	<b>412,798</b>	187	Medium lease
6. Shangri-La Hotel, Shenyang	115 Qingnian Avenue Shenhe District Shenyang	Hotel	60.00	<b>394,524</b>	259	Medium lease
7. Shangri-La Hotel, Tianjin	328 Haihe East Road Hedong District Tianjin	Hotel	49.00	<b>381,726</b>	96	Medium lease
8. Shangri-La Hotel, Jinan	106 Luoyuan Street Lixia District Jinan	Hotel	55.00	<b>335,779</b>	101	Medium lease
9. Kerry Hotel Pudong, Shanghai	1388 Hua Mu Road Pudong Shanghai	Hotel	40.80	<b>325,853</b>	–	Medium lease
10. Shangri-La Hotel, Tangshan	889 Changhong West Road Lubei District Tangshan	Hotel	40.00	<b>237,881</b>	99	Medium lease
11. Shangri-La Hotel, Putian	88 Jiuhua West Road Chengxiang District Putian	Hotel	60.00	<b>220,257</b>	44	Medium lease
12. JEN Shenzhen Qianhai	399 Qianwan 1st Road Qianhai Shenzhen-Hong Kong Cooperation Zone Nanshan District Shenzhen	Hotel	25.00	<b>121,084</b>	48	Medium lease
<b>Total Mainland hotel properties</b>				<b>4,467,288</b>	<b>1,028</b>	

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion
				Approximate gross floor area (square feet)	Approximate site area (square feet)		
<b>Mainland Properties</b>							
<b>C. Under development</b>							
1. Nanchang Complex Development Phase II	667 Cui Lin Road Honggutan New District Nanchang	Office Retail	80.00	496,263 18,084	56,556	Internal design work, external decoration and mechanical work in progress	2023
				<b>514,347</b>			
2. Zhengzhou Complex Development	East of Huayuan Road South of Weier Road Zhengzhou	Residential Office Hotel Retail	55.00	556,641 348,972 226,359 23,278	263,882	Residential Interior decoration, external decoration and mechanical work and landscape work in progress Hotel and Office Superstructure work in progress	In phases from 2023 onwards
				<b>1,155,250</b>			
3. Shenzhen Qianhai Kerry Centre Phase III	Site no. T102-0261 Land Parcel 3, Unit 7 Qianwan Area Nanshan District Shenzhen	Office Retail	70.00	540,245 79,869	128,689	Superstructure work in progress	2024
				<b>620,114</b>			
4. Kunming Complex Development	88-96 Dong Feng Road Panlong District Kunming	Hotel Residential	55.00	257,766 123,833	91,443	Landscape and inspection work in progress	2024
				<b>381,599</b>			
5. Shenzhen Qianhai Kerry Centre Phase I Tower A1	1 Qianwan Road Nanshan District Shenzhen	Residential	100.00	<b>186,867</b>	30,312	Interior decoration work in progress	2024
6. Shenyang Kerry Centre Phase III	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential Retail Office	60.00	1,656,999 601,942 452,146	381,832	Residential Tower 1 - Interior structure and mechanical work in progress Other residential buildings - Construction planning permit was issued in Dec 2022 Retail and Office Construction planning permit was issued in Dec 2022	In phases from 2024 onwards
				<b>2,711,087</b>			
<b>Sub-total</b>				<b>5,569,264</b>	<b>952,714</b>		

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion	
				Approximate gross floor area (square feet)	Approximate site area (square feet)			
<b>Mainland Properties</b>								
<b>C. Under development (Continued)</b>								
7.	Hangzhou Complex Development	East by Shengnan Road Wenhui Sub-district Plot XC0403-35 South by Wenhui Sub-district Plot XC0404-08 West by Dongxin Road Guihua No.9 Road North by Hangyang Street Xiacheng District Hangzhou	Residential Retail Office Hotel	100.00	1,202,899 1,077,649 242,847 174,603	1,055,442	Phase I Curtain wall installation work, external decoration and mechanical work and interior decoration work in progress Phase II Superstructure work in progress	In phases from 2024 onwards
					<b>2,697,998</b>			
8.	Qinhuangdao Habitat Phase II	160 Hebin Road Haigang District Qinhuangdao	Residential	60.00	<b>1,179,168</b>	511,314	Curtain wall installation work in progress	In phases from 2024 onwards
9.	Tianjin Kerry Centre Phase II	Junction of Liuwei Road and Liujin Road Hedong District Tianjin	Office Residential Retail	49.00	488,669 146,717 92,249	107,557	Basement structural work in progress	2025
					<b>727,635</b>			
10.	Wuhan Complex Development	Land Parcel P(2018)090 South of Minquan Road North of Taiyuan Street West of Hualou Street East of Minzu Road Jiangnan District Wuhan	Residential Office Retail	100.00	2,613,230 1,318,181 451,022	695,752	Residential Superstructure work in progress Office and Retail Schematic design in progress	In phases from 2025 onwards
					<b>4,382,433</b>			
11.	Shanghai Pudong Jufeng Road Mixed-Use Development	Plot 02-01A, Unit Y000901 East to Caojiagou projected green space South to Jufeng Road projected green space West to Zhangyang North Road and plot 02-01B North to Shuangqiao Road Puxing Community Pudong New District Shanghai	Retail Residential Office	40.00	980,717 204,736 109,685	284,426	Residential Foundation work in progress Retail and Office Piling and excavation work in progress	In phases from 2025 onwards
					<b>1,295,138</b>			
12.	Qinhuangdao Habitat Phase III	160 Hebin Road Haigang District Qinhuangdao	Residential Retail	60.00	638,497 76,726	303,241	Schematic design in progress	In phases from 2026 onwards
					<b>715,223</b>			
13.	Shanghai Jinling Road Mixed-Use Development <sup>(1)</sup>	Plots 064-01, 065-01, 066-01, 067-01, Unit C010102, Square Community, Huangpu District Shanghai	Residential Retail Office Hotel	100.00	1,316,017 330,918 196,992 112,376	392,014	Schematic design in progress	2027
					<b>1,956,303</b>			
<b>Sub-total</b>					<b>12,953,898</b>	<b>3,349,746</b>		
<b>Total Mainland properties under development</b>					<b>18,523,162</b>	<b>4,302,460</b>		

