



嘉里建設有限公司

KERRY PROPERTIES LIMITED

*(Incorporated in Bermuda with limited liability)*

# ANNUAL REPORT 2023





# 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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# FINANCIAL HIGHLIGHTS

Results for the year	2023 HK\$ Million	2022 HK\$ Million	% Change
Revenue	13,090	14,590	-10%
<i>Property sales</i>	6,349	8,543	-26%
<i>Property rental and others</i>	4,986	4,991	–
<i>Hotel operations</i>	1,755	1,056	66%
Gross profit	6,721	6,985	-4%
Underlying profit <sup>N1</sup>	2,518	4,520	-44%
Underlying profit, excluding exceptional gains <sup>N2</sup>	2,518	3,235	-22%
Profit attributable to shareholders	3,243	2,755	18%
Financial information (for the year ended 31 December)	2023 HK\$	2022 HK\$	% Change
Earnings per share			
Excluding change in fair value of investment properties <sup>N1</sup>	1.73	3.11	-44%
Reported	2.23	1.90	18%
Dividend per share			
Interim	0.40	0.40	–
Final	0.95	0.95	–
Net asset value per share (as at 31 December)	73.90	74.96	-1.4%
Financial information (as at 31 December)	2023 HK\$ Million	2022 HK\$ Million	% Change
Cash and bank deposits	13,845	11,701	18%
Undrawn bank loan facilities	31,126	28,875	8%
Total debt	55,131	52,870	4%
Net debt	41,286	41,169	0.3%
Shareholders' equity	107,257	108,787	-1.4%
Total equity	121,157	122,482	-1.1%
Gearing ratio <sup>N3</sup>	34.1%	33.6%	

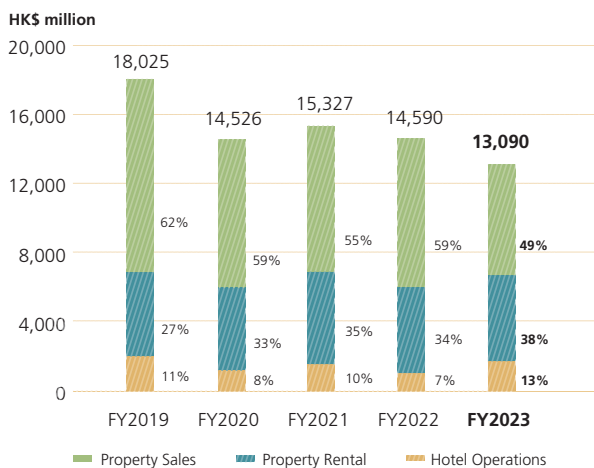
<sup>N1</sup> Underlying profit represents profit attributable to shareholders excluding the non-cash change in fair value of investment properties.

<sup>N2</sup> The exceptional gains in 2022 represent the exceptional gains from the disposal of two warehouses in Hong Kong.

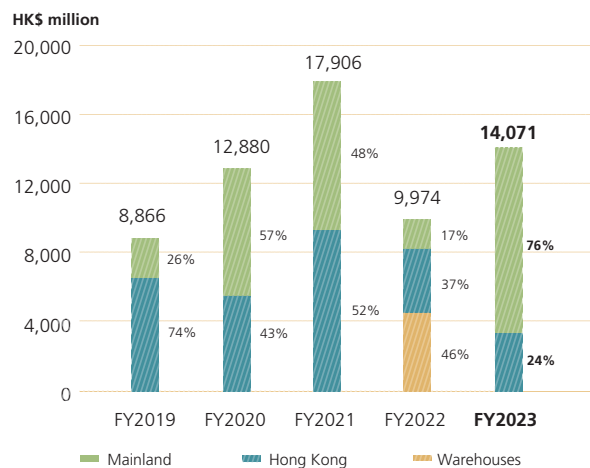
<sup>N3</sup> Calculated as net debt to total equity.



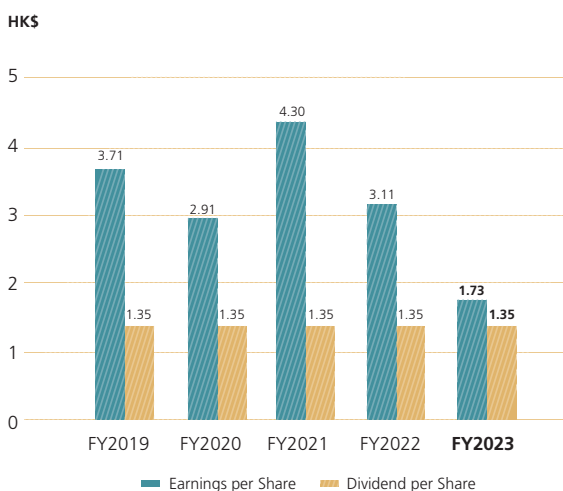
### Revenue by Principal Activities



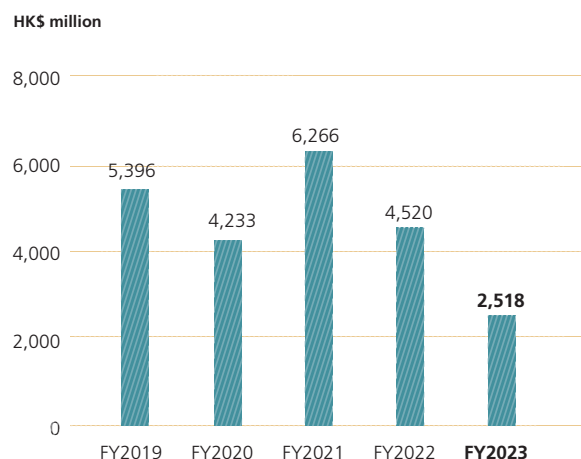
### Contracted Sales



### Earnings per Share <sup>N1</sup> and Dividend per Share <sup>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 our 2023 final results on behalf of Kerry Properties Limited. The business environment in 2023 continued to be challenging as consumption, investment, and overall business sentiment remained weak in both Hong Kong and the Mainland. This weakness was reflected in the property market in both regions as potential homebuyers stayed on the sidelines and most businesses delayed making further investments, preferring instead to focus on reducing costs.

Against this backdrop, the Group recorded decent results for the year: our development properties, especially our luxury projects, sold reasonably well, particularly in Hong Kong, Hangzhou, and Shanghai. Our retail and office portfolio maintained its steady performance, while our hotels performed significantly better as business activity and leisure travel resumed, recovering close to 90% of pre-covid levels of 2019.

## **Financial Performance and Dividend**

The Group recorded profit attributable to shareholders of HK\$3,243 million, growing by 18% from HK\$2,755 million in 2022. This was largely due to an increase in fair value of investment properties of HK\$725 million (2022: decrease of HK\$1,765 million). Excluding the non-cash change in fair value of investment properties and the exceptional gains from the disposal of two warehouses in Hong Kong in 2022, comparable underlying profit was 22% lower than that in 2022 (2022: HK\$3,235 million). This was mainly due to lower gross margins generated from the sales of our development properties, higher finance costs from higher interest rates, and lower contributions from associates and joint ventures. Earnings per share for the year ended 31 December 2023 was HK\$2.23 per share (2022: HK\$1.90 per share).

The Board has recommended 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 amounts to HK\$1.35 per share (2022: HK\$1.35 per share).

## **Satisfactory Business Results**

Contracted sales for 2023 was HK\$14,071 million (2022: HK\$5,354 million). The significant growth in contracted sales was mainly driven by the selling-through of three of our residential projects: Shanghai Pudong's Park Towers and Hangzhou's Riverside on the Mainland; and Mont Rouge in Hong Kong.

In 2023, the Group achieved total revenue of HK\$13,090 million, decreasing 10% from HK\$14,590 million in 2022. This was mainly due to lower sales revenue from our development properties in Hong Kong and the Mainland at HK\$6,349 million (2022: HK\$8,543 million), which was partially offset by higher rental revenue from our investment properties and hotel portfolio.

Our Group's investment properties and hotel portfolio recorded revenue of HK\$6,741 million, which was 11% higher than that in 2022 of HK\$6,047 million. This was largely due to a significant improvement in hotel revenue after the removal of all covid-19 restrictions. Excluding hotels, our investment properties revenue was in line with that of 2022, maintaining steady occupancy rates in Hong Kong and the Mainland of close to 90%.

## **Our Landbank**

In 2023, we acquired two land packages: In Hong Kong, we acquired a residential site in Tsuen Wan that overlooks the Tsing Yi and Ting Kau waterfront; on the Mainland, we continued to consolidate a mixed-use site in central Shanghai that will eventually yield a total of 5.06 million square feet of premium commercial and residential gross floor area. These two acquisitions bring our total landbank to 50.90 million square feet of gross floor area, which will feed our project development pipeline over the next six years.

## **Sustainable Development**

On the sustainable development front, we continue to strive to achieve best-in-class sustainability standards for our assets and throughout our communities. We ensure that our projects in our pipeline are designed to achieve sustainable building certifications. At the same time, we are also in the process of upgrading some of our existing properties to meet similar standards.



**Mr Kuok Khoon Hua**  
Chairman



## Outlook

In 2023, we adopted a cautious approach to navigate the uncertain market conditions. Looking ahead into 2024, we do not expect significant improvements in the economic landscape and will therefore continue with our cautious tilt.

Our primary focus will be on selling our development property projects in Hong Kong and the Mainland. We remain positive on the future prospects of these projects given their quality and rarity and will strive to find the optimal balance between our sales pacing and margin. On the investment properties side, we will continue to enhance our offerings and services to our tenants and shoppers, while tightly controlling expenses, with the aim of maintaining steady performance.

On a more optimistic note, the recent removal of all property cooling measures in Hong Kong is a positive development. We also expect that the stabilisation of interest rates in Hong Kong and the continued relaxation of real estate market regulations in various Mainland cities will help with sentiment and market confidence. In line with our more cautious stance, we will continue to exercise prudence and prioritise the timely delivery of ongoing projects, optimise our assets, and delay all unnecessary capital expenditure.

Finally, I wish to thank our Board and all our colleagues for their contributions to the Group during the year under review. I am proud of and thankful for their commitment to achieving a decent set of results for our shareholders during a difficult year.

**Kuok Khoon Hua**

*Chairman*







Hong Kong, 20 March 2024



# SUSTAINABILITY ACHIEVEMENTS AT A GLANCE

## TOP ACCREDITATIONS & ESG INDICATORS

 <p><b>S&amp;P Global</b></p> <p>Sustainability Yearbook 2024 Member</p>		 <p><b>5-Star</b> • Public Disclosure Score: <b>A</b></p>	
 <p><b>FTSE4Good</b></p> <p>Constituent</p>	 <p><b>A-</b> for Climate Change</p>	 <p><b>AA+</b></p>	
 <p><b>A</b></p>	 <p><b>Top 10</b></p>	 <p><b>Low Risk</b></p>	

<p><b>Environment</b></p>  <p><b>32.7%</b> GHG intensity* (2022: ↓32.4%)</p>  <p><b>24.7%</b> Energy intensity* (2022: ↓25.6%)</p> <p>* As compared to baseline year 2017</p>	<p><b>Value Chain</b></p>  <p><b>90%</b> of contractors / suppliers are governed by "Vendor Code of Conduct" (2022: 94%)</p> <p><b>95%</b> Customer satisfaction rate (2022: 93%)</p>	
<p><b>Community Investment</b></p>  <p><b>HK\$24.7 million</b> donations (2022: HK\$12.1 million)</p>	<p><b>Sustainable Finance</b></p>  <p>Sustainability-linked loans <b>48%</b> of the Group's total loan facilities<sup>^</sup></p> <p><sup>^</sup> As at 31 December 2023, the Group's total sustainability-linked loan facilities stood at approximately HK\$41,116 million</p>	<p><b>People</b></p>  <p><b>34%</b> of women in senior positions (2022: 34%)</p>

## KEY AWARDS







## ACTIONS IN KEY AREAS

### Sustainable Building

<p>95% Major Mixed-Use Developments received 3-STAR/GOLD or above Sustainable Building Certifications*</p>	<p>Jing An Kerry Centre</p>	<p><b>1<sup>st</sup> in Asia</b></p> <p>Achieved both <b>LEED Zero Carbon &amp; LEED Zero Waste</b> Certifications</p>	<p><b>1<sup>st</sup> in the Mainland</b></p> <p>Received <b>LEED Zero Carbon</b> Certification</p>
	<p>Beijing Kerry Centre</p>	<p><b>1<sup>st</sup> Commercial Complex in Beijing</b></p> <p>Achieved <b>LEED for Cities and Communities – Platinum</b> Certification</p>	

\* Environmental data covers our owned and managed investment properties in Hong Kong and the Mainland. Sustainable building certifications included LEED, WELL, and Green Building Evaluation Label.

### Climate Action

- Developing **KPL's carbon neutrality roadmap** with detailed plans, timeframe, and sub-targets to guide our decarbonisation journey
- A **comprehensive carbon audit** is underway to synchronise carbon data from both landlords and tenants
- Combating Scope 3 emissions by:
  - 1) Launching **"Supplier Low Carbon Stewardship Scheme"** to promote carbon data management and ESG education
  - 2) Expanding **free carbon audits** for tenants, with the goal of annual implementation
  - 3) Introducing a **dark green lease scheme** to incentivise tenants to conserve energy and water

### Holistic Wellness

- Title-sponsored **HONG KONG STREETATHON 2023**, engaging over 600 colleagues and business partners in a community-wide running event to strengthen stakeholder connections
- Organised **annual iconic charity event Step Challenge** in Hong Kong and the Mainland, engaging **over 1,800 colleagues** and raising **over HK\$1.6 million** for ocean conservation

### Community Building

- Organised over **680** community initiatives aimed at supporting the needy, contributing to youth development, promoting wellness, and mitigating climate change
- Ensured responsible giving with thorough due diligence, including background checks and site visits. Social Impact Assessment revealed an overall satisfaction rate of **88%**

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1. **Asia Sustainability Reporting Awards 2022**  
- Silver Award in Asia's Best Stakeholder Reporting
2. **Best Corporate Governance and ESG Awards 2023**  
- Non-Hang Seng Index Category (Medium Market Capitalisation) – ESG Award
3. **Hong Kong Green Awards 2023**  
- Sustainable Procurement Award (Large Corporation) – Grand Award  
- Green Management Award – Corporate (Large Corporation) – Gold Award

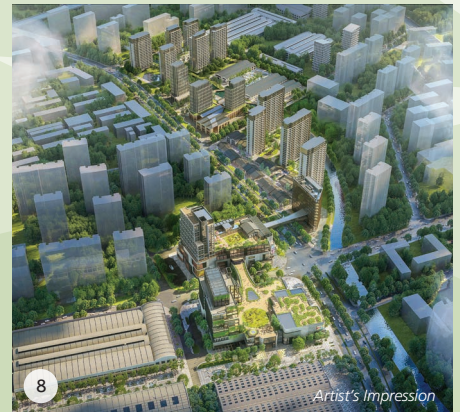
4. **Hong Kong Sustainability Award 2023**  
- Merit Award in the Large Organisation Category
5. **IR Magazine Awards - Greater China 2023**  
- Best ESG reporting (small to mid-cap)
6. **The Asset ESG Corporate Awards 2023**  
- Benchmark – Platinum Award
7. **2023 WELL at Scale Award**  
- Regional WELL Leadership Award – Asia

For further award details, please refer to page 44.



# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW







## KEY HIGHLIGHTS

The Group recorded solid financial results in a challenging year, with development properties combined revenue in the Mainland and Hong Kong increasing 22% when compared to 2022 at HK\$10,416 million (2022: HK\$8,562 million), and with investment and hotel properties combined revenue in the Mainland and Hong Kong growing by 14% in the same period at HK\$7,711 million (2022: HK\$6,789 million). Contracted sales recorded 163% growth at HK\$14,071 million (2022: HK\$5,354 million) with the pre-sale of two important projects on the Mainland during the year, namely Shanghai Pudong's Park Towers and Hangzhou's Riverside.

By executing the Group's deleveraging plan and under its disciplined financial management, the Group's gearing ratio as at 31 December 2023, representing net debt to total equity, was 34.1% (31 December 2022: 33.6%).

### Development Properties Combined Revenue in the Mainland and Hong Kong

	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Development Properties</b>			
Mainland	3,459	4,416	-22%
Hong Kong	6,957	4,146	68%
<b>Total</b>	<b>10,416</b>	<b>8,562</b>	<b>22%</b>

### Investment and Hotel Properties Combined Revenue in the Mainland and Hong Kong

	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Investment and Hotel Properties</b>			
Mainland rental properties	4,216	4,092	3%
Hong Kong rental properties	1,234	1,352	-9%
Hotel operations	2,261	1,345	68%
<b>Total</b>	<b>7,711</b>	<b>6,789</b>	<b>14%</b>

### Contracted Sales in the Mainland and Hong Kong

	2023 HK\$ Million	2022 HK\$ Million	% Change
<b>Development Properties</b>			
Mainland	10,636	1,681	533%
Hong Kong	3,435	3,673	-6%
<b>Total</b>	<b>14,071</b>	<b>5,354</b>	<b>163%</b>

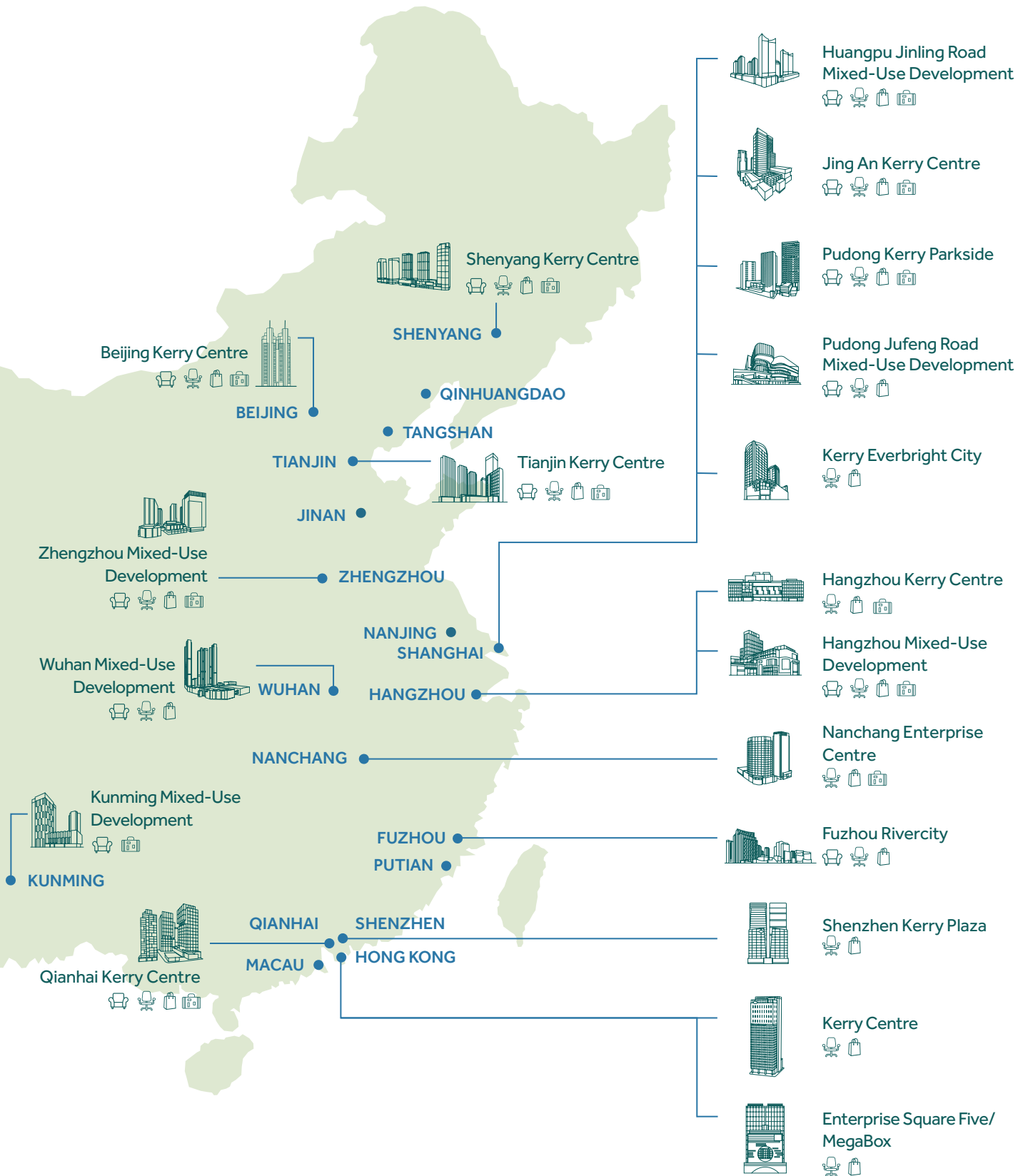
### The Group's Gearing Ratio

	As of 31 December 2023	As of 31 December 2022	Change
<b>Gearing ratio</b> (Net debt to total equity)	<b>34.1%</b>	<b>33.6%</b>	<b>0.5%</b>

Note: Combined revenue includes revenue from the Company, its subsidiaries and share of associates and joint ventures in the Mainland and Hong Kong.

1	2	3
4	5	
6	7	8
9	10	

- MegaBox, Hong Kong
- Kerry Centre, Hong Kong
- Jing An Kerry Centre, Shanghai
- Mid-Levels Portfolio, Hong Kong
- Mont Rouge, Hong Kong
- Park Towers, Shanghai
- The Arcadia, Shenyang
- Riverside, Hangzhou
- River Mansion, Wuhan
- Qianhai Kerry Centre, Shenzhen



- Residential
- Office
- Retail
- Hotel





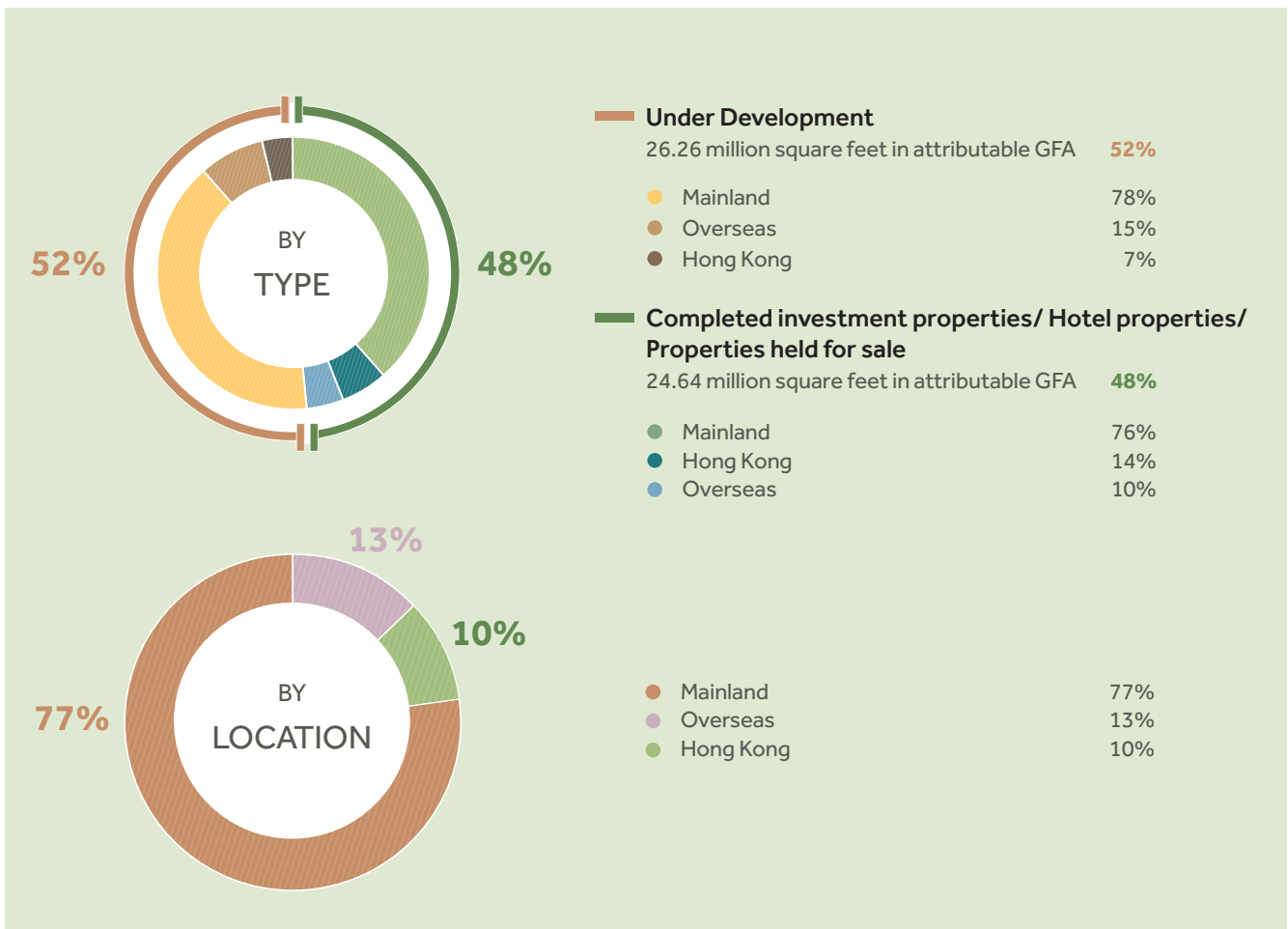
## LANDBANKING STRATEGY

The Group has a diversified landbank in Hong Kong and key cities in the Mainland, which include development properties and mixed-used projects in over eighteen cities, such as Hong Kong, Beijing, Hangzhou, Qianhai, Shanghai, Shenzhen and Shenyang.

The Group's landbanking strategy is to build a portfolio of premium investment properties comprising office, retail, hotel, and apartments-for-lease primarily in the Mainland; and to operate a balanced pipeline of development properties in the Mainland and Hong Kong. The Group has a robust landbank that will drive its growth for years to come, and will maintain its prudent and selective landbanking strategy to support long-term sustainable growth.

## PROPERTY PORTFOLIO COMPOSITION

50.90 million square feet in attributable GFA





The Group's property portfolio is comprised of the Group's share of 50.90 million square feet of gross floor area ("GFA") as of 31 December 2023 (2022: 48.49 million square feet) in the Mainland, Hong Kong and Overseas.

The growth in GFA is from the Group's acquisition of two land packages in the first half of 2023. The first land package was acquired from a successful government tender for a residential site in Hong Kong's Tsuen Wan district in February 2023. It will yield approximately 314,000 square feet of GFA.

The second land package was acquired in June 2023 and is based in Shanghai's Huangpu district along Jinling Road. This land package unifies the Group's interest in 10 adjacent plots of land, with a total combined GFA of approximately 5.06 million square feet for residential apartments and townhouses, offices, high-street retail and amenities. This is an important and strategic project for the Group that will provide healthy development properties sales revenue for good medium-term profits, while also strengthening the investment properties portfolio in downtown Shanghai through progressively growing recurrent revenue over the long-term. A summary of the Group's property portfolio in attributable GFA follows:

The Group's Property Portfolio in Attributable GFA ('000 square feet)					
As of 31 December 2023:	Mainland	Hong Kong	Overseas	2023 Total	2022 Total
Properties Under Development	20,455	1,765	4,036	26,256	24,233
Investment Properties	10,825	3,073	1,867	15,765	15,752
Hotel Properties	4,467	38	504	5,009	5,009
Properties Held for Sale	3,393	480	1	3,874	3,498
<b>Total GFA</b>	<b>39,140</b>	<b>5,356</b>	<b>6,408</b>	<b>50,904</b>	<b>48,492</b>





## DEVELOPMENT PROPERTIES PIPELINE

Based on the Group's portfolio of properties under development, the Group has a robust pipeline of contracted sales supported by upcoming development properties that will be sufficient for the next five years and beyond. As of 31 December 2023, the total attributable GFA of for-sale development properties was 10.81 million square feet.

On the Mainland, the Group has a strong pipeline of development properties that will yield 9.17 million square feet of attributable GFA. All of the Group's Mainland development properties are part of a master-planned mixed-use development community. They are all located in key areas of their respective cities that offer the convenience of nearby major metro stations, bus lines and depots, and expressways. They will be positioned as high-quality premium homes, and residents will be able to enjoy the facilities and amenities of the projects' commercial portion such as shopping malls and well-designed public areas.

In Hong Kong, the Group has a robust pipeline of high-quality projects under development, and a landbank of future projects with good potential that amounts to approximately 1.64 million square feet of attributable GFA to the Group. The landbank enables the Group to build a balanced development properties pipeline that balances good margins with shorter capital recycle periods with 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	Project	Location	Equity Stake	Attributable GFA ( <i>'000 square feet</i> )
2024	Hangzhou	Mainland	100%	1,007
2024	Qianhai Phase I	Mainland	100%	186
2024	Kunming	Mainland	55%	124
2024 onwards	Qinhuangdao	Mainland	60%	1,894
2024 onwards	Shenyang	Mainland	60%	1,633
2025	Wuhan	Mainland	100%	2,613
2025	La Montagne	Hong Kong	50%	319
2025	Yuen Long	Hong Kong	90%	254
2025	Shanghai Pudong	Mainland	40%	205
2025	Tianjin	Mainland	49%	147
2025	Qianhai Phase III	Mainland	70%	42
2026	LOHAS Park Package 13	Hong Kong	25%	387
2027 onwards	Shanghai Huangpu	Mainland	100%	1,319
2028	To Kwa Wan	Hong Kong	100%	370
2028	Tsuen Wan	Hong Kong	100%	314
				<b>10,814</b>
			Mainland Total	9,170
			Hong Kong Total	1,644
			<b>Group Total</b>	<b>10,814</b>



## MAJOR PROPERTIES UNDER DEVELOPMENT IN THE MAINLAND



**Shanghai Huangpu Jinling Road Mixed-Use Development**

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):**

**Phase I:** 1,936,000 s.f.

**Phase II:** 3,119,000 s.f.

**Target completion:** 2027 onwards

**Equity stake:** 100%



**Shanghai Pudong Jufeng Road Mixed-Use Development**

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 was launched in 2023.

**Total GFA (100% basis):** 3,238,000 s.f.

**Target completion:** 2025

**Equity stake:** 40%





Qianhai Kerry Centre, 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.

<b>Total GFA (100% basis):</b>	
Phase I:	186,000 s.f.
Phase III:	885,000 s.f.
<b>Target completion:</b>	
Phase I:	2024
Phase III:	2025
<b>Equity stake:</b>	
Phase I:	100%
Phase III:	70%



Wuhan Mixed-Use Development

This project in Jiangnan district is designed to deliver a large-scale mixed-use development 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.

<b>Total GFA (100% basis):</b>	4,382,000 s.f.
<b>Target completion:</b>	2025
<b>Equity stake:</b>	100%



Hangzhou Mixed-Use Development

Located in the Gongshu 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 mixed-use development with office, retail, hotel and residential use. Pre-sale of the residential portion was launched in 2023.

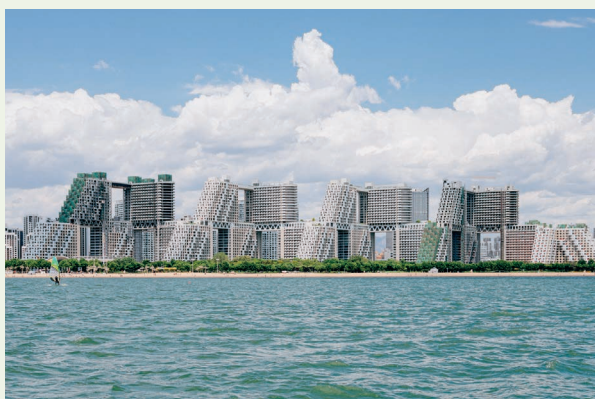
<b>Total GFA (100% basis):</b>	2,662,000 s.f.
<b>Target completion:</b>	2024 onwards
<b>Equity stake:</b>	100%



Shenyang Kerry Centre

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.

<b>Total GFA (100% basis):</b>	
Phase III:	5,033,000 s.f.
<b>Target completion:</b>	2024 onwards
<b>Equity stake:</b>	60%



Habitat, Qinhuangdao

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.

<b>Total GFA (100% basis):</b>	
Phase II:	1,965,000 s.f.
Phase III:	1,192,000 s.f.
<b>Target completion:</b>	2024 onwards
<b>Equity stake:</b>	60%



Tianjin Kerry Centre

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

<b>Total GFA (100% basis):</b>	
Phase II:	1,485,000 s.f.
<b>Target completion:</b>	2025
<b>Equity stake:</b>	49%





## MAJOR PROPERTIES UNDER DEVELOPMENT IN HONG KONG



La Montagne, Wong Chuk Hang

La Montagne is the Group's second Wong Chuk Hang Station transit-oriented project, in co-development with Sino Land and Swire Properties. Located on the south-eastern segment of the station's property development, its units offer magnificent views of Shouson Hill and Deep Water Bay.

<b>Total GFA (100% basis):</b>	<b>638,000 s.f.</b>
<b>Target completion:</b>	<b>2025</b>
<b>Equity stake:</b>	<b>50%</b>



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 site is located near the Yuen Long South Development Area, and will benefit from the proposed infrastructure and enhanced residential amenities.

<b>Total GFA (100% basis):</b>	<b>281,000 s.f.</b>
<b>Target completion:</b>	<b>2025</b>
<b>Equity stake:</b>	<b>90%</b>



LOHAS Park Package Thirteen, Tseung Kwan O

A consortium comprising the Group, Sino Land, K. Wah International and China Merchants Land 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.

<b>Total GFA (100% basis):</b>	<b>1,547,000 s.f.</b>
<b>Target completion:</b>	<b>2026</b>
<b>Equity stake:</b>	<b>25%</b>



**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.

<b>Total GFA (100% basis):</b>	<b>444,000 s.f.</b>
<b>Target completion:</b>	<b>2028</b>
<b>Equity stake:</b>	<b>100%</b>



**Po Fung Road, Tsuen Wan**

Located in Tsuen Wan, this project site is nestled against green hills, while overlooking the Tsing Yi and Ting Kau waterfront. The residential site has close proximity to Tsuen Wan town centre, and offers convenient access to public transport.

<b>Total GFA (100% basis):</b>	<b>314,000 s.f.</b>
<b>Target completion:</b>	<b>2028</b>
<b>Equity stake:</b>	<b>100%</b>





## INVESTMENT PROPERTIES AND HOTELS PIPELINE

As of 31 December 2023, the Group had 18.40 million square feet of GFA under management in its major investment properties portfolio, which comprises office, retail, apartment, hotel and warehouse assets in Hong Kong and the Mainland. The Mainland accounts for 83% and Hong Kong accounts for 17% of the total investment properties portfolio in Hong Kong and the Mainland, or 15.29 million square feet and 3.11 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 Majors Cities (Attributable GFA)* ('000 square feet)									
As of								2023	2022
31 December 2023:	Hong Kong	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Others	Total	Total
Office	778	711	1,519	3,003	102	354	195	6,662	6,525
Retail	1,197	98	959	361	798	486	1,188	5,087	5,231
Hotel	38	500	759	121	461	395	2,231	4,505	4,485
Apartment	799	277	774	–	–	–	–	1,850	1,850
Warehouse	299	–	–	–	–	–	–	299	299
<b>Total</b>	<b>3,111</b>	<b>1,586</b>	<b>4,011</b>	<b>3,485</b>	<b>1,361</b>	<b>1,235</b>	<b>3,614</b>	<b>18,403</b>	<b>18,390</b>

Note: \* Excludes 2,371,000 square feet of attributable GFA from Overseas' investment properties and hotels.

In the next five years and onwards, the Group is expected to add another 11.03 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 comprises approximately 5.76 million square feet GFA of office, approximately 4.58 million square feet GFA of retail, and approximately 0.49 million square feet GFA of hotel properties. The top contributing cities to the Group's growth roadmap are Shanghai with projects in Pudong and Huangpu districts, Wuhan and Hangzhou.

The Group's Major Mixed-Use Projects and Hotels Under Development in the Mainland (Attributable GFA) ('000 square feet)						
Target Completion	City	Apartment	Office	Retail	Hotel	Total
2025	Hangzhou	197	241	1,043	175	1,656
2025	Tianjin	–	489	92	–	581
2025	Qianhai	–	503	76	–	579
From 2025	Shenyang	–	447	595	–	1,042
From 2026	Shanghai Pudong	–	110	981	–	1,091
From 2026	Zhengzhou	–	349	–	226	575
From 2028	Shanghai Huangpu	–	2,298	1,346	91	3,735
2030	Wuhan	–	1,318	451	–	1,769
	<b>Total</b>	<b>197</b>	<b>5,755</b>	<b>4,584</b>	<b>492</b>	<b>11,028</b>

Upon completion, the Group's investment properties and hotel portfolio will increase by 55%, or a total combined footprint of 32.17 million square feet GFA. Through its strategic vision and disciplined landbanking over the years, the Group has built a strong pipeline of mixed-use communities in major cities. The successive launch of these malls, premium offices, residence-for-lease, and hotels over the next few years will act as a growth catalyst for the Group in the form of progressive and steadily increasing recurrent revenue. In parallel, the Group will also focus on strategic asset enhancement initiatives in the current market to optimise future yield, while the Group's diligent revenue management of existing assets will support improved rental reversion and occupancy levels.