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Mainland Properties</b>						
<b>D. Held for sale</b>						
1. Fuzhou Rivercity	Land Parcel 2018-34 Zhanglan Village Block Cangshan District Fuzhou	Residential Office	100.00	1,123,898 682,287	1,432	Long lease
				<b>1,806,185</b>		
2. Enterprise Centre	209 and 219 Gong He Road Jing An District Shanghai	Office Retail Residential	74.25	494,090 90,425 20,954	365	Medium lease
				<b>605,469</b>		
3. Hangzhou Zhijiang Castalia Court Phase I to III	East of Longqi Road South of Hanxiu Road West of Shanhusha River North of Zhihan Road West Lake District Hangzhou	Retail	100.00	<b>247,228</b>	266	Medium lease
4. Shenyang Kerry Centre Enterprise Square	121 Qingnian Avenue Shenhe District Shenyang	Office	60.00	<b>105,479</b>	–	Medium lease
5. Tangshan Parkside Place	889 Changhong West Road Lubei District Tangshan	Retail	40.00	<b>89,987</b>	–	Medium lease
6. Qinhuangdao Habitat Phase I	160 Hebin Road Haigang District Qinhuangdao	Residential Retail	60.00	35,614 34,933	207	Long lease
				<b>70,547</b>		
7. Putian Arcadia Court	666 Jiuhua Road Chengxiang District Putian	Retail	60.00	<b>41,676</b>	313	Medium lease
8. Shenyang Kerry Centre Phase III, The Arcadia	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential	60.00	<b>6,594</b>	95	Long lease
9. Shenzhen Arcadia Court	1008 Haitian Road Futian District Shenzhen	Retail	100.00	<b>4,608</b>	551	Medium lease
10. Hangzhou Kerry Centre Lake Grandeur	385 Yanan Road Xiacheng District Hangzhou	Residential	75.00	<b>4,340</b>	37	Medium lease
11. Shenzhen Qianhai Kerry Centre Phase I Tower A3	1 Qianwan Road Nanshan District Shenzhen	Residential	100.00	<b>740</b>	–	Medium lease
<b>Total Mainland properties held for sale</b>				<b>2,982,853</b>	<b>3,266</b>	
<b>TOTAL MAINLAND PROPERTY PORTFOLIO</b>				<b>36,785,696</b>		



PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Hong Kong Properties</b>						
<b>A. Completed and held for investment</b>						
<b>I. Residential</b>						
1. Branksome Grande	3 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	257,372	73	Medium lease
2. Aigburth	12 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	204,940	63	Long lease
3. Branksome Crest	3A Tregunter Path Mid-Levels Hong Kong	Residential	100.00	153,375	126	Medium lease
4. Tavistock	10 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	104,460	23	Long lease
5. Resiglow-Bonham	8 Hing Hon Road Hong Kong	Residential	100.00	67,573	–	Long lease
6. Gladdon	3 May Road Mid-Levels Hong Kong	Residential	100.00	2,300	14	Long lease
<b>Sub-total</b>				<b>790,020</b>	<b>299</b>	
<b>II. Retail/office</b>						
1. Enterprise Square Five/MegaBox	38 Wang Chiu Road Kowloon Bay Kowloon	Retail Office	100.00	1,145,537 <sup>(2)</sup> 519,316	748	Medium lease
				<b>1,664,853</b>		
2. Kerry Centre	683 King's Road Quarry Bay Hong Kong	Office Retail	40.00	193,252 10,952	74	Medium lease
				<b>204,204</b>		
3. Hollywood Centre	233 Hollywood Road Sheung Wan Hong Kong	Office Retail	47.37	31,126 16,400	–	Long lease
				<b>47,526</b>		
4. Harbour Centre	25 Harbour Road Wanchai Hong Kong	Office Retail	15.83	34,767 <sup>(3)</sup> 6,475 <sup>(4)</sup>	45	Long lease
				<b>41,242</b>		
5. Enterprise Square Three	39 Wang Chiu Road Kowloon Bay Kowloon	Retail	100.00	14,900	–	Medium lease
6. Wing On Plaza	62 Mody Road Tsimshatsui Kowloon	Retail	10.00	2,896	–	Long lease
7. Sherwood Court Public Carpark	12-20 Kwai Sing Lane Happy Valley Hong Kong	Carpark	100.00	–	200	Long lease
<b>Sub-total</b>				<b>1,975,621</b>	<b>1,067</b>	