## MAJOR MIXED-USE DEVELOPMENTS IN THE MAINLAND



Phase I  
GFA  
**0.7**  
million  
square feet

### 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 a Shangri-La Hotel.

Phase II  
GFA  
**3.0**  
million  
square feet

**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%**



- Building Design and Construction
- Operations and Maintenance



- WELL Core
- WELL Health-Safety Rating

**LEEDZero**

- Waste
- Carbon



GFA  
**2.7**  
million  
square feet

### 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%**



- Building Design and Construction
- Operations and Maintenance



- WELL Health-Safety Rating



GFA  
**2.2**  
million  
square feet

### 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%**



- Operations and Maintenance
- Cities and Communities



- WELL Core
- WELL Health-Safety Rating

**LEEDZero** • Waste



GFA  
**1.8**  
million  
square feet

### 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%**



- Building Design and Construction





**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%**



• Building Design and Construction



• WELL Health-Safety Rating



**Phase I GFA**  
**1.7**  
million  
square feet

### Qianhai Kerry Centre, 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: 1,283,000 s.f.**  
**Equity stake:**  
**Phase I: 100% Phase II: 25%**

**Phase II GFA**  
**1.3**  
million  
square feet



• Building Design and Construction



• WELL Core



**Phase II GFA**  
**2.1**  
million  
square feet

### Shenyang Kerry Centre

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):**  
**Phase II: 2,057,000 s.f.**  
**Equity stake: 60%**



• Building Design and Construction  
• Operations and Maintenance



**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%**



• Building Design and Construction  
(Pre-Certification)



## MAINLAND PROPERTY DIVISION

### OVERVIEW

The Mainland Property Division recorded total revenue of HK\$8,965 million (2022: HK\$9,245 million) and gross profit of HK\$5,178 million (2022: HK\$4,887 million) for the year ended 31 December 2023.

The revenue from development properties in the Mainland Property Division recorded HK\$3,327 million (2022: HK\$4,397 million) and corresponding gross profit of HK\$1,727 million (2022: HK\$1,954 million). Gross profit margin was 52% (2022: 44%). The improvement in gross profit margin reflected a year-on-year variance in inventory sold in different cities.

Revenue from investment and hotel properties was HK\$5,638 million (2022: HK\$4,848 million). The improvement was mainly due to a 66% increase in hotel revenue of HK\$1,755 million (2022: HK\$1,056 million). Excluding contributions from hotel operations, revenue from investment properties accounted for HK\$3,883 million, which is 2% better than that in 2022. The gross profit from investment properties was HK\$2,825 million (2022: HK\$2,760 million), with the gross profit margin staying steady at 73% (2022: 73%), highlighting the resilience and defensive nature of our leasing portfolio.

#### (i) Development Property Portfolio Performance

In an underperforming market, the Mainland Property Division delivered a satisfactory result with contracted sales of HK\$10,636 million (2022: HK\$1,681 million), increasing 533% year-on-year. Two new projects, Shanghai Pudong's Park Towers and Hangzhou's Riverside, largely contributed to this result. Both projects launched in the first half of 2023 to deliver contracted sales of HK\$7,502 million, and selling-through all stock shortly after launch. This result was further supported by sales from other projects in Fuzhou, Shenyang, Tianjin, Wuhan, and Zhengzhou. A summary of the Mainland's major contracted sales achieved for the year ended 31 December 2023 follows:

Project Name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total Contracted Sales for the year ended 31 December 2023 (HK\$ Million)
Riverside	100%	Hangzhou	1,007,000	5,782
Park Towers	40%	Shanghai	512,000	1,720*
The Arcadia	60%	Shenyang	3,283,000	1,088
River Mansion	100%	Wuhan	1,561,000	754
Arcadia Court	55%	Zhengzhou	1,012,000	458
Arcadia Terrace	49%	Tianjin	299,000	226*
Habitat Phase II	60%	Qinhuangdao	1,965,000	193
Rivercity	100%	Fuzhou	2,908,000	100
Others	–	–	–	315
<b>Total</b>				<b>10,636</b>

Note: Others include non-core asset sales in Kunming and others.

\* Group's attributable share in associates and joint ventures.



## DEVELOPMENT PROPERTIES IN THE MAINLAND



Arcadia Terrace, Tianjin

Located in the Hedong central business district, Arcadia Terrace is well supported by the retail portion and office towers of Tianjin Kerry Centre to offer the convenience of leisure and business. Units will offer views of open space and greenery, while staying in close proximity to the historic Haihe River.

**Total saleable GFA (100% basis):** 299,000 s.f.  
**Equity stake:** 49%



Artist's Impression

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%

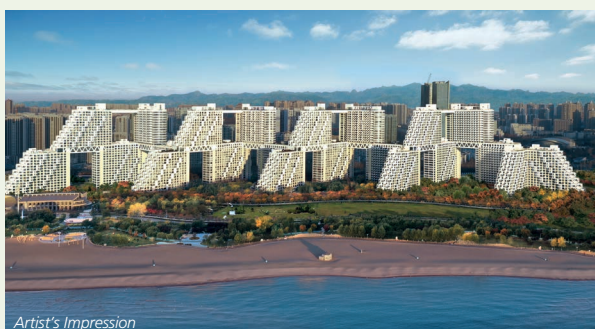


Artist's Impression

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

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%





Artist's Impression  
**Park Towers, Shanghai**

Park Towers is the residential portion of the Shanghai Pudong Jufeng Road Project, which 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 project offers close proximity to good public transportation, and the retail and office portion of the mixed-use project. The project launched for pre-sale and sold-through in 2023.

**Total saleable GFA (100% basis):** 512,000 s.f.  
**Equity stake:** 40%



Artist's Impression  
**River Mansion, Wuhan**

River Mansion is the residential portion of the Wuhan mixed-use project, which also includes office, retail and educational components. It is located in Wuhan's Jiangnan district, which is a prime commercial district at the intersection of Yangtze and Han Rivers, and is in close proximity to the city-centre with direct metro access.

**Total saleable GFA (100% basis):** 1,561,000 s.f.  
**Equity stake:** 100%



Artist's Impression  
**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):** 2,908,000 s.f.  
**Equity stake:** 100%



Artist's Impression  
**Riverside, Hangzhou**

Located in the Gongshu district of scenic Hangzhou, Riverside is the residential portion of the Group's latest Hangzhou mixed-use project. Residents will be able to enjoy close proximity to a large-scale complex with office, retail and hotel, together with convenient access to public transport. The project has been launched for pre-sale and sold-through in 2023.

**Total saleable GFA (100% basis):** 1,007,000 s.f.  
**Equity stake:** 100%



## (ii) Investment Property Portfolio Performance

In 2023, the Group's investment properties excluding hotels on the Mainland contributed rental revenue of HK\$3,883 million (2022: HK\$3,792 million). The Group's gross profit was HK\$2,825 million (2022: HK\$2,760 million). The combined rental income from the Mainland's investment properties, excluding hotels but including contributions from associates and joint ventures, was HK\$4,216 million (2022: HK\$4,092 million).

The Group's hotel business on the Mainland experienced a strong rebound from a weak 2022 to achieve a 66% year-on-year improvement with revenue of HK\$1,755 million (2022: HK\$1,056 million).

The Group's retail segment saw a slight improvement with increased foot traffic and tenant sales, despite weaker consumer sentiment. This was driven by a refreshed retail strategy and the completion of asset enhancement initiatives that the Group undertook during the pandemic in certain key malls to increase square footage and unit rent. The office segment continued to be a major revenue driver for the Group's investment properties portfolio, with occupancy levels in line with expectations in our key assets. With low forward visibility of the economy, corporate tenants have adopted a conservative outlook. To lock-in recurrent revenue in a weak market, the Group will prioritise renewals, while striving for the best leasing terms according to prevailing prices. The Group's residential leasing portfolio remained steady. A summary of the Mainland Property Division's combined rental income follows:

Combined Rental Income of the Mainland Property Division (excluding hotel revenue)			
Investment Properties	2023 HK\$ Million	2022 HK\$ Million	% Change
The Company and its subsidiaries	3,883	3,792	2%
Share of associates and joint ventures	333	300	11%
<b>Total</b>	<b>4,216</b>	<b>4,092</b>	<b>3%</b>



A summary of the Group's Mainland investment property portfolio breakdown of attributable GFA by asset type and their respective occupancy rates follows:

	As of 31 December 2023		As of 31 December 2022	
	Group's attributable GFA ('000 square feet)	Occupancy rate	Group's attributable GFA ('000 square feet)	Occupancy rate
Office	5,884	90%	5,747	88%
Retail	3,890	85%	4,014	83% <sup>#</sup>
Apartment	1,051	92%	1,051	86%
	<b>10,825</b>		<b>10,812</b>	

Note: <sup>#</sup> 2022 Occupancy rates excluded the retail space of Fuzhou Rivercity Commercial Centre with leasing commencing in 2023.

In a market with slow forward momentum, the Group's retail portfolio saw stable occupancy levels with the overall occupancy for the segment at 85% (31 December 2022: 83%). The Group's office portfolio recorded overall occupancy of 90% (31 December 2022: 88%), and occupancy for the Group's apartments-for-lease portfolio was 92% (31 December 2022: 86%). The Group will continue to focus on revenue management by optimising its retail brand mix, and focusing on renewals with its longstanding blue-chip and red-chip tenant base.

A summary of the overall occupancy rates for the Group's major mixed-use developments in key Mainland cities follows:

Property Name	Occupancy rate as of 31 December 2023	Occupancy rate as of 31 December 2022
Jing An Kerry Centre, Shanghai *	98%	96%
Pudong Kerry Parkside, Shanghai *	96%	96%
Beijing Kerry Centre *	91%	96%
Hangzhou Kerry Centre *	91%	86%
Shenzhen Kerry Plaza	92%	91%

Note: \* Excludes the hotel portion.





## HONG KONG PROPERTY DIVISION

### OVERVIEW

The Hong Kong Property Division reported revenue of HK\$4,125 million (2022: HK\$5,345 million) and gross profit of HK\$1,543 million (2022: HK\$2,098 million) for the year ended 31 December 2023.

In early 2023, Hong Kong's market sentiment improved slightly which lifted retail and property sales. Entering the second half, the mood shifted as external economic factors started to constrain demand and subdue sentiment. High interest rates and concerns over the challenges faced by Mainland property developers weighed on global economic growth and created uncertainties for Hong Kong's economy. This stagnated the Hong Kong stock market and contributed to a slowdown in the real estate market. The Group recognised development properties sales revenue of HK\$3,022 million (2022: HK\$4,146 million), and gross profit of HK\$729 million (2022: HK\$1,171 million), the reduction was due to a different mix of inventory that was recognised year-on-year. The gross profit margin of Hong Kong's development properties was 24% (2022: 28%), with the change due to a different product mix. The rental revenue from investment properties was HK\$1,103 million (2022: HK\$1,199 million), and gross profit was HK\$814 million (2022: HK\$927 million). The gross profit margin of Hong Kong's investment properties was 74% (2022: 77%), with the moderation in part due to slightly lower rental reversion to align with prevailing prices.

#### (i) Development Property Portfolio Performance

For the year ended 31 December 2023, the Hong Kong Property Division recorded total contracted sales of HK\$3,435 million (2022: HK\$3,673 million). This result was a concerted effort from the contributions of five projects. The Aster, which was previously the Group's investment property Resiglow – Happy Valley, delivered HK\$850 million from local end-users. The Group's high-end luxury projects Mont Rouge, which sold-through in 2023, plus Mont Verra achieved HK\$1,173 million in contracted sales, and the Group's Wong Chuk Hang MTR station projects, La Marina and La Montagne, all together recorded HK\$1,192 million in attributable contracted sales for the Group.

A summary of Hong Kong's contracted sales achieved for the year ended 31 December 2023 follows:

Project Name	Group's attributable interest	Location	Approximate total saleable area (square feet)	Total Contracted Sales for the year ended 31 December 2023 (HK\$ Million)
The Aster	100%	Happy Valley	71,000	850
Mont Verra	100%	Beacon Hill	325,000	745
La Marina	50%	Wong Chuk Hang	425,800	645*
La Montagne	50%	Wong Chuk Hang	559,000	547*
Mont Rouge	100%	Beacon Hill	115,000	428
The Bloomsway	100%	So Kwun Wat	838,000	171
Others	–	–	–	49
<b>Total</b>				<b>3,435</b>

Note: Others refer to non-residential asset sales including carparks.

\* Group's attributable share in associates and joint ventures.



## DEVELOPMENT PROPERTIES IN HONG KONG



**The Aster, Happy Valley**

Previously an investment property for lease named Resiglow – Happy Valley, the building was refurbished and rebranded The Aster as a development property for sale in 2023. The project offers 106 units, most of which are two-bedroom apartments.

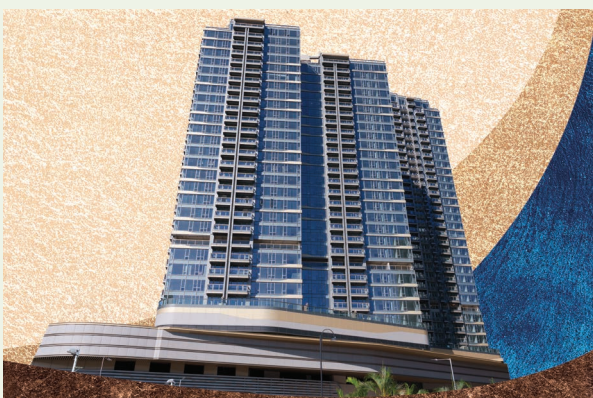
**Approximate total saleable area:** 71,000 s.f.  
**Equity stake:** 100%



**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 living needs.

**Approximate total saleable area:** 838,000 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 two towers.

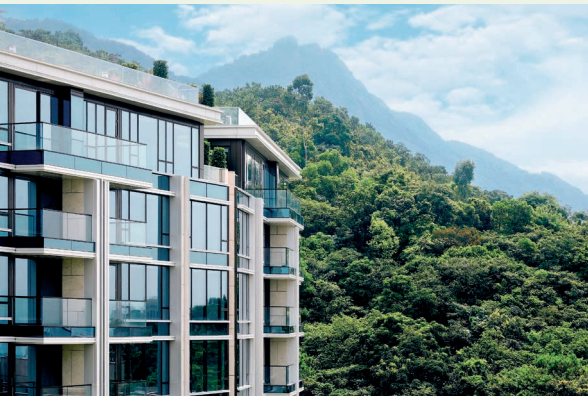
**Approximate total saleable area:** 425,800 s.f.  
**Equity stake:** 50%



**La Montagne, Wong Chuk Hang**

La Montagne is the Group's second Wong Chuk Hang Station transit-oriented project, in co-development with Sino Land and Swire Properties. Located on the south-eastern segment of the station's property development, its units offer magnificent views of Shouson Hill and Deep Water Bay.

**Approximate total saleable area:** 559,000 s.f.  
**Equity stake:** 50%



**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 Victoria 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

In Hong Kong, the Group has an investment properties portfolio of office and retail mainly from its mixed-use development MegaBox/Enterprise Square Five and Kerry Centre, and apartments-for-lease mainly from its Mid-Levels portfolio.

For the year ended 31 December 2023, the Hong Kong investment properties portfolio was relatively stable during a difficult 2023, with revenue of HK\$1,103 million (2022: HK\$1,199 million). The Group's gross profit was HK\$814 million (2022: HK\$927 million). The reduction in revenue was partly due to the loss in rental income from the conversion of Resiglow – Happy Valley residential-for-lease into a development property for sale, and also the reduction of warehouse contributions due to their asset sales in 2023 and 2022 respectively. Additionally, slightly lower unit rent from the office segment priced in prevailing market conditions, although occupancy levels remained at a competitive level. MegaBox performed well considering the city's poor consumer sentiment, thanks to its positioning as a local family-oriented mall, with revenue at par year-on-year. Lastly, the residential portfolio remained stable. The combined rental income from investment properties including contributions from associates and joint ventures was HK\$1,234 million (2022: HK\$1,352 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	2023 HK\$ Million	2022 HK\$ Million	% Change
The Company and its subsidiaries	1,103	1,199	-8%
Share of associates and joint ventures	131	153	-14%
<b>Total</b>	<b>1,234</b>	<b>1,352</b>	<b>-9%</b>

A summary of the Group's Hong Kong investment property portfolio breakdown of attributable GFA by asset type and their respective occupancy rates follows:

	As of 31 December 2023		As of 31 December 2022	
	Group's attributable GFA ( <i>'000 square feet</i> )	Occupancy rate	Group's attributable GFA ( <i>'000 square feet</i> )	Occupancy rate
Retail	1,197	95%	1,197	92%
Apartment	799	89%*	799	90%
Office	778	84%	778	86%
Warehouse	299	43%	299	78%
	<b>3,073</b>		<b>3,073</b>	

Note: \* As of 31 December 2023, occupancy rate excluded Branksome Crest due to major refurbishment.

As of 31 December 2023, occupancy at Hong Kong's retail mall MegaBox was 95% (31 December 2022: 92%). The office portfolio of Enterprise Square Five and Kerry Centre recorded occupancy levels at 82% (31 December 2022: 85%) and 89% (31 December 2022: 89%) respectively. A summary of the occupancy rates for the Group's major investment properties in Hong Kong follows:

Property Name	Occupancy rate as of 31 December 2023	Occupancy rate as of 31 December 2022
MegaBox	95%	92%
Enterprise Square Five	82%	85%
Kerry Centre	89%	89%
Mid-Levels Portfolio	93%*	89%

Note: \* As of 31 December 2023, occupancy rate excluded Branksome Crest from Mid-Levels Portfolio due to major refurbishment.



## MAJOR INVESTMENT PROPERTIES 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 Enterprise Square Five and MegaBox, while offering convenient access to the MTR and the highways.

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



Mid-Levels 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%



The Bonham, Sai Ying Pun

Located in the chic and artsy Sai Ying Pun district, The 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%

# 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 ("AUD") and Japanese yen ("JPY").

As at 31 December 2023, the total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalent of HK\$1,439 million and RMB bank loans amounted to the equivalent of HK\$12,181 million. As such, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 3% and 22% respectively, of the Group's total borrowings of HK\$55,131 million as at 31 December 2023.

As at 31 December 2023, the total foreign currency borrowings of HK\$13,620 million included approximately RMB11,115 million (equivalent to HK\$12,181 million) bank loans, JPY8,000 million (equivalent to HK\$443 million) bank loans and approximately AUD187 million (equivalent to HK\$996 million) bank loans. To hedge the exchange rate exposure of the foreign currency borrowings, the Group arranged cross currency swap contracts amounting to RMB2,040 million, JPY8,000 million, and approximately AUD187 million for bank loans drawn in Hong Kong. The remaining RMB9,075 million bank loans were RMB bank loans for projects in the Mainland and the Group endeavoured 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 arranges 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 manage its interest rate risks arising from its floating rate loans by hedging with floating-to-fixed interest rate swap contracts and applying hedge accounting. As at 31 December 2023, the Group had outstanding interest rate swap contracts, which amounted to HK\$19,500 million (2022: HK\$19,300 million) in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile. As at 31 December 2023, the Group's fixed rate debt ratio (after swap contracts and fixed rate loans) was 43% and 58% on gross debt level (2022: 37% and 48% respectively) and net debt level respectively.

### Liquidity and Financing Management

Total borrowings of HK\$55,131 million (2022: HK\$52,870 million) included HK\$41,511 million of Hong Kong dollar borrowings, HK\$12,181 million RMB borrowings, HK\$996 million AUD borrowings and HK\$443 million JPY borrowings. The total cash and bank deposit balances amounted to HK\$13,845 million as at 31 December 2023, and the net debt balance was HK\$41,286 million (2022: HK\$41,169 million).

The Group uses a proactive approach to manage the Group's liquidity to ensure sufficient 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 optimising the costs of funds. As at 31 December 2023, 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.





The Group's available financial resources as at 31 December 2023 was HK\$44,971 million, which comprised undrawn bank loan facilities of HK\$31,126 million and cash and bank deposits of HK\$13,845 million, increasing by 8% and 18% respectively when compared to 31 December 2022. The available financial resources can cover over 80% of the total borrowings as at 31 December 2023.

## Sustainable Finance Initiatives

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

During 2023, the Group entered into 10 sustainability-linked loan agreements with approximately HK\$12,681 million in loan facilities. As at 31 December 2023, the Group's total sustainability-linked loan facilities stood at approximately HK\$41,116 million, representing 48% of the Group's total loan facilities. These loan facilities 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. With more sustainability-linked 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 and explore other sustainable financial solutions to support our sustainable development.

## Debt Maturity Profile and Gearing Ratio

The Group's total borrowings as at 31 December 2023 were HK\$55,131 million (2022: HK\$52,870 million). The debt maturity profile, with around 64% of the borrowings repayable after two years, is set out below:

Repayable:	2023		2022	
	HK\$ Million		HK\$ Million	
Within 1 year	6,636	12%	5,997	11%
In the second year	13,034	24%	12,851	24%
In the third to fifth year	35,001	63%	33,022	63%
Over 5 years	460	1%	1,000	2%
<b>Total</b>	<b>55,131</b>	<b>100%</b>	<b>52,870</b>	<b>100%</b>

As at 31 December 2023, the Group's gearing ratio, representing net debt to total equity, is 34.1% (31 December 2022: 33.6%), calculated based on net debt of HK\$41,286 million and total equity of HK\$121,157 million.

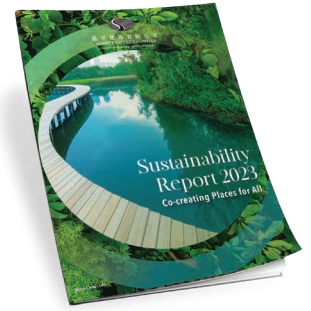
The Group provided guarantees for (i) banking facilities of certain associates and joint ventures; and (ii) mortgage facilities provided by banks to first-hand buyers of certain properties developed by the Group in the Mainland.

Details of contingent liabilities are set out in note 40 to the financial statement of the Group included in this annual report.

## SUSTAINABILITY AT A GLANCE

This section provides an overview of KPL's sustainability achievements in 2023. For further details of our sustainability governance structure, approach, and performances, please refer to our Sustainability Report 2023.

Scan to read our Sustainability Report 2023



The reporting scope of ESG data as outlined in this section is defined as follows:

1. Environmental data covers our owned and managed investment properties in Hong Kong and the Mainland.
2. Value chain and community-related performance data cover our managed properties and property projects under development in Hong Kong and the Mainland (exclude hotels).
3. People-related data pertains solely to staff members directly employed by KPL (excludes hotels).

## ACCELERATING CLIMATE ACTION

### Sustainable Building Certification <sup>1</sup>



**91%** (2022: 88%)

Properties obtained



**95%** (2022: 94%)

Major Mixed-Use Developments received 3-STAR/GOLD or above

### Climate Risk and Vulnerability Assessment <sup>1</sup>



**80%** (2022: 77%)

Investment properties completed



GHG intensity <sup>2</sup>

**↓ 32.7%** (2022: ↓ 32.4%)



Energy intensity <sup>2</sup>

**↓ 24.7%** (2022: ↓ 25.6%)



Waste intensity <sup>2</sup>

**↓ 11.6%** (2022: ↓ 25.2%)



Water intensity <sup>2</sup>

**↓ 26.4%** (2022: ↓ 31.3%)

## PUTTING PEOPLE FIRST



**98.3%** (2022: 98.6%)

Employee trained rate



**34%** (2022: 34%)

Women in senior positions <sup>3</sup>



**8.8** per 1,000 employees  
(2022: 6.92)

Work-related injury rate <sup>4</sup>

## AMPLIFYING OUR POWER



**HK\$24.7 million**

(2022: HK\$12.1 million)

Donations



**680+** (2022: 550+)

Community initiatives



**90%** (2022: 94%)

Contractors / suppliers are governed by "Vendor Code of Conduct"



**85%** (2022: 84%)

Operations are governed by green procurement guidelines

<sup>1</sup> Refers to the reporting boundary of KPL Sustainability Report 2023. Sustainable building certifications included BEAM/BEAM Plus, LEED, WELL, and Green Building Evaluation Label.

<sup>2</sup> As compared to baseline year 2017. GHG emission, energy usage, water consumption, and waste generation increased due to operations and business activities resuming in 2023.

<sup>3</sup> Refers to senior director grade or above.

<sup>4</sup> Refers to recordable employee work-related injuries that resulted in incapacity for a period exceeding three days. Detailed investigation and corrective measures, including increased safety training, have been implemented to address the increase in injury cases.

## SUSTAINABILITY GOVERNANCE & FINANCE



Established  
**Sustainability Council**  
Chaired by Chairman and  
Chief Executive Officer



**22**  
ESG policies in force



Sustainability-linked Loans  
**48%**  
of the Group's total loan facilities<sup>5</sup>

## MAJOR SUSTAINABILITY ACCREDITATIONS & AWARDS

### S&P Global

- Sustainability Yearbook 2024 Member
- Top 15% of Real Estate Management and Development Industry



- Maintained the highest **5-Star Rating** for 3<sup>rd</sup> consecutive year
- Public Disclosure Score: **A** for 4<sup>th</sup> consecutive year



Upgraded to **A- Rating** for Climate Change  
(2022: B)



Hang Seng Corporate  
Sustainability Index  
Series Member 2023-2024



- **AA+** Rating for 3<sup>rd</sup> consecutive year
- Constituent of Hang Seng **ESG 50 Index**



Upgraded to **A Rating**  
(2022: BBB)



**FTSE4Good**  
Constituent



Greater Bay Area  
Business  
Sustainability Index 2022  
香港大湾区企业可持续发展指数2022

Maintained **Top 10**



Maintained **Low Risk Rating**



### Hong Kong Green Awards 2023

- Sustainable Procurement Award (Large Corporation) – Grand Award
- Green Management Award – Corporate (Large Corporation) – Gold Award



### Hong Kong Sustainability Award 2023

Merit Award in the  
Large Organisation Category



### IR Magazine Awards – Greater China 2023

Best ESG reporting (small to mid-cap)

**Remarks:** 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.

<sup>5</sup> As at 31 December 2023, the Group's total sustainability-linked loan facilities stood at approximately HK\$41,116 million.





## DOUBLE MATERIALITY

An annual materiality assessment was conducted to gain insights into stakeholders' expectations and to incorporate them into our sustainability strategies. The principle of double materiality was employed as a comprehensive approach to prioritise major sustainability topics.

### Stakeholder Engagement and Materiality Assessment



## SUSTAINABILITY VISION 2030 TARGETS AND PROGRESS

Sustainability Pillars	Vision 2030 Targets	Target Status	2023 Performance	Compared to 2022
<b>Environmental</b>	100% of investment properties complete Climate Risk and Vulnerability Assessment	●	80%	+3%
	100% of investment properties adopt climate-resilient building features	●	90%	+7%
	100% of investment properties implement rainwater harvesting system	●	52%	+1%
	50% of new investment properties adopt biophilic design features	✓	100%	-
	100% of investment properties adopt wellness features in building design	●	94%	+5%
	100% of new investment properties achieve green certifications	✓	100%	-
<b>People</b>	Reduce work-related injury rate of employees to 10 per 1,000	✓	8.8	-
	Maintain record of zero work-related fatalities of all our employees	✓	Maintained Zero	-
	100% of employees receive gender equality, anti-sexual harassment, and related ethical training	●	97%	+22%
	Maintain zero discrimination cases in all operations by treating all people fairly, impartially and with dignity and respect	✓	Maintained Zero	-
	At least one third of senior positions are held by women	✓	34%	-
	100% of employees receive labour rights, diversity, and social inclusion training	●	97%	+22%
<b>Community</b>	100% of new mixed-use developments are planned and designed with cultural and heritage conservation consideration	✓	100%	+12%
	100% of new mixed-use developments are planned and designed through a mandatory community engagement process, with but not limited to women, children, elderly and disabled persons	✓	100%	+12%
<b>Value Chain</b>	100% of contractors/suppliers are governed by "Vendor Code of Conduct" which forbids forced labour, slave labour, and child labour	●	90%	-4%
	100% of operations are governed by green procurement guidelines which include use of sustainable resources throughout property development and operation	●	85%	+1%
	100% of construction projects implement waste recycling programmes	✓	100%	-
	100% of building contractors/suppliers are governed by sustainable procurement guidelines which contain mandatory diversity requirements	●	32%	+2%

● On Track ✓ Achieved



## ACCELERATING CLIMATE ACTION

Collaborating across the Value Chain for Carbon Neutrality

### Our Carbon Neutrality Roadmap



#### Carbon Neutrality Roadmap

- Short-, medium-, and long-term periods were established
- Roadmap to achieve carbon neutrality is underway, while our science-based targets are currently under validation

#### Standardisation of Carbon Accounting Approach

- Group-wide carbon audit was commenced to enhance carbon data management, particularly scope 3 data
- Carbon audit results facilitate our short-term target setting

#### Scope 3 Engagement Initiatives

##### Supplier Low Carbon Stewardship Scheme

- Pilot scheme to collaborate with suppliers on emission data improvement

##### Dark Green Leases

- Incentive scheme to motivate commercial tenants to reduce energy consumption by sharing savings
- Two dark green leases launched in Hong Kong

##### Free Carbon Audits for Tenants

- Programme expansion based on positive feedback
- Attracted four additional participants in 2023

### Sustainable Building Certifications Obtained in 2023

**91%** Properties obtained sustainable building certifications

**95%** Major MUDs received 3-STAR / GOLD or above sustainable building certifications

Certification	Level	Properties
<b>LEED Zero</b>	LEED Zero Carbon	<ul style="list-style-type: none"> <li>Jing An Kerry Centre, Shanghai</li> </ul>
	LEED for Building Design and Construction	Platinum <ul style="list-style-type: none"> <li>Kerry Everbright City Phase I – The Lightbox, Shanghai</li> <li>Qianhai Kerry Centre Phase II, Shenzhen</li> </ul>
		Gold <ul style="list-style-type: none"> <li>Fuzhou Rivercity</li> </ul>
	LEED for Operations and Maintenance	Platinum <ul style="list-style-type: none"> <li>Kerry Centre, Hong Kong</li> </ul>
	LEED for Communities	Platinum <ul style="list-style-type: none"> <li>Beijing Kerry Centre</li> <li>Shanghai Huangpu Jinling Road Mixed-Use Development</li> </ul>
		Gold <ul style="list-style-type: none"> <li>Fuzhou Rivercity</li> </ul>
	WELL Core Certification	Platinum <ul style="list-style-type: none"> <li>Enterprise Square Five, Hong Kong</li> <li>Kerry Everbright City Phase I - The Lightbox, Shanghai</li> </ul>
	WELL – Precertification	Gold <ul style="list-style-type: none"> <li>Qianhai Kerry Centre Phase II, Shenzhen</li> </ul>
	WELL Community – Precertification	<ul style="list-style-type: none"> <li>Zhengzhou Mixed-Use Development</li> <li>Shanghai Huangpu Jinling Road Mixed-Use Development</li> </ul>
	BEAM Plus New Buildings V2.0	Provisional Silver <ul style="list-style-type: none"> <li>Shap Pat Heung Development Project (39 Shap Pat Heung Road, Yuen Long, Hong Kong)</li> <li>Shap Pat Heung Development Project (111 Tai Tong Road, Yuen Long, Hong Kong)</li> </ul>
	WiredScore	Platinum <ul style="list-style-type: none"> <li>Kerry Centre, Hong Kong</li> </ul>
		Gold <ul style="list-style-type: none"> <li>Enterprise Square Five, Hong Kong</li> </ul>
	Parksmart	Pioneer <ul style="list-style-type: none"> <li>Pudong Kerry Parkside, Shanghai</li> </ul>

<sup>6</sup> As compared with 2017.

<sup>7</sup> Refers to our owned and managed commercial properties only.



# PUTTING PEOPLE FIRST

Creating "People-first Places" for Our Stakeholders



## Safety, Health and Wellness



**82%**  
Our operations<sup>8</sup>  
certified with  
ISO 45001



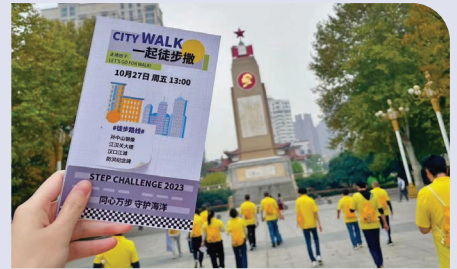
**ZERO**  
Work-related  
employee  
fatality

Title-sponsored HONG KONG STREETATHON with 18,000 runners, including 600 KPL's colleagues and business partners



HONG KONG STREETATHON

KPL's iconic annual charity walk – Step Challenge, attracted over 1,800 colleagues and raised over HK\$1.6 million for ocean conservation efforts



Step Challenge (Wuhan)

## People-centric Workplace

### Learning and Development

- Our inaugural L.E.A.D. (Learn, Empower, Achieve, Develop) programme was launched with participation of 28 senior colleagues from the Group
- ESG knowledge sharing sessions held in various offices

**26.9** hours average training hours per employee



L.E.A.D Programme (Hong Kong)



ESG Sharing (Qianhai, Shenzhen)

### Group-wide Employee Survey

- An engagement survey distributed to all our employees to gain valuable feedback



**> 80%** Employee engagement score



**> 80%** Employees highly recognised the Company's contribution to society and environment

### Diversity, Equity, and Inclusion

- Remuneration Ratio (Female to Male)



**Hong Kong** 1: 1.03

**The Mainland** 1: 0.98

- Promoting inclusiveness through programmes and trainings that highlight the power of diversity, equal opportunity, and ethical practices

<sup>8</sup> Calculated based on gross floor area.



## AMPLIFYING OUR POWER

Building a Vibrant and Harmonious Community



### Community Investment

#### Social Impact Assessment Results

	<b>88%</b> Beneficiaries' overall satisfaction rate
	<b>760+</b> Responses received
	<b>86%</b> Respondents found our donation helpful
	<b>91%</b> Beneficiaries appreciated our donation
	<b>87%</b> Respondents were inspired to help others



Supporting People with Rare Diseases (Beijing Kerry Centre)



Family Fun Day (Qianhai Kerry Centre, Shenzhen)



A Musical Performance on Diversity and Inclusion (Hangzhou Kerry Centre)



Shadow Puppetry Exhibition (Pudong Kerry Parkside, Shanghai)

### Suppliers Collaboration and Management



**570+ Suppliers** responded our Supply Chain ESG Risk Assessment Survey



Year-round **Sustainability Education Programme** launched



Supply Chain Risk Management Facilitation Workshop for Employees (Hong Kong Kerry Centre)

### Customer Satisfaction and Quality Experience

**95%** Customer Satisfaction Rate

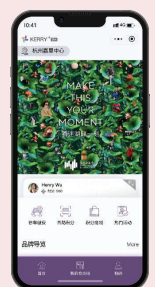
#### Customer Survey

- Regular stakeholder surveys are conducted among tenants, customers, and occupants to enhance the quality of our services

**Parksmart**  
Pudong Kerry Parkside & Jing An Kerry Centre

#### Smart Services

- Innovative technological and digitalised solutions, such as smart entry/parking systems and our smart service platform – “KERRY +” application, help enhance the living standards and service satisfaction of our customers

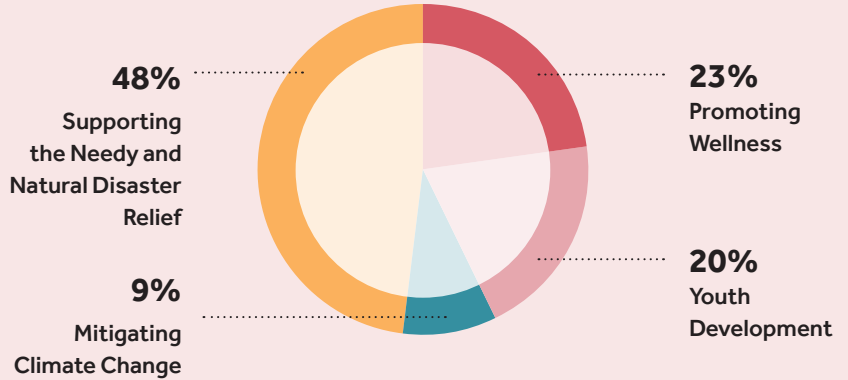




### Impact of Our Community Investment

Our donations, coupled with increased employee participation, contribute to positive societal changes in various aspects. They also align with our pursuit of Good Life Goals, which call for personal actions on United Nations Sustainability Development Goals (UNSDGs).

### Breakdown of Donations



### Summary of Community Initiatives in 2023



680+  
Community initiatives



8,900+  
Employee participation



3,900+  
Volunteering hours



1,900+  
Volunteering count



90+  
NGOs supported



622,000+  
Nutritious meals distributed



Over 680 meaningful community initiatives were carried out at KPL, echoing our six prioritised Good Life Goals.



Barista Training at Hong Chi Morninghill School (Hong Kong)



Lunchtime Concert (Shenzhen Kerry Plaza)



Flower Market (Pudong Kerry Parkside, Shanghai)

Remarks: The Good Life Goals (<https://www.goodlifegoals.org/>) by Futerra Sustainability Communications Ltd (<https://www.wearefuterra.com/>) and 10-Year Framework of Programmes on Sustainable Lifestyles and Education Programme (<https://www.oneplanetnetwork.org/programmes/sustainable-lifestyles-education>) is licenced under CC BY-ND 4.0 (<https://creativecommons.org/licenses/by-nd/4.0/>).