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Hong Kong Properties</b>						
<b>A. Completed and held for investment (Continued)</b>						
<b>III. Warehouse</b>						
1. Kerry Hung Kai Warehouse (Cheung Sha Wan)	3 Fat Tseung Street Cheung Sha Wan Kowloon	Warehouse	50.00	299,115	29	Medium lease
<b>Sub-total</b>				<b>299,115</b>	<b>29</b>	
<b>Total Hong Kong completed investment properties</b>				<b>3,064,756</b>	<b>1,395</b>	

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Hong Kong Properties</b>						
<b>B. Hotel property</b>						
1. JEN Hong Kong	508 Queen's Road West Hong Kong	Hotel	30.00	37,517	–	Long lease
<b>Total Hong Kong hotel property</b>				<b>37,517</b>	<b>–</b>	

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion
				Approximate gross floor area <sup>(5)</sup> (square feet)	Approximate site area (square feet)		
<b>Hong Kong Properties</b>							
<b>C. Under development (Hong Kong and Macau<sup>(7)</sup>)</b>							
1. La Marina (THE SOUTHSIDE Package Two Property Development Project)	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 <sup>(6)</sup>	246,496	46,135	Fitting out work in progress	2023
2. THE SOUTHSIDE Package Four Property Development Project	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 <sup>(6)</sup>	319,153	32,508	Superstructure work in progress	2025
3. Shap Pat Heung Development Project (L5384 DD116)	Shap Pat Heung Road Yuen Long New Territories	Residential	90.00	220,529	63,008	Foundation work and tender of main contract in progress	2025
<b>Sub-total</b>				<b>786,178</b>	<b>141,651</b>		

PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion
				Approximate gross floor area <sup>(5)</sup> (square feet)	Approximate site area (square feet)		
<b>Hong Kong Properties</b>							
<b>C. Under development (Hong Kong and Macau<sup>(7)</sup>) (Continued)</b>							
4. Hill Road Court Redevelopment Project	79-85 Hill Road Hong Kong	Residential	100.00	38,303	4,788	Demolition work in progress	2025
5. Shap Pat Heung Development Project (L4054 DD120)	Tai Tong Road Yuen Long New Territories	Residential	90.00	32,774	9,368	Foundation work completed and tender of main contract in progress	2025
6. LOHAS Park Package Thirteen Property Development Project	1 Lohas Park Road Tseung Kwan O New Territories	Residential	25.00 <sup>(6)</sup>	386,681	32,669	Foundation work in progress	2026
7. To Kwa Wan Redevelopment Project (KIL11276)	Hung Fook Street/ Ngan Hon Street To Kwa Wan Kowloon	Residential/ Retail	100.00 <sup>(6)</sup>	443,789	49,310	Schematic design in progress	2027
<b>Sub-total</b>				<b>901,547</b>	<b>96,135</b>		
<b>Total Hong Kong properties under development</b>				<b>1,687,725<sup>(7)</sup></b>	<b>237,786</b>		

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Hong Kong Properties</b>						
<b>D. Held for sale</b>						
1. Mont Verra	3 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	325,020 <sup>(4)</sup>	83	Medium lease
2. The Aster	7A Shan Kwong Road Happy Valley Hong Kong	Residential	100.00	70,830 <sup>(4)</sup>	13	Long lease
3. The Bloomsway	18, 28 and 29 Tsing Ying Road So Kwun Wat New Territories	Residential	100.00	65,633 <sup>(4)</sup>	74	Medium lease
4. Mont Rouge	9 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	21,180 <sup>(4)</sup>	9	Medium lease
5. Mantin Heights	28 Sheung Shing Street Ho Man Tin Kowloon	Residential	100.00	14,316 <sup>(4)</sup>	171	Medium lease
6. Richwood Park	33 Lo Fai Road Tai Po New Territories	Retail	50.00	7,893	–	Medium lease
7. 10 LaSalle	10 La Salle Road Ho Man Tin Kowloon	Residential	100.00	3,194 <sup>(4)</sup>	6	Long lease
8. Larvotto	8 Ap Lei Chau Praya Road Ap Lei Chau Hong Kong	Residential/ Retail	35.00	2,357	17	Medium lease
<b>Total Hong Kong properties held for sale</b>				<b>510,423</b>	<b>373</b>	
<b>TOTAL HONG KONG PROPERTY PORTFOLIO</b>				<b>5,300,421</b>		