Scan here for more details on our TCFD reporting

## SUMMARY OF TCFD DISCLOSURE

TCFD framework has been adopted to guide our climate risk management and we will further enhance climate disclosures to align with the latest ISSB standard. This will ensure our performance better meets stakeholders' expectations.



**STRATEGY**

Identified Physical & Transition Risks & Opportunities	Major Approaches
<b>Physical</b> <ul style="list-style-type: none"> <li>Increased severity of extreme weather</li> <li>Rising mean temperature and heatwave</li> </ul>	<b>Leverage Technologies</b> Enhance energy and carbon efficiency during building design, construction and operations (such as BIM, IoT and IBMS)
<b>Transition</b> <ul style="list-style-type: none"> <li>Tightened building energy codes and guidelines</li> <li>Increased adoption of renewable energy</li> <li>Increased national decarbonisation ambitions</li> <li>Increased market demand for climate-resilient properties</li> </ul>	<b>Engagement-oriented Approach</b> Decarbonise along value chain (such as educational training for vendors and employees, green schemes for tenants)

- RISK MANAGEMENT**
- We identified physical and transition risks across value chain through climate risk assessment with scenario analysis, which considers impacts over a time frame ranging from the near term to 2030 and long term to 2100.
  - Internal audit team has included environmental data and physical risks into audit engagement to verify compliance with preventive measures against physical risks.

**METRICS & TARGETS**

<p><b>GHG Intensity</b></p> <p><b>Target:</b> ↓ 25% By 2025 (Baseline year 2017)</p> <p><b>2023 Progress<sup>9</sup>:</b> ↓ 32.7%</p>	<p><b>Energy Intensity</b></p> <p><b>Target:</b> ↓ 20% By 2025 (Baseline year 2017)</p> <p><b>2023 Progress:</b> ↓ 24.7%</p>
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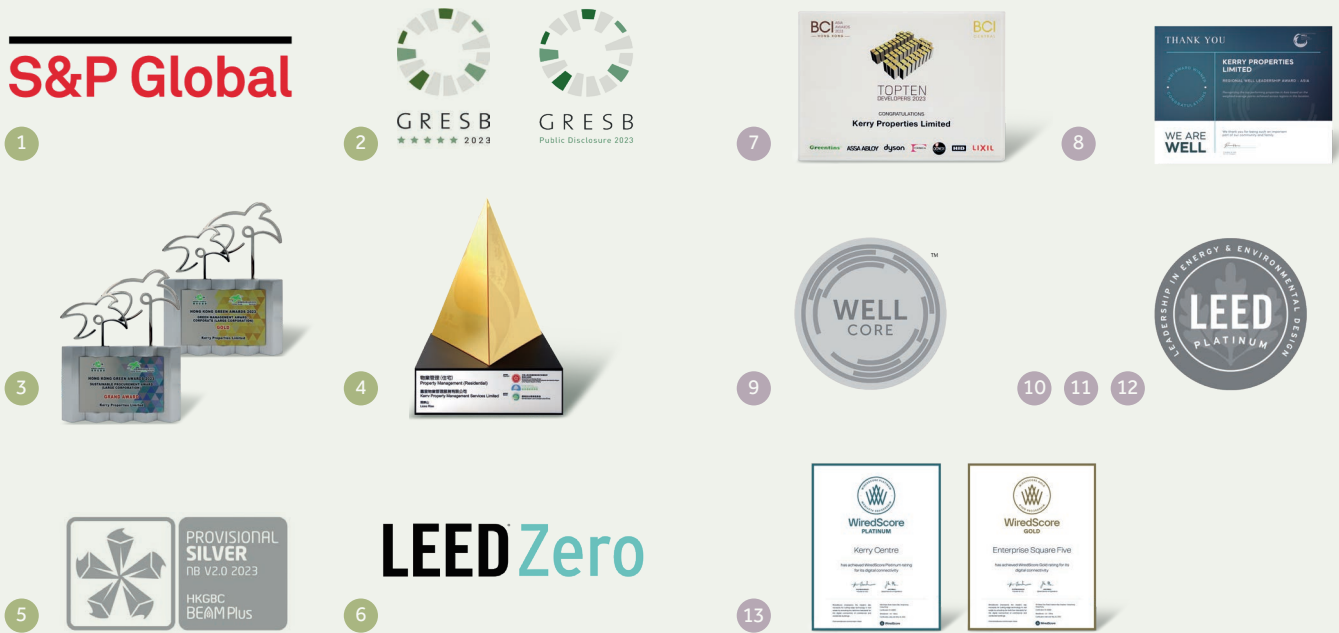
- We are pleased to announce that our GHG emission and energy targets for 2025 were achieved ahead of schedule. Yet, operations and business activities are still gradually resuming. We will closely monitor our performance against these targets and assess the need for appropriate target renewal.
- Scope 3-related targets are set to improve our upstream and downstream emission performances, targeting to build capacity and provide incentives for our tenants and vendors.

<sup>9</sup> Calculated based on location-based emission factors.



# MAJOR AWARDS AND RECOGNITIONS

Kerry Properties remains steadfast in our commitment to the Group's core values and our ESG roadmap. We are dedicated to making a positive impact on the customers and tenants we serve, the people we work with, our stakeholders, and the communities where we operate. We are humbled by the recognitions received, and we extend heartfelt gratitude to our teams and stakeholders for their unwavering support. The honors bestowed upon us in 2023 stand as a testament to our dedication to sustainability, property development, corporate governance, citizenship, and reporting. Joining hands with our stakeholders, we look forward to scaling new heights.



## Green

## Property Development and Management

- 1. Sustainability Yearbook 2024**  
S&P Global
  - Yearbook Member
- 2. Global Real Estate Sustainability Benchmark (GRESB) 2023**  
GRESB
  - Highest 5-Star Rating, for the third consecutive year
  - Eastern Asia Diversified Listed Category: 2nd
  - Global Diversified Listed Category: 3rd
  - Public Disclosure Score: A, for the fourth consecutive year
- 3. Hong Kong Green Awards 2023**  
Green Council
  - Sustainable Procurement Award (Large Corporation) – Grand Award
  - Green Management Award – Corporate (Large Corporation) – Gold and Sustained Performance (14 Years+)
- 4. Hong Kong Awards for Environmental Excellence 2022**  
Environmental Campaign Committees, and Environment and Ecology Bureau
  - Gold Award, Property Management (Residential): Lions Rise, Hong Kong
- 5. BEAM Plus New Buildings (NB) Version 2.0**  
Hong Kong Green Building Council
  - Provisional Silver Rating: Proposed Residential Development at Shap Pat Heung Road and Tai Tong Road, Yuen Long, Hong Kong
- 6. LEED Zero Carbon**  
U.S. Green Building Council
  - Jing An Kerry Centre (Towers 1, 2 & 3), Shanghai

- 7. BCI Asia Awards 2023 – Top Ten Developers – Hong Kong Chapter**  
BCI Central
  - Kerry Properties Limited
- 8. 2023 WELL at Scale Award**  
International WELL Building Institute (IWBI)
  - Regional WELL Leadership Award – Asia: Kerry Properties Limited
- 9. WELL Core Certification**  
International WELL Building Institute (IWBI)
  - Platinum: Enterprise Square Five, Hong Kong; and Kerry Everbright City Phase I – The Lightbox, Shanghai
  - Gold: Qianhai Kerry Centre Phase II (T7 & T8 Buildings), Shenzhen
- 10. LEED v4 Building Design and Construction: Core and Shell**  
U.S. Green Building Council
  - Platinum: Kerry Everbright City Phase I – The LightBox, Shanghai
- 11. LEED v4.1 Operations and Maintenance: Existing Buildings Certification**  
U.S. Green Building Council
  - Platinum: Kerry Centre, Hong Kong
- 12. LEED 2009 Core and Shell Development**  
U.S. Green Building Council
  - Platinum: Qianhai Kerry Centre Phase II (T7 & T8 Buildings), Shenzhen
- 13. WiredScore Certification**  
WiredScore Ltd
  - Platinum: Kerry Centre, Hong Kong
  - Gold: Enterprise Square Five, Hong Kong



14



15



21



22



16



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23



24



18



19

20



25

## Corporate Governance and Citizenship

14. **Hang Seng Corporate Sustainability Index Series 2023**  
Hang Seng Indexes Company Limited
  - Hang Seng Corporate Sustainability Benchmark Index – Constituent Member
  - Hang Seng ESG 50 Index – Constituent Member
15. **Greater Bay Area Business Sustainability Index 2022 – Top 10 Pace-setter**  
The Chinese University of Hong Kong and Centre for Business Sustainability, CUHK Business School
  - Kerry Properties Limited
16. **The Asset ESG Corporate Awards 2023**  
The Asset
  - Benchmark Award – Platinum Award: Kerry Properties Limited
17. **Best Corporate Governance and ESG Awards 2023**  
Hong Kong Institute of Certified Public Accountants
  - Non-Hang Seng Index (Medium Market Capitalisation) – ESG Awards
18. **Hong Kong Sustainability Award 2023**  
Hong Kong Management Association
  - Merit Award in the Large Organisation Category
19. **LEED v4.1 Cities and Communities Certification: Existing**  
U.S. Green Building Council
  - Platinum: Beijing Kerry Centre
20. **LEED v4.1 Communities: Plan and Design Certification**  
U.S. Green Building Council
  - Platinum: Huangpu Jinling Road Project, Shanghai
  - Gold: Fuzhou Rivercity

## Communications and Promotions

21. **IR Magazine Awards - Greater China 2023**  
IR Magazine
  - Best ESG reporting (small to mid-cap)
22. **Asia Sustainability Reporting Awards 2022**  
CSRWorks International
  - Silver Award in Asia's Best Stakeholder Reporting: Sustainability Report 2021
23. **The Best Annual Reports Awards 2023**  
Hong Kong Management Association
  - Excellence Award in Environmental, Social and Governance Reporting: Sustainability Report 2022
  - Citation for Design: Annual Report 2022
24. **BDO ESG Awards 2023 – Middle Market Capitalisation**  
BDO Limited
  - ESG Report of the Year
  - Best in ESG Awards
  - Best in Reporting Awards
25. **International ARC Awards 2023**  
MerComm, Inc.
  - Gold Award in Cover/Home Page – Sustainability Report – Hong Kong: Sustainability Report 2022

# CORPORATE GOVERNANCE REPORT

## PURPOSE, VALUES AND CORPORATE CULTURE

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 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 value the many relationships we have developed over our long history with staff, suppliers, partners, government agencies, and other key stakeholders. We believe, growing together in partnership with the community generates shared value for everyone and a positive social impact.

### KPL’s Values

- **Integrity** – We always act on the principles of fairness and integrity.
- **Respect** – We respect each other and cultivate a cohesive community where people feel supported and valued.
- **Collaboration** – To build a sustainable future, we are committed on working collaboratively with our key stakeholders.
- **Quality Excellence** – We strive for quality and excellence in building our business and our communities.

In today’s competitive environment, supporting stakeholders in work and life is the key to ensure businesses carried out in a sustainable way. KPL regards that a positive and clear corporate culture can achieve the sustainable growth and long-term development of the Group.

## CORPORATE GOVERNANCE

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**”) strives to enhance KPL’s corporate governance practices to ensure high standards of ethics are maintained with the balancing of returns to its shareholders.

The Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 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 2023, except for C.2.1 of the code provisions as Mr Kuok Khoon Hua (“**Mr Kuok**”) has served 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 the 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 and aligning with KPL’s desired corporate culture
- 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 and disclosures of the Board’s practices (e.g. the terms of references of the Board Committees, and adoption of various policies of KPL as disclosed in the KPL’s website)
- 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, and 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’ interest.

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 pages 50 and 51 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 defines long-term strategies for the Group, including business direction, sustainable business strategy and promotion of the Group's culture and values. He also drives sustainable long-term value to the Group, focusing on consistent performance and balancing the needs of stakeholders. 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 two Executive Directors ("**ED(s)**"), four INEDs and one Non-executive Director ("**NED**"). 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:

- Resignation of Mr Bryan Pallop Gaw, a former ED
- Resignation of Mr Cheung Leong, a former INED
- Appointment of Dr Li Rui as an INED
- Appointment of Ms Tong Shao Ming as a NED

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 83 to 85 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 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.

**Chairman and INEDs Meeting** – 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 Decisions** – 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 so as 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 amended and restated 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 should 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

KPL has adopted the Board Diversity Policy since 2013. The policy was reviewed during the year to ensure its implementation and effectiveness and KPL is 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 and other factors that may be relevant from time to time towards achieving a diversified Board. Details of the principles of the Board Diversity Policy are set out in the section headed “Nomination Committee” of this corporate governance report.

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.

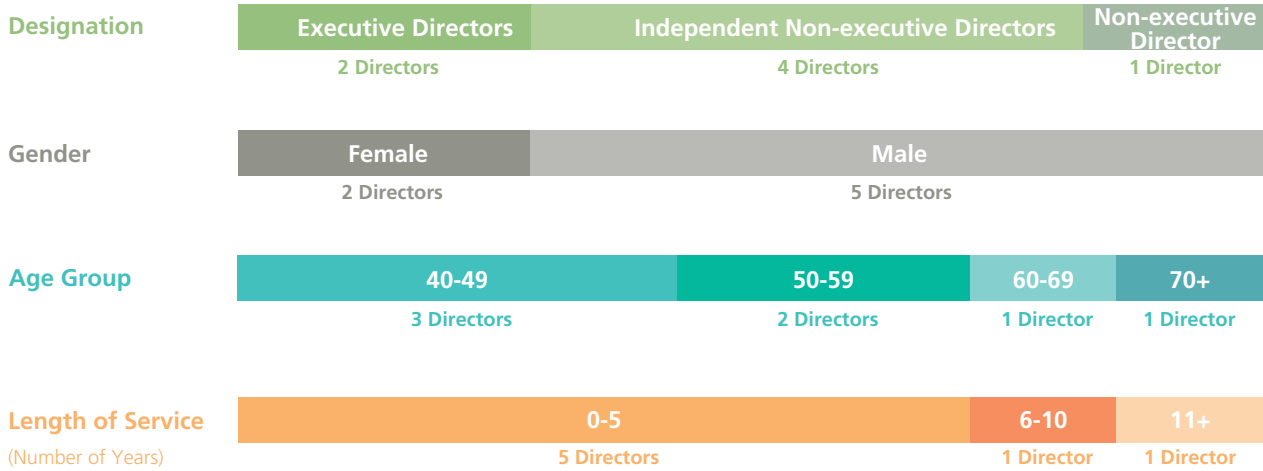
In November 2023, an additional female Director, Ms Tong Shao Ming, was appointed to the Board. The Board currently has two female Directors out of seven Directors (around 29% of the Board members).

KPL is committed to improving gender diversity on the Board based on its needs and as and when suitable candidates are identified. KPL will strive to maintain an appropriate level of female members on the Board with at least one female Director (i.e. over 15% of the Board members) in 2024.

The Nomination Committee will review the Board composition for achieving gender diversity from time to time.

As at 31 December 2023, 38.7% of the employees of the Company are women and 34% of senior positions (senior director grade or above) are held by women (as set out in our Sustainability Report 2023).





## RESPONSIBILITIES OF DIRECTORS

EDs 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

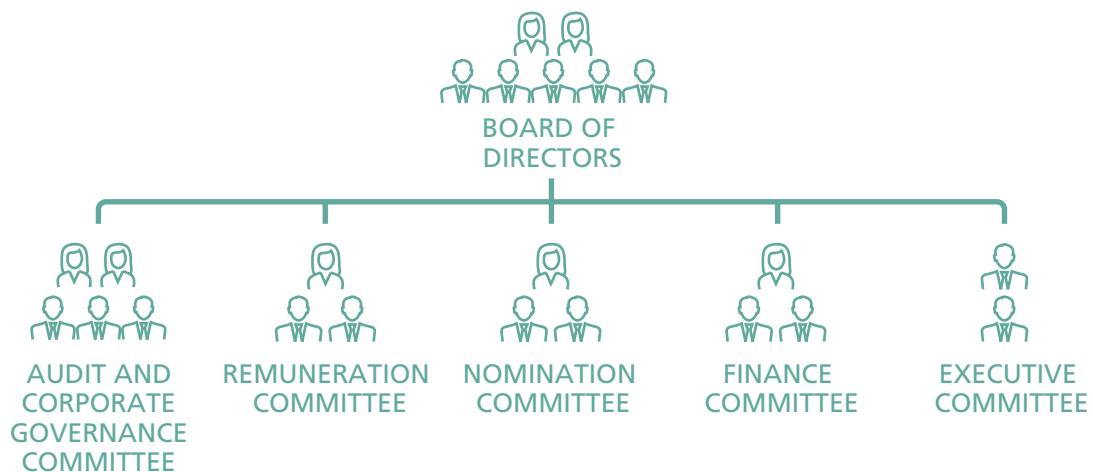
Specific responsibilities are delegated by the Board to its Board Committees through the Board's approval and adoption of written terms of references. The terms of references of the ACGC, Remuneration Committee and Nomination Committee are available on the websites of KPL and the Stock Exchange.

Below are major responsibilities rested with each Board Committee:

- Audit and Corporate Governance Committee** – delegated with responsibility for reviewing the Group's financials and monitoring external audit, internal audit, risk management and internal controls and corporate governance related matters.
- 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 INEDs and NED.
- Nomination Committee** – delegated with responsibility for reviewing composition of the Board and the Board Committees, identifying and assessing potential Board members, making recommendations to the Board on the appointment or re-appointment of the Directors and assessing INEDs' independence in accordance with the Nomination Policy and the Board Diversity Policy.

4. **Finance Committee** – this Committee comprises two EDs and the Chief Financial Officer of KPL (“CFO”). All members of this Committee are appointed by the Board. The Board has approved and adopted the written terms of reference of the Finance Committee and this 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 the 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 role and function, composition 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 60 to 62.
- Remuneration Committee: pages 63 and 64.
- Nomination Committee: pages 64 to 66.