Property name	Location	Type	Group's attributable interest		Lease term	
			%	Approximate gross floor area (square feet)		Approximate number of carpark spaces
<b>Overseas Properties</b>						
<b>A. Completed and held for investment</b>						
1. Shangri-La Plaza Mall	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Retail	65.36 <sup>(8)</sup>	<b>1,256,926</b>	786	Freehold
2. The Enterprise Center	Ayala Avenue Cor. Paseo de Roxas Makati City Philippines	Office Retail	45.78 <sup>(9)</sup>	405,908 15,836	462	Freehold
				<b>421,744</b>		
3. Shangri-La at the Fort, Manila	Fort Bonifacio Taguig Philippines	Residential Retail	39.22 <sup>(10)</sup>	74,104 18,596	303	Freehold
				<b>92,700</b>		
4. Assembly Grounds	Fort Bonifacio Taguig Philippines	Retail	55.56 <sup>(11)</sup>	<b>53,735</b>	128	Freehold
5. The St. Francis Shangri-La Place	St. Francis St. corner Internal Road Shangri-La Place Mandaluyong City Philippines	Retail Residential	65.36 <sup>(8)</sup>	16,937 3,343	–	Freehold
				<b>20,280</b>		
6. One Shangri-La Place	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Residential	65.36 <sup>(8)</sup>	<b>11,243</b>	–	Freehold
7. Horizon Homes	Fort Bonifacio Taguig Philippines	Residential Residential	39.22 <sup>(10)</sup> 65.36 <sup>(8)</sup>	5,629 2,944	–	Freehold
				<b>8,573</b>		
8. Shang Salcedo Place	Sen. Gil Puyat Ave. Cor. Tordesillas St. and HV Dela Costa St. Makati City Philippines	Residential	65.36 <sup>(8)</sup>	<b>2,074</b>	–	Freehold
9. Carpark Building	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark building	65.36 <sup>(8)</sup>	–	324	Freehold
<b>Total overseas completed investment properties</b>				<b>1,867,275</b>	<b>2,003</b>	

Property name	Location	Type	Group's attributable interest		Lease term	
			%	Approximate gross floor area (square feet)		Approximate number of carpark spaces
<b>Overseas Properties</b>						
<b>B. Hotel properties</b>						
1. Shangri-La at the Fort, Manila	Fort Bonifacio Taguig Philippines	Hotel	39.22 <sup>(10)</sup>	<b>334,715</b>	241	Freehold
2. Land leased to EDSA Shangri-La Hotel	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Hotel lease	65.36 <sup>(8)</sup>	<b>169,733<sup>(12)</sup></b>	–	Freehold
<b>Total overseas hotel properties</b>				<b>504,448</b>	<b>241</b>	

## PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion
				Approximate gross floor area (square feet)	Approximate site area (square feet)		
<b>Overseas Properties</b>							
<b>C. Under development</b>							
1. Shang Residences at Wack Wack	Wack Wack Road Mandaluyong City Philippines	Residential	65.36 <sup>(8)</sup>	<b>563,247</b>	23,647	Superstructure works completed and architectural and facade works in progress	2024
2. Pasir Ris 8 Project	Pasir Ris Drive 3/ Pasir Ris Drive 8/ Pasir Ris Central Singapore	Residential Retail	30.00	135,625 116,419	122,720	Structural work in progress	2024
				<b>252,044</b>			
3. Aurelia	Fort Bonifacio Taguig Philippines	Residential	32.68 <sup>(14)</sup>	<b>292,530</b>	32,075	Superstructure work in progress	2025
4. Shang One Horizon	Shaw Boulevard Mandaluyong City Philippines	Offices & Others Serviced Apartments	65.36 <sup>(8)</sup>	302,784 162,659	16,006	Substructure works completed and Superstructure work in progress	2026
				<b>465,443</b>			
5. Haraya	Corner Ortigas and Amang Rodriguez Avenue Pasig City, Philippines	Residential	32.68 <sup>(14)</sup>	<b>440,292</b>	29,690	Diaphragm Wall and bulk excavation work in progress	2028
6. ABS-CBN	Sct. Bayoran corner Sct. Esguerra Avenue South Triangle Quezon City, Philippines	Residential	65.36 <sup>(8)</sup>	<b>1,271,520</b>	42,383	Locational clearance approval obtained and application for other permits in progress	2029
7. Laya	Canley Road and St. Peter Streets Pasig City, Philippines	Residential	65.36 <sup>(8)</sup>	<b>726,851</b>	23,851	Excavation work in progress	2029
<b>Total overseas properties under development</b>				<b>4,011,927</b>	<b>290,372</b>		

Property name	Location	Type	%	Group's attributable interest		Lease term
				Approximate gross floor area (square feet)	Approximate number of carpark spaces	
<b>Overseas Properties</b>						
<b>D. Held for sale</b>						
1. The Rise	Malugay Street Makati City Philippines	Residential	58.18 <sup>(13)</sup>	<b>3,200</b>	33	Freehold
<b>Total overseas properties held for sale</b>				<b>3,200</b>	<b>33</b>	
<b>TOTAL OVERSEAS PROPERTY PORTFOLIO</b>				<b>6,386,850</b>		

## Notes:

- (1) Application for land use certificate in progress.
- (2) Included other facility with gross floor area of approximately 65,000 square feet.
- (3) Being lettable floor area.
- (4) Being net floor area.
- (5) Subject to final Hong Kong SAR Government approval plans and documentations.
- (6) Property in which the Group is entitled to share of development profits in accordance with the terms and conditions of the development agreement.
- (7) As regards the reclamation project in Macau, according to the Macau SAR Government Notice which was gazetted on 14 October 2009, a piece of land will be granted in exchange with location and size to be identified and agreed.
- (8) Including attributable interest of 30.75% held through Philippine Deposit Receipts.
- (9) Including attributable interest of 21.54% held through Philippine Deposit Receipts.
- (10) Including attributable interest of 18.45% held through Philippine Deposit Receipts.
- (11) Including attributable interest of 26.14% held through Philippine Deposit Receipts.
- (12) Being site area.
- (13) Including attributable interest of 27.37% held through Philippine Deposit Receipts.
- (14) Including attributable interest of 15.38% held through Philippine Deposit Receipts.
- (15) Gross floor areas exclude carpark spaces.