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

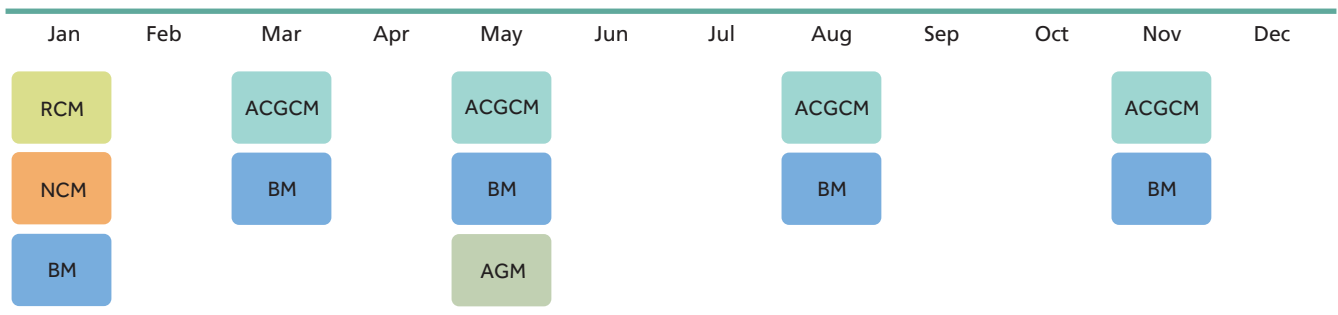
The Board and all Board Committees follow the same meeting processes. Board meetings are structured so as to encourage open discussion and active participation by the Directors in meetings. Management provides the Board and the Board Committees with information and explanations as are necessary to enable the Directors to make an informed decision. Updates on the Company's performance, financial 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 this coming year are agreed by all Directors. The Board normally schedules at least four meetings a year at approximately quarterly intervals 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 to all Directors in any event not less than three days in advance of the intended meeting date.

All Directors have 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 and the Board Committee meetings are circulated for 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 Committee meetings and the AGM held in 2023 is set out below:



- ACGCM = Audit and Corporate Governance Committee Meeting
- BM = Board Meeting
- NCM = Nomination Committee Meeting
- RCM = Remuneration Committee Meeting
- AGM = Annual General 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 Board meetings, the Board Committee meetings and the AGM held in 2023 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>						
Kuok Khoon Hua	5/5	N/A	1/1	1/1	1/1	★
Au Hing Lun, Dennis	5/5	4/4*	N/A	N/A	1/1	★
Bryan Pallop Gaw (resigned with effect from the conclusion of the AGM held on 31 May 2023)	2/3	N/A	N/A	N/A	1/1	★
<b>INEDs</b>						
Wong Yu Pok, Marina, JP	5/5	4/4	1/1	1/1	1/1	★
Hui Chun Yue, David	5/5	4/4	1/1	1/1	1/1	★
Cheung Leong (resigned on 30 June 2023)	3/3	2/2	N/A	N/A	1/1	★
Chum Kwan Lock, Grant	4/5	3/4	N/A	N/A	1/1	★
Li Rui (appointed on 1 November 2023)	1/1	1/1	N/A	N/A	N/A	★
<b>NED</b>						
Tong Shao Ming (appointed on 1 November 2023)	1/1	1/1	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 the Company Secretary
  - Attended seminars/conferences of relevance to, for example, director's duties organised by the Company or the Stock Exchange
  - Received industry-related updates through attending KPL's property portfolio tour during 2023
  - Read training materials of relevance to, for example, share schemes, director's role and responsibilities 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 roles and terms of references of the Board Committees
- KPL's various governance policies and procedures
- The latest financial information

Dr Li Rui and Ms Tong Shao Ming, the Directors appointed during the year, were provided with comprehensive induction briefing by the legal advisers in November 2023. Confirmations of understanding of the obligations as a director under Rule 3.09D of the Listing Rules were received from Dr Li and Ms Tong respectively.

## 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 its expense 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 KPL 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 2023, including attending seminars and conferences and receiving legal and 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 C3 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 by KPL. 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 2023. KPL's employees, who are likely to be in possession of unpublished and price-sensitive 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 2023.



## ACCOUNTABILITY IN FINANCIAL REPORTING

The Board aims to present a balanced, clear and understandable assessment of the Group's performance, 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. During 2023, the Board reviewed KPL's financial projections in respect of the next five financial years. 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 ten professionals, based in Hong Kong, Beijing and Shanghai, with appropriate internal audit, financial audit, IT 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 Internal Audit Department adopts a risk-based audit approach and conducts annual risk assessment to devise a 3-years-rolling internal audit plan. The internal audit plan and resources are reviewed and agreed with the ACGC. Significant audit findings and recommendations are reported to ACGC, the implementation of respective remediation actions are tracked and followed up regularly, and status is reported to ACGC.

KPL has adopted a Whistleblowing and Complaints Policy for its employees, customers, suppliers and the communities it connects with since 2016. 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 to a high ethical standard.

To promote a business culture with honesty, ethics and integrity, KPL has also adopted an Anti-Corruption Policy setting out the responsibilities of all business units and employees of the Group to comply with the applicable anti-corruption laws, rules and regulations since 2022. KPL's joint venture partners, associated companies' representatives, contractors and suppliers are also encouraged to abide by the principles of this Policy.

## 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 a 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>	13,678
<b>Non-audit services</b>	
– Taxation services	4,635
– Other services <sup>(Note)</sup>	1,675
<b>Total</b>	<b>19,988</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 the Inside Information Disclosure Policy since 2013. 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, CFO and/or the Company Secretary shall be informed immediately in any event of leakage of inside information so that remedial 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

## 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 our EDs are available to answer questions regarding KPL's operation and financial performance.
- CEO, DCEO 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 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 met different investors and participated in various roadshows and investors' conferences in 2023.

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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 the updated information about KPL.
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**General Meetings**

- The general meetings are an important forum to engage with the shareholders and are open to the shareholders. The shareholders can raise any comments on the performance and future directions of KPL with the Directors at the general meetings.
- The Board members and the Board Committee members or their duly appointed delegates, are available at the general meetings 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 the AGM to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.
- The most recent AGM (the "2023 AGM") was held on 31 May 2023. We conducted all voting at the 2023 AGM by poll. The poll voting procedures were conducted and scrutinised by KPL's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, and the poll results at the 2023 AGM were announced and published on the websites of KPL and the Stock Exchange. All Directors attended the 2023 AGM in person.
- KPL will send the notice of the AGM to the shareholders not less than 21 clear days before the AGM. The shareholders who will be unable to attend the AGM can appoint proxies to attend and vote at the AGM.
- To facilitate enforcement of the shareholders' rights, significant issues, including the election of the Directors, will be dealt with under separate resolutions at the AGM. The procedures for conducting a poll will be explained at the AGM prior to the polls being taken. All resolutions will be passed by way of poll.

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**Enquiries from the Shareholders**

- All shareholders are welcome at all times to offer feedback to, communicate with and send their enquiries to the Corporate Communication Department of KPL by post or email to [communication@kerryprops.com](mailto:communication@kerryprops.com) and/or the Investor Relations Department of KPL by post or email to [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

Pursuant to Bye-law 62, one or more shareholders holding not less than one-tenth of KPL's paid-up capital may deposit a requisition to convene a SGM and state the purpose of requiring the SGM to be called by the Board 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 Board or 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 lodge a notice in writing of the intention to propose that person for election as a Director and that person should also lodge 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 Hong Kong branch share registrar and transfer office, 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:

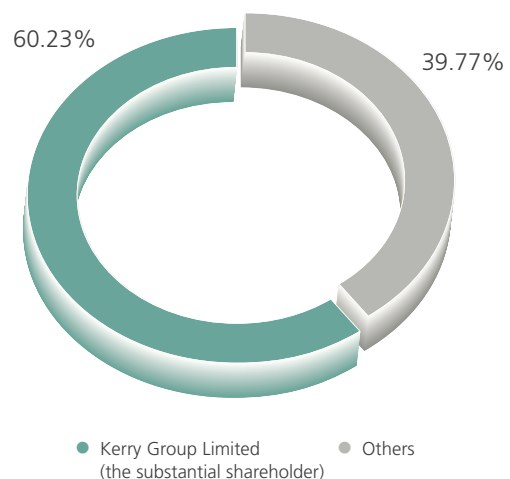
- The long-term interests of the Group
- The general interests of all the shareholders
- The sustainable development of the Group
- The earnings, cash flow, financial condition, capital requirement and distributable reserves of the Group
- Any other factors that the Board deems relevant

## OTHER INFORMATION FOR SHAREHOLDERS

The Bye-laws was approved by the shareholders in the 2023 AGM in order to (i) conform with the latest Listing Rules (including without limitation the Core Shareholder Protection Standards set out in Appendix A1 to the Listing Rules) and the latest applicable laws of Bermuda; (ii) enhance the flexibility to KPL in relation to the conduct of general meetings (including providing or updating regulations in respect of conducting shareholders' meetings by way of hybrid meetings or electronic meetings) and the adoption of electronic communication, electronic signature, electronic proxy and electronic voting, etc.; and (iii) make other consequential and housekeeping amendments.

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 2023**



Details of the 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 the written terms of reference which are published on the websites of KPL and the Stock Exchange. Some of its key responsibilities are set out below:

- Consider and make recommendations to the Board on the appointment, re-appointment 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.
- Develop and implement a policy on engaging an external auditor to supply non-audit services.
- 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 relevant 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.
- Review the external auditor's management letter and queries raised by the external auditor to management, and management's response.

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 making recommendations to the Board.
- Review and monitor the training 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.
- 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.

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

The ACGC comprises four INEDs and one NED. This complies with 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\***

**Chum Kwan Lock, Grant\***

**Li Rui\***

**Tong Shao Ming#**

\* INED

# NED

Their biographies are set out in the section headed "Directors and Senior Management" on pages 83 to 85 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. The ACGC 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 2023, 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 2023.
- Discussed the proposed audit scope and strategy 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, system and cybersecurity risks.

### **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 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 risks registers presented by the management quarterly.
- Reviewed the information security risks of the Group and the mitigation measures quarterly.

### **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 2023:

- 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 issued by the Stock Exchange.
- 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 2024, 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 audited financial statements for the year ended 31 December 2023 and the draft results announcement of KPL.
- Reviewed the market valuations of investment properties and investment properties under development of the Group as at 31 December 2023.
- Reviewed the risk matrix as at 31 December 2023.
- Considered the annual confirmation for the discloseable continuing connected transactions during the year.



## REMUNERATION COMMITTEE

### KEY RESPONSIBILITIES

The Remuneration Committee reviews and advises the Board on the remuneration proposals, including benefits in kind, pension rights and compensation payments, for all Directors and senior management with reference to individual 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 CEO is 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 the written terms of reference which are published on the websites of KPL and the Stock Exchange. Some of its key responsibilities are set out in the following:

- 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 the 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 83 to 85 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/her own remuneration. The Remuneration Committee met one time in 2023. The Remuneration Committee members' attendance records are disclosed in the table set out in the section headed "Board Meeting Processes" of this corporate governance report.

### REMUNERATION POLICY

KPL has adopted a Remuneration Policy since 2012 and it was reviewed and updated during the year. It aims to provide remuneration levels which shall be sufficient to motivate, retain and attract best talent 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 of the EDs and the fees of the INEDs and NED:

- 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 the eligible participants under KPL's share option schemes and share award scheme.
- INEDs' and NED's fees shall be reviewed annually by the Board.
- Recommendations shall be made by the Board to KPL's shareholders to approve at the general meeting any revision to the INEDs' and NED's fees according to their responsibilities and/or by reference to market trends.

## KEY ACTIVITIES

In 2023, the Remuneration Committee held a meeting and carried out the following major activities and reported to the Board on its findings and recommendations after the Remuneration Committee meeting.

- 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 INEDs and Board Committee members.
- Reviewed and updated the terms of reference of the Remuneration Committee and the Remuneration Policy pursuant to the latest requirements of the Listing Rules.

Details of the amount of the Directors' emoluments, including EDs who are members of senior management of KPL, in 2023 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.

The Remuneration Committee also held a meeting on 17 January 2024 that:

- Reviewed the salaries and pension contributions of the EDs and senior management for 2024.
- Reviewed the payment of bonuses to the EDs and senior management for 2023.
- Reviewed the fees for INEDs, NED and Board Committee members.

## NOMINATION COMMITTEE

### KEY RESPONSIBILITIES

The primary roles for the Nomination Committee are (i) to review the Board's structure, composition and diversity; (ii) to recommend the Board on the appointment or re-appointment of the Directors and succession planning for the Directors; and (iii) to assess the independence of the INEDs. The Nomination Committee operates pursuant to the written terms of reference which are published on the websites of KPL and the Stock Exchange.

### COMPOSITION

The majority of the members of the 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 83 to 85 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 6 January 2023. The Nomination Committee 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 the Board diversity and recommend them to the Board for adoption.

## 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 2023, 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 6 January 2023.

- 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.

- 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 would review the Board Diversity Policy and the Nomination Policy and aim 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 approved the recommendations to the Board for the following appointments:

- (1) appointment of Ms Cheng Wai Sin, CFO, as a member of the Finance Committee of KPL;
- (2) appointment of Dr Li Rui as an INED and a member of the ACGC; and
- (3) appointment of Ms Tong Shao Ming as a NED and a member of the ACGC.

The Nomination Committee also held a meeting on 17 January 2024 that:

- Reviewed the structure, size, composition and diversity of the Board and INEDs' independence.
- Reviewed and considered that the balanced composition of skills, expertise, experience and qualifications of the Directors complement KPL's corporate strategy and business 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 retiring Directors for re-election by shareholders at the 2024 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 objectives 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.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

To reinforce the Group's risk management capabilities and a robust compliance culture throughout all business units, the Group adopts a "Three Lines of Defence" model in accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) principles. The framework effectively addresses the potential risks and controls, where specific duties related to those could be assigned and coordinated as below.

#### First Line

As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. An integrated risk management process is employed to identify and address major, complex, and impactful risks associated with the business environment.

#### Second Line

The second line of defence consists of activities covered by components of internal governance such as 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. To achieve this objective, the Group has established the internal control system and embedded relevant policies and procedures into daily operations.

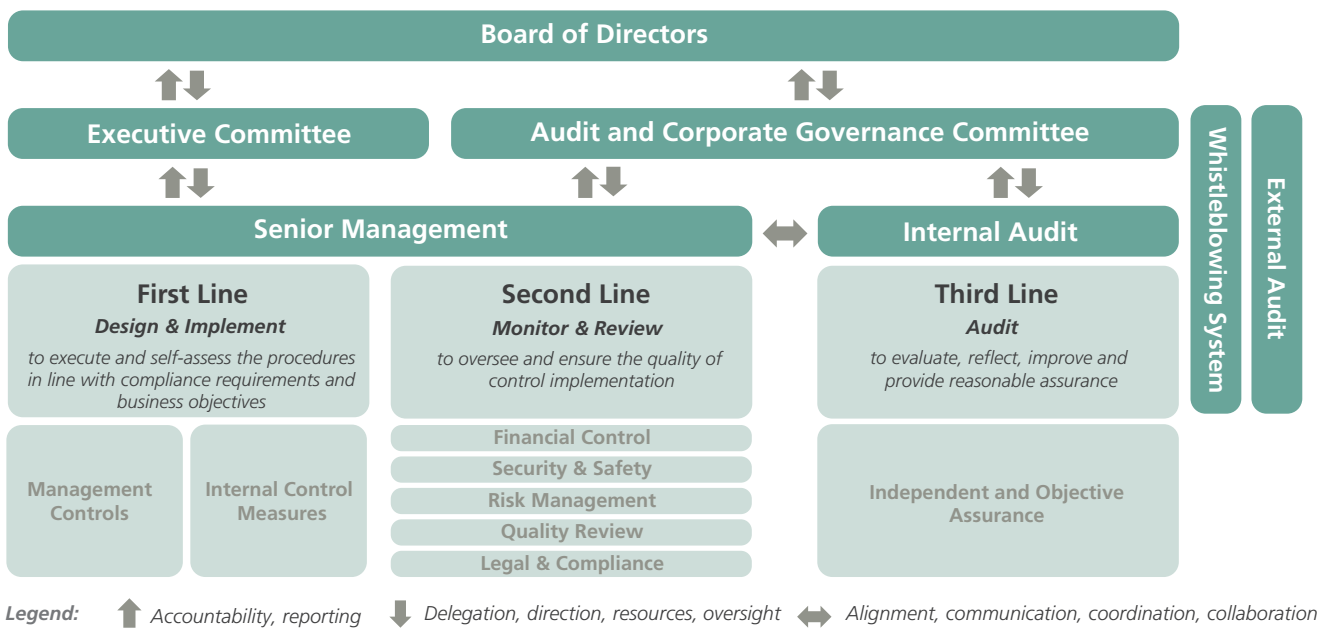




### Third Line

As the Group’s third line of defence, the Internal Audit Department provides reasonable assurance to the Board and senior management through a risk-based approach to ensure proper control being implemented within the organisation. A series of independent internal audit programs have been planned to evaluate the effectiveness of business operations and consistently provide insights to senior management.

Furthermore, the whistleblowing system is in place to ensure the Group’s affairs are conducted to 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. The Internal Audit Department will review or investigate any potential fraud and complaint cases to ensure all cases are timely and independently investigated and closed.



### INTERNAL CONTROL

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 an as-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. The management team 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 and operational information is provided to the Board. 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, Monitoring and Evaluation of the Systems** – To systematically review and evaluate the adequacy and effectiveness of the Group's existing systems, an internal self-assessment process was conducted annually. This involved individual business units and function leaders assessing the effectiveness of their operations, including financial controls, operational controls, risk management and other contingency measures. The results were submitted to the Board through confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of its risk management and controls systems, which were discussed at the ACGC Meeting of 21 November 2023. Beyond this annual review program, the management regularly provides updates to the ACGC on major risks and appropriate mitigation measures, and actively fulfil the ESG responsibilities under the supervision of the Sustainability Council of the Company. This approach drives ESG progress in our business and helps our customers achieve their ESG objectives. In 2023, the ACGC held four meetings to address dynamic risks and strengthen compliance. Each session included in-depth discussion of risk management, highlights of audit findings, and recent developments.



## RISK MANAGEMENT

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 encountered 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.

### Risk Management Framework



### Risk Management Process



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 Group’s 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 circulated quarterly to the Chairman and CEO, members of the ACGC, CFO and the external auditor.

## 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 deem immaterial also may materially adversely affect the Group's performance.

### The Category of Top Risk Factors



## Business Risk

### Macroeconomic and Political Risk

The current geopolitical developments such as the Russia-Ukraine conflict, Israel-Hamas 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.

### 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 to the Group's ongoing property sales, property leasing and hotel operations. The Group has taken actions to protect the employees and stakeholders and to mitigate the spread of Covid-19 and the World Health Organisation has declared an end to Covid-19 as a public health emergency in May 2023. However, a resurgence or development of new strains of Covid-19, or other public health emergencies could result in unpredictable responses by authorities around the world which could negatively impact the Group's operation. The extent to which new strains or variants of Covid-19 or other public health emergencies 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, potential measures taken by government authorities and the pace of economic recovery.