# PARTICULARS OF AWARDS AND RECOGNITIONS

## I. Green

Award / Recognition	Issuing Authority
<p><b>BEAM Plus New Buildings (NB) Version 1.2</b></p> <ul style="list-style-type: none"> <li>Final Silver Rating: Mont Verra, Hong Kong</li> </ul>	Hong Kong Green Building Council
<p><b>CarbonCare® Label 2022, CarbonCare® ESG Label 2022 and CarbonCare® Star Label 2022</b></p> <ul style="list-style-type: none"> <li>Kerry Properties Limited</li> </ul>	CarbonCare InnoLab
<p><b>Charter on External Lighting 2021–2022</b></p> <ul style="list-style-type: none"> <li>Platinum Award: 15 Homantin Hill, 8 LaSalle, Bayview, Branksome Grande &amp; Branksome Crest, Elm Tree Towers, Enterprise Square, Enterprise Square Two, Island Crest, Kerry Centre, May Towers, MegaBox, Primrose Hill, Tavistock, Tavistock II &amp; Aigburth, The Altitude and Valverde (all in Hong Kong)</li> <li>Gold Award: 1 &amp; 3 Ede Road, Belgravia, Lions Rise, Ocean Pointe, SOHO 189 and The Summa (all in Hong Kong)</li> </ul>	Environment and Ecology Bureau
<p><b>Environmental Management System – ISO 14001:2015 Certification</b></p> <ul style="list-style-type: none"> <li>Maintained by Kerry Properties Limited, MegaBox Management Services Limited and Kerry Property Management Services Limited</li> <li>Properties in Shanghai: Central Residences II, Enterprise Square at Kerry Everbright City Phase II, Enterprise Centre at Kerry Everbright City Phase III, Jing An Kerry Centre and Kerry Parkside</li> <li>Property in Beijing: Beijing Kerry Centre</li> </ul>	The British Standards Institution
<p><b>Energy Management System – ISO 50001:2018 Certification</b></p> <ul style="list-style-type: none"> <li>Maintained by Head Office of Kerry Properties Limited and Kerry Property Management Services (Shanghai) Co., Ltd</li> <li>Property in Shenzhen: Shenzhen Kerry Plaza</li> </ul>	The British Standards Institution
<p><b>Green Office Awards and Eco-Healthy Workplace Labels 2022</b></p> <ul style="list-style-type: none"> <li>Kerry Properties Limited</li> </ul>	World Green Organisation
<p><b>Hong Kong Awards for Environmental Excellence 2021</b></p> <ul style="list-style-type: none"> <li>Silver Award, Property Management (Residential): Lions Rise, Hong Kong</li> </ul>	Environmental Campaign Committee and Environmental Protection Department
<p><b>Hong Kong Green Organisation Certification</b></p> <ul style="list-style-type: none"> <li>Hong Kong Green Organisation: Kerry Properties Limited and 17 managed properties in Hong Kong</li> <li>Carbon Reduction Certificate: Kerry Properties Limited and MegaBox Management Services Limited</li> <li>Energywi\$e Certificate in Excellent Level: Belgravia, Kerry Centre, Lions Rise, MegaBox and The Altitude (all in Hong Kong)</li> </ul>	Environmental Campaign Committee, Environmental Protection Department and nine leading trade and professional bodies

Award / Recognition	Issuing Authority
<p><b>Hong Kong Green Organisation Certification</b></p> <ul style="list-style-type: none"> <li>• IAQwi\$e Certificate in Excellent Level: Head Office of Kerry Properties Limited and common areas of Kerry Centre, Hong Kong</li> <li>• Wastewi\$e Certificate in Excellent Level: Kerry Properties Limited and 4 managed properties in Hong Kong</li> </ul>	Environmental Campaign Committee, Environmental Protection Department and nine leading trade and professional bodies
<p><b>Indoor Air Quality Certificate</b></p> <ul style="list-style-type: none"> <li>• Excellent Class: Branksome Crest, Head Office of Kerry Properties Limited and common areas of Kerry Centre (all in Hong Kong)</li> </ul>	Environmental Protection Department
<p><b>Parksmart Certification</b></p> <ul style="list-style-type: none"> <li>• Pioneer: Jing An Kerry Centre, Shanghai</li> </ul>	Green Business Certification Inc.
<p><b>Green Sustainable Contribution Award 2022</b></p> <ul style="list-style-type: none"> <li>• Beijing Kerry Centre</li> </ul>	International Green Zero-Carbon Festival
<p><b>Sustainable Procurement Charter</b></p> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	Green Council
<p><b>Top 100 Low Carbon Buildings in GBA 2022</b></p> <ul style="list-style-type: none"> <li>• Shenzhen Kerry Plaza (Towers 1, 2 &amp; 3)</li> <li>• Qianhai Kerry Centre (T1 &amp; T2 Offices), Shenzhen</li> </ul>	Greater Bay Area Carbon Neutrality Association
<p><b>TRUE Zero Waste Platinum Certification</b></p> <ul style="list-style-type: none"> <li>• Beijing Kerry Centre – Office Tower</li> <li>• Jing An Kerry Centre (Towers 1, 2 &amp; 3), Shanghai</li> <li>• Kerry Parkside – Office Tower, Shanghai</li> </ul>	U.S. Green Building Council

## II. Property Development and Management

Award / Recognition	Issuing Authority
<p><b>Best Landscape Award for Private Property Development 2022</b></p> <ul style="list-style-type: none"> <li>• Environmental Efficiency Award, Large Scale Domestic Property below 6 years of age: Mantin Heights, Hong Kong</li> </ul>	Leisure & Cultural Services Department
<p><b>Build4Asia Award 2022</b></p> <ul style="list-style-type: none"> <li>• Silver Award, Outstanding Architecture (Commercial Outside HK): Qianhai Kerry Centre, Shenzhen</li> </ul>	Build4Asia and PRC Magazine
<p><b>Charter on Preferential Appointment of OSH Star Enterprise</b></p> <ul style="list-style-type: none"> <li>• 1 &amp; 3 Ede Road, 10 LaSalle, Branksome Grande &amp; Branksome Crest, Dragons Range, Kerry Centre, Mont Rouge, Primrose Hill, Regency Park, Tavistock, Tavistock II &amp; Aigburth, The Altitude and The Summa (all in Hong Kong)</li> </ul>	Occupational Safety and Health Council (OSHC)
<p><b>China Hotel Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Best Serviced Apartment – Editor’s Choice: Beijing Kerry Residence</li> <li>• Best Serviced Apartment Brand: Beijing Kerry Residence, Jing An Kerry Residence and Kerry Parkside Residence, Shanghai</li> </ul>	SEEC Media Group Limited
<p><b>Excellence in Facility Management Award (EFMA) 2022</b></p> <ul style="list-style-type: none"> <li>• Distinction Award, Medium-Scale Residential: Dragons Range, Hong Kong</li> <li>• Excellence Award, Medium-Scale Residential: Mantin Heights, Ocean Pointe, Primrose Hill and The Bloomsway (all in Hong Kong)</li> <li>• Excellence Award, Small-Scale Residential: 8 LaSalle, Bayview, Constellation Cove, SOHO 189, The Altitude and The Summa (all in Hong Kong)</li> </ul>	The Hong Kong Institute of Facility Management (HKIFM)
<p><b>HKIH Elite Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Merit Award, Outstanding Team – Private Housing, Residential: Mantin Heights, Hong Kong</li> </ul>	The Hong Kong Institute of Housing
<p><b>LEED v4.1 Operations and Maintenance: Existing Buildings Certification</b></p> <ul style="list-style-type: none"> <li>• Platinum: Beijing Kerry Centre; Kerry Parkside – Office Tower, Shanghai</li> </ul>	U.S. Green Building Council
<p><b>MUSE Design Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Gold Award Architectural Design – Residential: 10 LaSalle, Hong Kong</li> </ul>	International Awards Associate (IAA)
<p><b>Occupational Health and Safety Management System – ISO 45001:2018 Certification</b></p> <ul style="list-style-type: none"> <li>• Maintained by Kerry Project Management (H.K.) Limited, Kerry Properties Development Management (Shanghai) Co., Ltd., Kerry Property Management Services Company Limited and MegaBox Management Services Limited</li> <li>• Properties in Hong Kong: Branksome Grande &amp; Branksome Crest, Enterprise Square Five, Kerry Centre, MegaBox, Resiglow-Bonham, Resiglow-Happy Valley, Tavistock, Tavistock II &amp; Aigburth</li> <li>• Properties in Shanghai: Central Residences II, Enterprise Square at Kerry Everbright City Phase II, Enterprise Centre at Kerry Everbright City Phase III, Jing An Kerry Centre and Kerry Parkside</li> <li>• Property in Beijing: Beijing Kerry Centre</li> </ul>	The British Standards Institution

Award / Recognition	Issuing Authority
<p><b>Quality Management System – ISO 9001:2015 Certification</b></p> <ul style="list-style-type: none"> <li>• Property in Beijing: Beijing Kerry Centre</li> <li>• Properties in Shanghai: Central Residences II, Enterprise Square at Kerry Everbright City Phase II, Jing An Kerry Centre and Kerry Parkside</li> <li>• Properties in Hangzhou: Castalia Court and Hangzhou Kerry Centre</li> <li>• Property in Shenzhen: Shenzhen Kerry Plaza</li> <li>• Properties in Shenyang: Shenyang Arcadia Court and Shenyang Kerry Centre (Enterprise Square Tower A)</li> <li>• Property in Tianjin: Tianjin Arcadia Court</li> </ul>	International Organization for Standardization
<p><b>Quality Property and Facility Management Award (QPFMA) 2022</b></p> <ul style="list-style-type: none"> <li>• Grand Award, Residential Category – Medium-Scale Residential Project: Mantin Heights and The Bloomsway, Hong Kong</li> <li>• Grand Award, Residential Category – Small-Scale Residential Project: 1 &amp; 3 Ede Road, Hong Kong</li> <li>• Excellent Award, Residential Category – Small-Scale Residential Project: The Summa</li> <li>• Excellent Award, Refurbishment or Renovation Category – Medium-Scale Residential Project: Constellation Cove</li> </ul>	The Hong Kong Association of Property Management Companies (HKAPMC) and The Hong Kong Institute of Surveyors Property and Facility Management Division (HKISPFMD)
<p><b>Residential Clubhouse Management Award (RCMA) 2021</b></p> <ul style="list-style-type: none"> <li>• Gold Award, Category 2 – No. of Residential Units is above 1,000: Mantin Heights, Hong Kong</li> </ul>	Hong Kong Recreation Management Association
<p><b>The 21st Hong Kong Occupational Safety and Health Award</b></p> <ul style="list-style-type: none"> <li>• Safety Performance Award – Outstanding: Kerry Project Management (H.K.) Limited</li> </ul>	Occupational Safety & Health Council (OSHC)
<p><b>The Greater Bay Area Navigation Award 2022</b></p> <ul style="list-style-type: none"> <li>• Remarkable Developer for the Greater Bay Area: Kerry Properties Limited</li> </ul>	Hong Kong Ta Kung Wen Wei Media Group
<p><b>Top 100 Chinese Real Estate Companies (Non-Mainland Enterprises) and Top 100 China Commercial Real Estate Companies 2022</b></p> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	<i>Guardian</i>
<p><b>The 8th CREDAWARD 2021–2022</b></p> <ul style="list-style-type: none"> <li>• Gold Award, Residence – High-end Residence/Boutique Residence – 10 LaSalle</li> </ul>	DJSER
<p><b>WELL Certification</b></p> <ul style="list-style-type: none"> <li>• Pre-certification: River Mansion, Wuhan</li> </ul>	International WELL Building Institute (IWBI)
<p><b>WELL Health–Safety Rating</b></p> <ul style="list-style-type: none"> <li>• Properties in Hong Kong: Kerry Centre and Enterprise Square Five</li> <li>• Properties in the Mainland: Beijing Kerry Residence, Jing An Kerry Residence and Kerry Parkside Residence in Shanghai, and Shenzhen Kerry Plaza</li> </ul>	International WELL Building Institute (IWBI)