### 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.



### Operational Risk

#### 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.

#### Project Management and Safety Risk

The Group engaged in properties development including properties construction and renovation which may have serious injury or fatal accidents if site or work conditions are unsafe or workers do not handle with due care. Besides, supply of materials, construction costs and project development progress could be disrupted by natural disasters, a health epidemic or pandemic, or other events. Significant shortage or price increases could impact the project development costs and progress, which could adversely affect the Group's results of operations.



### Financial Risk

#### Interest Rate Risk

The real estate sector and the Group's results are affected by market sentiment and are sensitive to interest rate change. In 2023, the United States and Hong Kong interest rates moved along an upward trend. 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 Renminbi 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 and Liquidity Risk

The Group's investment and operations are long-term in nature and as such, cash flow and liquidity risks may be present based on the investment horizon. The Group continues to maintain a strong balance sheet and a healthy capital structure appropriate for long-term investment grade ratings, but volatility in market liquidity may affect the sector and the Group's cost of funding.



## Technological Risk

### 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.

The ACGC recognises the importance of cybersecurity and this risk topic was a regular agenda item within the 2023 ACGC meetings. To mitigate the increasing information security threats, the Group 1) provides annual mandatory refresher trainings on information security and conducts phishing simulation tests for employees to raise their awareness of the information security and the related cybersecurity risks; 2) performs regular assessments and independent information technology audits on the key systems and information processes; 3) engages external professional advisors to provide monitoring services on information security; and 4) publishes information security policies and monitors their compliance.

The Group has cyber insurance coverage to protect against financial risks caused by cyber security threats such as ransomware and data breaches. The Group also conducts annual evaluations of our insurance coverage in line with industry standards to ensure adequate protection for information security and data privacy.

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.



## Sustainability Risk

### 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. Moreover, standards and expectations for ESG matters continue to evolve and may be subject to varying interpretations, which may result in revisions to our goals or progress.



## **2023 REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS**

For 2023, 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 2023 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 2023. 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.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMPLIANCE

Our Sustainability Report 2023 satisfies the mandatory disclosure requirements and “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (“**HKEX ESG Reporting Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The HKEX ESG Reporting Guide Content Index below outlines how the HKEX ESG Reporting Guide has been applied by the Company. Please find the details of our sustainability performance in our Sustainability Report 2023.

## HKEX ESG REPORTING GUIDE CONTENT INDEX

### MANDATORY DISCLOSURE (“MD”) REQUIREMENTS

Requirements	Description	Sections in Sustainability Report 2023
<b>MD13 Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise, and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>	<p>Board Statement on Sustainability Management</p> <p>Message from the Sustainability Steering Committee</p> <p>Our Sustainability Approach – Sustainability Governance and Leadership</p>
<b>MD14 Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose:</p> <ul style="list-style-type: none"> <li>(i) the process to identify and the criteria for the selection of material ESG factors;</li> <li>(ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</li> </ul> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>About This Report – Reporting Standards and Principles</p> <p>Our Sustainability Approach – Stakeholder Engagement and Double Materiality Assessment</p>
<b>MD15 Reporting Boundary</b>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About This Report – Reporting Boundary of Sustainability Data</p>





**“COMPLY OR EXPLAIN” PROVISIONS**

Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect A1: Emissions</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Our Sustainability Approach – Sustainability Governance and Leadership  Climate-related Financial Disclosures  Accelerating Climate Action – Sustainable Building Practices  Accelerating Climate Action – Tackling Climate Change	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	–	Air emissions (e.g., NOx, SOx, and other pollutants) are not considered as material to our operations.
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary – Environmental Performance	
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary – Environmental Performance	
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary – Environmental Performance	
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	Our Sustainability Approach – Sustainability Vision 2030 Targets  Climate-related Financial Disclosures – Metrics and Targets	
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Our Sustainability Approach – Sustainability Vision 2030 Targets  Accelerating Climate Action – Efficient Resources Management	



Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect A2: Use of Resources</b>			
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Our Sustainability Approach – Sustainability Governance and Leadership  Accelerating Climate Action – Efficient Resources Management	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary – Environmental Performance	
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary – Environmental Performance	
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Sustainability Approach – Sustainability Vision 2030 Targets  Accelerating Climate Action – Sustainable Building Practices  Accelerating Climate Action – Tackling Climate Change	
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Accelerating Climate Action – Efficient Resources Management	
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	In 2023, there was no massive use of packaging material involved in our products.



Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect A3: The Environment and Natural Resources</b>			
<b>General Disclosure</b>	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Our Sustainability Approach – Sustainability Governance and Leadership  Accelerating Climate Action – Efficient Resources Management  Accelerating Climate Action – Protecting Ecosystem and Biodiversity	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Accelerating Climate Action – Efficient Resources Management  Climate-related Financial Disclosures	
<b>Aspect A4: Climate Change</b>			
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Our Sustainability Approach – Sustainability Governance and Leadership  Accelerating Climate Action – Tackling Climate Change	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Accelerating Climate Action – Tackling Climate Change  Climate-related Financial Disclosures	



Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect B1: Employment</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our Sustainability Approach – Sustainability Governance and Leadership  Putting People First – Cultivating People-Centric Excellence  Putting People First – Building a Connected and Inclusive Workplace	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B1.1</b>	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Data Summary – Social Performance	
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary – Social Performance	
<b>Aspect B2: Health and Safety</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our Sustainability Approach – Sustainability Governance and Leadership  Putting People First – Maintaining a Safe and Healthy Environment for All	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .  In 2023, the Group was not aware of any violation of laws and regulations relating to health and safety that had a significant impact.
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data Summary – Social Performance	
<b>KPI B2.2</b>	Lost days due to work injury.	Performance Data Summary – Social Performance	
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Putting People First – Maintaining a Safe and Healthy Environment for All	





Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect B3: Development and Training</b>			
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Putting People First – Cultivating People-Centric Excellence	
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary – Social Performance	
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Performance Data Summary – Social Performance	
<b>Aspect B4: Labour Standards</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Sustainability Approach – Sustainability Governance and Leadership  Putting People First – Cultivating People-Centric Excellence	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Putting People First – Cultivating People-Centric Excellence	
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Putting People First – Cultivating People-Centric Excellence	
<b>Aspect B5: Supply Chain Management</b>			
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Our Sustainability Approach – Sustainability Governance and Leadership  Amplifying Our Power – Initiating Impactful Changes with Value Chain	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Performance Data Summary	
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	



Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	
<b>Aspect B6: Product Responsibility</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Sustainability Approach – Sustainability Governance and Leadership  Amplifying Our Power – Initiating Impactful Changes with Value Chain	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	In 2023, there were no recalls concerning the provision and use of products and services for safety and health reasons.
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	–	In 2023, there were no substantiated complaints received relating to the provision and use of products and services that had a significant impact on our operations.
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	Recall procedures are not considered as material to our operations.
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Amplifying Our Power – Initiating Impactful Changes with Value Chain	



Aspects, General Disclosures, KPIs	Description	Sections in Sustainability Report 2023	Reference and Remarks
<b>Aspect B7: Anti-corruption</b>			
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	In 2023, there were no concluded legal cases of corruption brought against the Group or its employees.
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	Corporate Compliance and Governance Behaviour – Business Ethics and Integrity	
<b>Aspect B8: Community Investment</b>			
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Sustainability Approach – Sustainability Governance and Leadership  Amplifying Our Power – Nurturing Positive Changes in Our Community	Relevant sustainability policies are available on our <a href="#">Sustainability Website</a> .
<b>KPI B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Amplifying Our Power – Nurturing Positive Changes in Our Community	
<b>KPI B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Amplifying Our Power – Nurturing Positive Changes in Our Community	

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### Executive Directors



#### Mr Kuok Khoon Hua

Aged 45, 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.



#### Mr Au Hing Lun, Dennis

Aged 64, 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.





## Independent Non-executive Directors



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

Aged 75, 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 52, 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 Chum Kwan Lock, Grant**

Aged 48, 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 executive officer, president and an executive director of Sands China Ltd. (a listed company in Hong Kong). Since July 2022, he also concurrently serves 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 Asia's stock-picker of the year by the Financial Times in 2011. Mr Chum graduated in Philosophy, Politics and Economics with First Class Honors from the University of Oxford.



### Dr Li Rui

Aged 52, has been an Independent Non-executive Director of the Company since November 2023. He is now a member of the Company's Audit and Corporate Governance Committee. Dr Li is the Adjunct Associate Professor at Institute for China Business of the University of Hong Kong. He has over 25 years of extensive experiences in corporate finance, capital market, and management consulting in China, the United States and Canada. Dr Li was the Group Finance Director at Ping An Insurance Group ("**PingAn**") from 2017 to 2023. He was responsible for PingAn's finance strategy and operations on the insurance, banking, asset management, and technology businesses. Dr Li was a director of Lufax Holding Ltd (a listed company in New York and Hong Kong) from 2021 to 2022 and also a non-executive director of OneConnect Financial Technology Co., Ltd. (a listed company in New York and Hong Kong) from 2019 to 2021. Prior to that, Dr Li served as the Chief Marketing Officer and the Chief Financial Officer at SF Express International. In addition, he provided strategy and management consulting to global Fortune 500 companies at large world-wide consulting firm. Dr Li is a member of American Institute of Certified Public Accountants and Chartered Global Management Accountants. He earned the degree of Doctor of Philosophy in Finance from the International School of Management, Master of Business Administration degree from the Metropolitan State University and Bachelor of Science degree from the Winona State University.

## Non-executive Director



### Ms Tong Shao Ming

Aged 48, has been a Non-executive Director of the Company since November 2023. She is now a member of the Company's Audit and Corporate Governance Committee. Ms Tong has served as the investment director of Kerry Holdings Limited ("**KHL**") since 2010. KHL is the controlling shareholder of the Company. Ms Tong is a director of Kerry TJ Logistics Company Limited (a listed company in Taiwan) and a director of Yihai Kerry Arawana Holdings Co., Ltd. (a listed company in Shenzhen). She is also an alternate director to Mr Kuok Khoon Hua (the Chairman and Chief Executive Officer of the Company) in his capacity as a non-executive and non-independent director of Wilmar International Limited (a listed company in Singapore). Ms Tong was a non-executive director of Kerry Logistics Network Limited (a listed company in Hong Kong) from 2019 to 2021. Between 2009 and 2012, Ms Tong served as the investment director of Wilmar International Limited. Between 2005 and 2008, Ms Tong worked as an executive director in the equity capital markets department of UBS Group AG. Between 1998 and 2005, Ms Tong worked as a solicitor in the London and Hong Kong offices of a law firm, Slaughter and May. She obtained a bachelor's degree in jurisprudence from Oxford University in 1997 and was admitted as a solicitor of England and Wales.

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 2023.

## 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 Numbers
Financial Highlights	4 and 5
Chairman’s Statement	6 and 7
Management Discussion & Analysis	10 to 35
Corporate Sustainability	36 to 43

During the financial year ended 31 December 2023, 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 C1 to the Listing Rules are provided in the Corporate Governance Report of this annual report.

During the financial year ended 31 December 2023, 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 2023.

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\$24,663,000 (2022: HK\$12,079,000).

## 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 2023, the reserves of the Company available for distribution amounted to approximately HK\$23,596,233,000 (2022: HK\$24,807,131,000).

## 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 2023 are set out in note 43 to the financial statements.

## PARTICULARS OF BANK LOANS

Particulars of bank loans of the Group as at 31 December 2023 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 of the Company (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 and Chief Executive Officer)  
Mr Au Hing Lun, Dennis  
(Deputy Chief Executive Officer)  
Mr Bryan Pallop Gaw  
(Resigned with effect from the conclusion of the annual general meeting of the Company held on 31 May 2023)

### Non-executive Director

Ms Tong Shao Ming  
(Appointed on 1 November 2023)

## Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP  
Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Dr Li Rui  
(Appointed on 1 November 2023)  
Mr Cheung Leong  
(Resigned on 30 June 2023)

Ms Wong Yu Pok, Marina and Mr Hui Chun Yue, David will retire by rotation at the Company's forthcoming annual general meeting to be held on 20 May 2024 (the "2024 AGM") in accordance with bye-law 99 of the Company's amended and restated Bye-laws (the "Bye-laws"). In addition, Dr Li Rui and Ms Tong Shao Ming will be eligible for re-election at the 2024 AGM in accordance with Bye-law 102.

Ms Wong has decided not to stand for re-election. She will therefore retire from her position as an Independent Non-executive Director of the Company ("INED"), and will cease to be the chairman of each of the Audit and Corporate Governance Committee (the "ACGC") and the Remuneration Committee of the Company and a member of the Nomination Committee of the Company, with effect from the conclusion of the 2024 AGM. Mr Hui, Dr Li and Ms Tong, being eligible, will 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 2023 of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

- (1) Dr Li Rui was appointed as an INED and a member of the ACGC with effect from 1 November 2023;
- (2) Ms Tong Shao Ming was appointed as a Non-executive Director of the Company and a member of the ACGC with effect from 1 November 2023; and
- (3) Mr Chum Kwan Lock, Grant was appointed as the chief executive officer and president of Sands China Ltd., a company listed on the Stock Exchange (stock code: 1928), with effect from 24 January 2024.

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 2023, 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 C3 to the Listing Rules (the “**Model Code**”) were as follows:

### (a) Long position in ordinary and underlying shares of the Company

Name of Directors	Number of ordinary shares interested			Number of underlying shares held under equity derivatives	Total interests	Approximate % of shareholding <sup>4</sup>
	Personal interests <sup>1</sup>	Corporate interests <sup>2</sup>	Other interests <sup>3</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
Tong Shao Ming	–	–	50,000	–	50,000	<0.01

Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. 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 2023 (i.e. 1,451,305,728 ordinary shares).



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

### (b) 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>4</sup>
		Personal interests <sup>1</sup>	Corporate interests <sup>2</sup>	Other interests <sup>3</sup>		
Kerry Group Limited	Kuok Khoon Hua	2,000,000	–	240,765,702	242,765,702	15.84
	Au Hing Lun, Dennis	–	–	3,115,476	3,115,476	0.20
	Tong Shao Ming	1,000,000	–	3,115,476	4,115,476	0.27
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
	Wong Yu Pok, Marina	20,796	–	–	20,796	<0.01
	Tong Shao Ming	–	–	717,588	717,588	0.04
Hopemore Ventures Limited	Kuok Khoon Hua	50	–	–	50	3.57
Kerry Mining (Mongolia) Limited	Kuok Khoon Hua	–	–	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
Ocean Fortune Enterprises Limited	Kuok Khoon Hua	91,262	–	–	91,262	6.75
Oceanic Ally Global Limited	Kuok Khoon Hua	1,500	3,000	–	4,500	15.00
Rubyhill Global Limited	Kuok Khoon Hua	1	–	–	1	10.00
United Beauty Limited	Kuok Khoon Hua	–	–	15	15	15.00
Vencedor Investments Limited	Kuok Khoon Hua	5	–	–	5	5.00

#### Notes:

1. This represents interests held by the relevant Director as beneficial owner.
2. This represents interests deemed to be held by the relevant Director through his/her controlled corporation(s).
3. This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.
4. The percentage has been compiled based on the total number of ordinary shares of the respective Associated Corporations in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, 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 2023, the number of outstanding share options to subscribe for shares of the Company and the number of awarded shares granted by the Company to the Directors (if any), 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, are set out in the sections headed "Share Option Schemes" and "Share Award Scheme" of this Report of Directors.

Apart from the aforesaid, at no time during the year ended 31 December 2023 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 2023, 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 Company's issued shares as at 31 December 2023 (i.e. 1,451,305,728 ordinary shares).

Save as disclosed above, as at 31 December 2023, no other person (other than 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.



## EMPLOYEES

As at 31 December 2023, the Group had approximately 7,800 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.

## PAST PERFORMANCE & FORWARD-LOOKING STATEMENTS

The performance and results of the operations of the Group within this annual report are historical in nature, and past performance is no guarantee for the future results of the Group. This annual report may contain forward-looking statements and opinions, and all forward-looking statements while based on reasonable and best-effort estimates and projections involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, its employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this annual report; and (b) no liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

## 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, and all the outstanding Share Options which were granted during the life of the 2011 Share Option Scheme have lapsed on 8 January 2024.

## (1) Purpose of the Share Options Schemes

Both the 2020 Share Option Scheme and the 2011 Share Option Scheme fall within the ambit of, and are subject to the provisions 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 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 20 March 2024 (the date of this annual report), a total of 145,650,122 Shares (representing approximately 10% of the number of issued Shares as at the date of adoption of the 2020 Share Option Scheme) 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 ten 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 Shares 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. 145,650,122 Shares Options were available for grant under the 2020 Share Option Scheme as at 1 January 2023 which remain unchanged up to 31 December 2023.

A total of 5,023,000 Share Options granted under the 2011 Share Option Scheme were outstanding as at 31 December 2023 whereas all the outstanding Share Options granted under the 2011 Share Option Scheme have lapsed on 8 January 2024.



## 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 2023 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			Exercise price per share HK\$	Vesting period <sup>1</sup>	Exercise period
			Outstanding as at 01/01/2023	Lapsed during the year	Outstanding as at 31/12/2023			
<b>1. Director</b>								
Bryan Pallop Gaw <i>(resigned on 31 May 2023)</i>	08/01/2014	II	100,000	(100,000)	–	26.88	08/01/2014 – 07/01/2015	08/01/2015 – 07/01/2024
<b>2. Other Employee</b>								
Participants <sup>2</sup>	08/01/2014	I	1,955,000	(175,000)	1,780,000	26.88	08/01/2014 – 07/07/2014	08/07/2014 – 07/01/2024
	08/01/2014	II	3,418,000	(175,000)	3,243,000	26.88	08/01/2014 – 07/01/2015	08/01/2015 – 07/01/2024
<b>Total:</b>			<b>5,473,000</b>	<b>(450,000)</b>	<b>5,023,000</b>			

#### Notes:

- The vesting period of the Share Options sets out above, for Tranche I was 6 months and Tranche II was 12 months, in each case from the date of grant until the commencement date of the exercise period.
- Other employee participants include former Directors, and both former and current employees of the Company and its subsidiaries or former subsidiary.
- During the year ended 31 December 2023, 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 ten 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. As at 1 January 2023 and 31 December 2023, a total of 145,130,572 Shares are available for grant under the Share Award Scheme. 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 or the committee of the Board or person(s) to which the Board delegated its authority 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 Shares 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 2023, 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 shares held for the Share Award Scheme are disclosed in note 34 to the financial statements of this annual report.

Due to the similar purposes of the 2020 Share Option Scheme and the Share Award Scheme and in order to reduce the related administrative and compliance costs for better allocation of resources, the Board has resolved to seek the Shareholders' approval to terminate the 2020 Share Option Scheme in the 2024 AGM.

Details of the termination of the 2020 Share Option Scheme will be set out in the circular of the Company to the Shareholders in relation to the 2024 AGM.