## III. Corporate Governance and Citizenship

Award / Recognition	Issuing Authority
<b>6<sup>th</sup> CSR China Education Award 2022 – Top 100</b> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	CSR China Education Award Organising Committee
<b>20 Years Plus Caring Company</b> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	The Hong Kong Council of Social Service
<b>Public Welfare Driving Award 2022</b> <ul style="list-style-type: none"> <li>• Beijing Kerry Centre</li> </ul>	The 12 <sup>th</sup> Philanthropy Festival
<b>CAPITAL ESG Award 2022</b> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	CAPITAL
<b>ESG Achievement Awards 2021–2022</b> <ul style="list-style-type: none"> <li>• Diamond Award in ESG Benchmark Awards</li> <li>• Outstanding Performance in Social Responsibility</li> </ul>	The Institute of ESG & Benchmark (IESGB)
<b>Fair Trade Award 2021–2022</b> <ul style="list-style-type: none"> <li>• Gold Award: Kerry Properties Limited</li> </ul>	Fair Trade Hong Kong
<b>HKQAA Recognition Awards for Organisations 2022</b> <ul style="list-style-type: none"> <li>• Management Award for ESG Contribution (Property and Construction Development) – Social Contribution (Build Up Sustainable Cities &amp; Communities): Kerry Properties Limited</li> </ul>	Hong Kong Quality Assurance Agency (HKQAA)
<b>Hong Kong Sustainability Award 2022</b> <ul style="list-style-type: none"> <li>• Certificate of Excellence</li> </ul>	The Hong Kong Management Association
<b>Sustainable Business Award &amp; Sustainable Leadership Award 2021</b> <ul style="list-style-type: none"> <li>• Kerry Properties Limited</li> </ul>	World Green Organisation
<b>TVB ESG Award 2022</b> <ul style="list-style-type: none"> <li>• Best in ESG Practices – Medium Market Capitalisation: Kerry Properties Limited</li> </ul>	Television Broadcasts Limited (TVB)

## IV. Communications and Promotions

Award / Recognition	Issuing Authority
<p><b>International ARC Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Bronze Award in Traditional Annual Reports – Real Estate Integrated Development &amp; Investment: Annual Report 2021</li> <li>• Bronze Award in PDF Version of Annual Reports and Design/Graphics – Sustainability Report – Hong Kong: Sustainability Report 2021</li> </ul>	MerComm, Inc.
<p><b>ASTRID Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Grand and Gold Awards in Video/DVD, Online &amp; USB – Marketing Communication: La Marina Sales Video</li> <li>• Silver Award in Annual Reports – Covers – Illustrations: Annual Report 2020</li> <li>• Silver Award in Custom Publications – Special Edition: La Marina's "Beyond the Sea" Booklet</li> </ul>	MerComm, Inc.
<p><b>CR Reporting Awards 2022</b></p> <ul style="list-style-type: none"> <li>• 2<sup>nd</sup> Runner-up – Relevance &amp; Materiality: Sustainability Report 2020</li> </ul>	Corporate Register
<p><b>Galaxy Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Gold Award in Design – Annual Reports – Traditional – Hong Kong: Annual Report 2021</li> <li>• Gold Award in Annual Reports – Print – Property Development: Annual Report 2021</li> <li>• Gold Award in Websites – Microsite: Sustainability Mini-site</li> <li>• Silver Award in Design – Covers – Annual Reports – Artistic/Illustrations: Annual Report 2021</li> <li>• Silver Award: Design – Various – Environmental/Societal/Governance Report: Sustainability Report 2021</li> </ul>	MerComm, Inc.
<p><b>Hong Kong ESG Reporting Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Middle Market Capitalisation – Commendation for the Best ESG Report: Sustainability Report 2021</li> </ul>	Hong Kong ESG Reporting Awards (HERA)
<p><b>iNOVA Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Silver Award in Marketing: Mont Verra Sales Video</li> </ul>	MerComm, Inc.
<p><b>International Annual Report Design Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Silver Awards in Cover Design, Overall Presentation, Integrated Presentation and Home Page Design: Sustainability Report 2021</li> </ul>	IADA
<p><b>MERCURY Excellence Awards 2021/22</b></p> <ul style="list-style-type: none"> <li>• Silver Award in Annual Reports – Specialized – Sustainability Report – Sustainability Report 2020</li> <li>• Silver Award in Campaigns – Marketing Communications: La Marina Sales Campaign</li> </ul>	MerComm, Inc.
<p><b>The Marketing Events Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Silver Award in Best Event – Gamification: MegaBox x Harry Potter Christmas in the Wizarding World</li> </ul>	Marketing-Interactive
<p><b>TimeOut Hospitality Awards 2022</b></p> <ul style="list-style-type: none"> <li>• Lifestyle Destination of the Year: Kerry Parkside, Shanghai</li> </ul>	TimeOut



# FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are as follows:

	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
<b>Results</b>					
Revenue	<b>14,590,475</b>	15,326,764	14,526,102	18,025,422	21,433,216
Profit attributable to shareholders	<b>2,754,780</b>	10,358,011	5,403,203	6,897,450	7,499,295
<b>Assets and liabilities</b>					
Non-current assets	<b>144,181,235</b>	148,035,978	148,944,388	147,341,417	135,513,007
Net current assets	<b>37,796,326</b>	29,576,814	26,207,778	10,707,114	10,867,879
Total assets less current liabilities	<b>181,977,561</b>	177,612,792	175,152,166	158,048,531	146,380,886
Long-term liabilities and non-controlling interests	<b>(73,190,711)</b>	(60,783,897)	(65,279,629)	(56,344,021)	(48,839,922)
Shareholders' funds	<b>108,786,850</b>	116,828,895	109,872,537	101,704,510	97,540,964

# CORPORATE INFORMATION & FINANCIAL CALENDAR

## BOARD OF DIRECTORS

### Executive Directors

Mr Kuok Khoon Hua (Chairman and Chief Executive Officer)  
Mr Au Hing Lun, Dennis (Deputy Chief Executive Officer)  
Mr Bryan Pallop Gaw

### Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP  
Mr Hui Chun Yue, David  
Mr Cheung Leong  
Mr Chum Kwan Lock, Grant

## AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Ms Wong Yu Pok, Marina, JP (Chairman)  
Mr Hui Chun Yue, David  
Mr Cheung Leong  
Mr Chum Kwan Lock, Grant

## REMUNERATION COMMITTEE

Ms Wong Yu Pok, Marina, JP (Chairman)  
Mr Kuok Khoon Hua  
Mr Hui Chun Yue, David

## NOMINATION COMMITTEE

Mr Kuok Khoon Hua (Chairman)  
Ms Wong Yu Pok, Marina, JP  
Mr Hui Chun Yue, David

## FINANCE COMMITTEE

Mr Kuok Khoon Hua  
Mr Au Hing Lun, Dennis

## EXECUTIVE COMMITTEE

Mr Kuok Khoon Hua  
Mr Au Hing Lun, Dennis  
Mr Bryan Pallop Gaw

## COMPANY SECRETARY

Ms Cheng Wai Sin

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
(Certified Public Accountants and  
Registered Public Interest Entity Auditor)

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House, 41 Cedar Avenue  
Hamilton HM 12, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong

## CORPORATE COMMUNICATION

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
Telephone: (852) 2967 2200  
Facsimile: (852) 2967 2900  
Email: communication@kerryprops.com

## INVESTOR RELATIONS

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
Telephone: (852) 2967 2200  
Facsimile: (852) 2967 2900  
Email: ir@kerryprops.com

## THE OMBUDSPERSON OF KERRY PROPERTIES LIMITED

(For receipt of all whistleblowing/complaints reports)

### Hong Kong

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong

### Mainland

Kerry Properties (China) Project Management Co., Ltd.  
9/F, Tower 2  
Enterprise Centre  
209 Gong He Road, Jing'an District  
Shanghai, China 200070

### Email

ombuds@kerryprops.com

## WEBSITE

[www.kerryprops.com](http://www.kerryprops.com)

## STOCK CODES

Stock Exchange of Hong Kong: 683

Bloomberg: 683 HK

Reuters: 683.HK

## FINANCIAL CALENDAR

### **Latest time to lodge transfer documents for registration with Tricor Abacus Limited (for Annual General Meeting)**

At 4:30 p.m. on 24 May 2023

### **Closure of Registers of Members (for Annual General Meeting)**

25 to 31 May 2023 (both days inclusive)

### **Annual General Meeting**

31 May 2023

### **Ex-dividend Date (for Final Dividend)**

2 June 2023

### **Latest time to lodge transfer documents for registration with Tricor Abacus Limited (for Final Dividend)**

At 4:30 p.m. on 5 June 2023

### **Closure of Registers of Members and Record Date (for Final Dividend)**

6 June 2023

### **Proposed Payment Date of Final Dividend**

16 June 2023



# **KERRY PROPERTIES LIMITED**

25/F, Kerry Centre, 683 King's Road, Quarry Bay, Hong Kong

Tel : (852) 2967 2200 Fax : (852) 2967 2900

[www.kerryprops.com](http://www.kerryprops.com)