## 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 2024 AGM.

## MANAGEMENT CONTRACT

No contract with any person or entity concerning the management and administration of the whole or any substantial part of the business of the Company (other than contract of service with any Director or employee of the Company) was entered into or existed during the year.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2023, 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 2023.

## DIRECTOR'S INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Directors disclosed that during the year ended 31 December 2023, they were 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.





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

During the year ended 31 December 2023, Messrs Kuok Khoon Hua and Bryan Pallop Gaw (resigned on 31 May 2023) were the directors of subsidiaries of Shangri-La Asia Limited (“SA”) and they 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.

The Excluded Businesses are operated and managed by companies (and in the case of SA, by listed company) 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

Save as disclosed, if any, in the sections headed “Connected Transaction” and “Continuing Connected Transactions” of this Report of Directors, 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 TRANSACTION

During the financial year ended 31 December 2023, the Group entered into a connected transaction that is subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of the transaction are as follows:

### Cash Advance to a Joint Venture in Qianhai, the PRC

As disclosed in the Company's announcement dated 18 September 2023 (“**Cash Advance Announcement**”), Million Palace Development (Shenzhen) Co., Ltd. (“**MPSZ**”) (as lender), a wholly-owned subsidiary of the Company, and Million Fortune Development (Shenzhen) Co., Ltd. (“**MFSZ**”) (as borrower), a joint venture in which the Company has 25% interest, entered into the cash advance agreement dated 18 September 2023 (the “**Cash Advance Agreement**”), pursuant to which MPSZ agreed to advance cash in the principal amount up to RMB280,000,000 (approximately HK\$301,000,000) to MFSZ for a term of three years for the development, construction, operation and management of a building for office and commercial use and a hotel by the Company and Kerry Holdings Limited (“**KHL**”) on the project site located in Qianhai, the PRC.

MFSZ is held indirectly as to 25%, 50% and 25% by the Company, KHL and The Bank of East Asia, Limited respectively. Since KHL is the controlling shareholder of the Company, MFSZ is therefore a connected person of the Company, and thus the transaction contemplated under the Cash Advance Agreement constituted a connected transaction of the Company under the Listing Rules.

Details of the connected transaction are set out in the Cash Advance 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 Shangri-La Asia Limited ("**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.

The annual aggregate fee payable by the Group pursuant to the Beijing Agreements for the year ended 31 December 2023 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 2023 amount to RMB23,364,000 (approximately HK\$25,753,000) 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 2023 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 2023 amount to US\$5,360,000 (approximately HK\$41,955,000) which is within Cap B.



## CONTINUING CONNECTED TRANSACTIONS (Continued)

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

#### (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 2023 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 2023 amount to RMB14,412,000 (approximately HK\$15,913,000) which is within Cap C.

### (ii) Annual Review by INEDs 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 INEDs who have confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. 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 “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.



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

During the year ended 31 December 2023, save for the purchase of shares in the Company by the trustee for the purpose of the Share Award Scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. Details of the purchase of shares in the Company are set out in note 34 to the financial statements of this annual report.

## AUDITOR

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

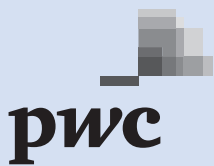
On behalf of the Board

**Kuok Khoon Hua**

*Chairman and Chief Executive Officer*

Hong Kong, 20 March 2024

# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

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

## 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 106 to 202, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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, comprising material accounting policy information 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 2023, 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 ("HKSAs") 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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*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; and
- Recoverability of properties under development and completed properties held for sale

### Key Audit Matter

#### ***Valuation of investment properties***

Refer to notes 15 and 19 to the consolidated financial statements.

The Group had investment properties held by subsidiaries and associates and joint ventures as at 31 December 2023 of which changes in fair value were recognised and presented as a "Increase/(decrease) 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 2023. 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.

### How our audit addressed the Key Audit Matter

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:

- 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;
- Evaluating the independent valuers' competence, capabilities and objectivity;
- Reviewing the valuation reports and meeting with the independent valuers to discuss and challenge for a sample of investment properties to evaluate the valuation methodologies and key assumptions adopted;
- Involving our in-house property valuation experts to assess the appropriateness of the valuation methodologies and the reasonableness of the key assumptions used in the valuation of these investment properties;
- 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 to management's records, invoices received or other supporting documentations such as lease agreements, rental income schedules, construction cost schedules and approved budgets;

**Key Audit Matter*****Valuation of investment properties (Continued)***

The valuation of investment properties and investment properties under development is subject to high degree of estimation uncertainty. For investment properties, key assumptions include capitalisation rates and prevailing market rents. For investment properties under development, key assumptions include development costs and developer's profits and risk margins.

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.

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

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: (Continued)

- Assessing the key assumptions used by the independent valuers against our own expected range of estimates using evidence from comparable market transactions, historical records or approved budgets of the Group by comparing:
  - capitalisation rates to published market data;
  - prevailing market rents to leasing transactions of comparable properties or recent letting of subject properties; and
  - estimated development cost and developer's profits for the investment properties under development to approved budgets and market norm in the industry respectively.
- Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRSs disclosure requirements.

Based on the procedures performed, we considered that the methods, key assumptions and data used in management's valuation of investment properties were supported by the available evidence.

**Key Audit Matter*****Recoverability of properties under development and completed properties held for sale***

Refer to notes 4(a)(ii), 17, 19 and 24 to the consolidated financial statements.

The Group had properties under development and completed properties held for sale held by subsidiaries, joint ventures and associates as at 31 December 2023.

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. As a result certain provision has been made to the properties under development.

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.

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.

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

Our procedures in relation to management's assessments of recoverability of properties under development and completed properties held for sale included:

- Understanding management's control and processes 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;
- 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;
- Assessing the reasonableness of key assumptions and estimates in management's assessments, on a sample of properties selected, including:
  - expected future sales prices which we compared to contracted sales prices of the underlying properties or current market prices of properties of comparable standards and locations, where applicable; and
  - estimated costs necessary to make the sales and costs to completion that we compared these costs to the latest budgets of total construction costs and tested, on a sample basis, to committed contracts and other supporting documentation.
- 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.

Based on the procedures performed, we considered that the methods, significant assumptions and data used by management are 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, 20 March 2024





# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	5	<b>13,089,628</b>	14,590,475
Cost of sales and direct expenses		<b>(6,368,352)</b>	(7,605,791)
Gross profit	5	<b>6,721,276</b>	6,984,684
Other income and net gains	6	<b>129,837</b>	915,526
Selling, administrative and other operating expenses		<b>(1,783,204)</b>	(1,720,023)
Increase/(decrease) in fair value of investment properties	15	<b>1,033,544</b>	(2,040,840)
Operating profit before finance costs	7	<b>6,101,453</b>	4,139,347
Finance costs	8	<b>(599,686)</b>	(317,225)
Operating profit		<b>5,501,767</b>	3,822,122
Share of results of associates and joint ventures	19(d)	<b>1,357,551</b>	1,345,947
Profit before taxation		<b>6,859,318</b>	5,168,069
Taxation	9	<b>(2,695,532)</b>	(1,693,183)
Profit for the year		<b>4,163,786</b>	3,474,886
Profit attributable to:			
Company's shareholders		<b>3,243,327</b>	2,754,780
Non-controlling interests		<b>920,459</b>	720,106
		<b>4,163,786</b>	3,474,886
Earnings per share			
– Basic	11	<b>HK\$2.23</b>	HK\$1.90
– Diluted	11	<b>HK\$2.23</b>	HK\$1.90



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
Profit for the year		<b>4,163,786</b>	3,474,886
Other comprehensive income			
<b>Items that may be reclassified to profit or loss</b>			
Cash flow hedges	36	<b>(294,802)</b>	948,801
Share of other comprehensive income of associates and joint ventures	36	<b>(37,976)</b>	(223,494)
Net translation differences on foreign operations		<b>(2,806,831)</b>	(9,088,008)
<b>Items that will not be reclassified to profit or loss</b>			
Fair value gains/(losses) on financial assets at fair value through other comprehensive income	36	<b>236,046</b>	(1,032,970)
Share of other comprehensive income of associates and joint ventures	36	<b>53,875</b>	–
Release of exchange fluctuation reserve upon disposal of subsidiaries	36	–	26,179
Other comprehensive income for the year, net of tax		<b>(2,849,688)</b>	(9,369,492)
Total comprehensive income for the year		<b>1,314,098</b>	(5,894,606)
Total comprehensive income attributable to:			
Company's shareholders		<b>815,603</b>	(5,218,204)
Non-controlling interests		<b>498,495</b>	(676,402)
		<b>1,314,098</b>	(5,894,606)



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	4,323,428	4,617,237
Investment properties	15	76,964,829	77,063,008
Right-of-use assets	16	1,679,757	1,830,251
Properties under development and land deposits	17	39,222,688	31,515,644
Associates and joint ventures	19	24,823,141	25,802,012
Derivative financial instruments	20	582,318	954,781
Financial assets at fair value through other comprehensive income	21	758,168	522,122
Financial assets at fair value through profit or loss	22	650,701	674,057
Mortgage loans receivable	23	898,512	1,079,619
Intangible assets		122,504	122,504
		<b>150,026,046</b>	144,181,235
<b>Current assets</b>			
Properties under development	17	23,436,237	22,982,883
Completed properties held for sale	24	18,623,682	20,162,050
Accounts receivable, prepayments and deposits	25	1,787,467	1,676,993
Current portion of mortgage loans receivable	23	193,156	255,463
Tax recoverable		325,570	325,421
Tax reserve certificates		189,255	189,255
Derivative financial instruments	20	5,889	–
Restricted bank deposits	26	305,449	354,814
Cash and bank balances	26	13,539,631	11,346,645
		<b>58,406,336</b>	57,293,524
<b>Current liabilities</b>			
Accounts payable, deposits received and accrued charges	27	7,507,830	6,783,829
Contract liabilities	27	8,955,229	4,372,308
Current portion of lease liabilities	16	43,646	41,284
Taxation		2,588,892	2,198,798
Short-term bank loans and current portion of long-term bank loans	28	6,636,214	5,997,133
Derivative financial instruments	20	114,041	103,846
		<b>25,845,852</b>	19,497,198
<b>Net current assets</b>		<b>32,560,484</b>	37,796,326



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Total assets less current liabilities</b>		<b>182,586,530</b>	181,977,561
<b>Non-current liabilities</b>			
Long-term bank loans	28	<b>48,494,864</b>	46,873,144
Amounts due to non-controlling interests	29	<b>2,237,084</b>	2,495,861
Lease liabilities	16	<b>40,529</b>	84,206
Derivative financial instruments	20	<b>278,874</b>	347,584
Deferred taxation	30	<b>10,378,358</b>	9,694,605
		<b>61,429,709</b>	59,495,400
<b>ASSETS LESS LIABILITIES</b>		<b>121,156,821</b>	122,482,161
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	<b>1,451,306</b>	1,451,306
Shares held for share award scheme	34	<b>(50,171)</b>	(18,097)
Share premium	35	<b>13,105,221</b>	13,102,767
Other reserves	36	<b>3,981,697</b>	6,834,882
Retained profits		<b>88,768,527</b>	87,415,992
		<b>107,256,580</b>	108,786,850
Non-controlling interests		<b>13,900,241</b>	13,695,311
<b>TOTAL EQUITY</b>		<b>121,156,821</b>	122,482,161

The financial statements on pages 106 to 202 were approved by the Board of Directors on 20 March 2024 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 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Operating activities</b>			
Net cash generated from operations	37(a)	<b>8,983,856</b>	2,432,741
Interest paid		<b>(2,695,266)</b>	(1,348,090)
Income tax paid		<b>(1,311,334)</b>	(1,444,607)
Net cash generated from/(used in) operating activities		<b>4,977,256</b>	(359,956)
<b>Investing activities</b>			
Additions of property, plant and equipment		<b>(64,540)</b>	(43,619)
Additions of investment properties		<b>(307,464)</b>	(375,879)
Increase in land deposits		<b>(4,918,054)</b>	(24,648,498)
Acquisition of subsidiaries	37(c)	–	(480,243)
Disposal of subsidiaries	37(d)	–	4,623,956
Increase in investments in associates and joint ventures		<b>(84,090)</b>	(10,892)
Return of capital from associates and joint ventures		<b>153,480</b>	–
Dividends received from associates		<b>641,177</b>	1,043,148
Additional loans to associates and joint ventures		<b>(951,283)</b>	(401,309)
Repayment of loans by associates and joint ventures		<b>2,051,250</b>	1,578,359
Additional loans from associates and joint ventures		<b>1,162</b>	15,091
Repayment of loans to associates and joint ventures		<b>(6)</b>	(200,948)
Mortgage loans to buyers		<b>(26,935)</b>	(116,341)
Repayment of mortgage loans from buyers		<b>270,349</b>	384,393
Interest received		<b>659,613</b>	593,892
Decrease in restricted bank deposits		<b>39,216</b>	492,844
Decrease/(increase) in short-term bank deposits maturing after more than three months		<b>3,266</b>	(607)
Dividends received from listed and unlisted investments		<b>78,053</b>	52,552
Proceeds from sale of property, plant and equipment		<b>1,463</b>	6,205
Proceeds from sale of investment properties		–	350,000
Net cash used in investing activities		<b>(2,453,343)</b>	(17,137,896)





CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Financing activities</b>			
Consideration and expenses for shares repurchased for cancellation		–	(59,575)
Purchase of shares for share award scheme		<b>(32,074)</b>	(18,097)
Repayment of bank loans	37(b)	<b>(42,765,331)</b>	(40,506,291)
Drawdown of bank loans	37(b)	<b>45,306,380</b>	56,748,438
Principal elements of lease payments	37(b)	<b>(47,220)</b>	(54,210)
Dividends paid	10(a)	<b>(1,959,263)</b>	(1,962,410)
Return of capital to non-controlling interests		<b>(81,491)</b>	–
Dividends of subsidiaries paid to non-controlling interests		<b>(212,074)</b>	(615,217)
Additional loans from non-controlling interests	37(b)	<b>93,224</b>	12,641
Repayment of loans to non-controlling interests	37(b)	<b>(349,328)</b>	–
Net cash (used in)/generated from financing activities		<b>(47,177)</b>	13,545,279
Increase/(decrease) in cash and cash equivalents		<b>2,476,736</b>	(3,952,573)
Effect of exchange rate changes		<b>(282,694)</b>	(1,198,718)
Cash and cash equivalents at 1 January		<b>11,325,404</b>	16,476,695
Cash and cash equivalents at 31 December	26(b)	<b>13,519,446</b>	11,325,404



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Attributable to the shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Shares held for share award scheme	Share premium	Other reserves	Retained profits	Total			
Balance as at 1 January 2023		1,451,306	(18,097)	13,102,767	6,834,882	87,415,992	108,786,850	13,695,311	122,482,161	
Profit for the year		-	-	-	-	3,243,327	3,243,327	920,459	4,163,786	
Cash flow hedges	36	-	-	-	(294,802)	-	(294,802)	-	(294,802)	
Share of other comprehensive income of associates and joint ventures	36	-	-	-	15,899	-	15,899	-	15,899	
Net translation differences on foreign operations	36	-	-	-	(2,384,867)	-	(2,384,867)	(421,964)	(2,806,831)	
Fair value gains on financial assets at fair value through other comprehensive income	36	-	-	-	236,046	-	236,046	-	236,046	
Total comprehensive income for the year ended 31 December 2023		-	-	-	(2,427,724)	3,243,327	815,603	498,495	1,314,098	
Lapse of share options		-	-	2,454	(2,454)	-	-	-	-	
Purchase of shares for share award scheme	34	-	(32,074)	-	-	-	(32,074)	-	(32,074)	
Dividends paid and payables		-	-	-	-	(1,959,263)	(1,959,263)	(212,074)	(2,171,337)	
Transfer	36	-	-	-	(68,471)	68,471	-	-	-	
Share of other reserves of associates and joint ventures	36	-	-	-	(354,536)	-	(354,536)	-	(354,536)	
Capital reduction of subsidiaries		-	-	-	-	-	-	(81,491)	(81,491)	
Total transactions with owners		-	(32,074)	2,454	(425,461)	(1,890,792)	(2,345,873)	(293,565)	(2,639,438)	
<b>Balance at 31 December 2023</b>		<b>1,451,306</b>	<b>(50,171)</b>	<b>13,105,221</b>	<b>3,981,697</b>	<b>88,768,527</b>	<b>107,256,580</b>	<b>13,900,241</b>	<b>121,156,821</b>	



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the year ended 31 December 2023

	Note	Attributable to the shareholders of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
		Share capital	Shares held for share award scheme	Share premium	Other reserves	Retained profits	Total			
		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)	
Balance at 31 December 2022		1,451,306	(18,097)	13,102,767	6,834,882	87,415,992	108,786,850	13,695,311	122,482,161	

# 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 20 March 2024.

## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material 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 MATERIAL ACCOUNTING POLICIES (Continued)

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

#### (i) Adoption of new standard and amendments to existing standards

The following new standard and amendments to existing standards have been published that are effective for the accounting period of the Group beginning on 1 January 2023:

HKFRS 17, 'Insurance contracts'

Amendments to HKFRS 17, 'Insurance contracts'

Amendments to HKFRS 17, 'Initial application of HKFRS 17 and HKFRS 9 – comparative information'

Amendments to HKAS 1 and HKFRS Practice Statement 2, 'Disclosure of accounting policies'

Amendments to HKAS 8, 'Definition of accounting estimates'

Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

Amendments to HKAS 12, 'International tax reform – Pillar two model rules'

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

#### (ii) Amendments to existing standards and interpretation which are not yet effective

The following amendments to existing standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
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
Amendments to HKAS 7 and HKFRS 7, 'Supplier finance arrangements'	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 HKAS 21, 'Lack of exchangeability'	1 January 2025
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 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 MATERIAL 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.

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.

#### (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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (b) Consolidation (Continued)

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

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. 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.

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. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

#### **(v) Equity method**

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.

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 entity.

Unrealised gains on transactions between the Group and its associates and 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(i).



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (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 Executive Directors that make 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. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income and net gains.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. 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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

#### (iii) Group companies (Continued)

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.

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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (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 if the cost can be measured reliably.

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.

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.





## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (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.

### (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) 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 MATERIAL ACCOUNTING POLICIES (Continued)

### (j) 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.

#### *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.

Changes in the fair value of financial assets at FVPL are recognised in other income and net gains in the consolidated income statement as applicable.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

#### (iv) 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 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.

### (k) 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 at the end of each reporting period. 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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

#### (i) 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.

#### (ii) 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.

### (l) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

### (m) 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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (n) 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.

### (o) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 and does not give rise to equal taxable and deductible temporary differences. 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.

The deferred income tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority.





## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (p) 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.

#### (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, which is the period over which all of the specified vesting conditions are to be satisfied, 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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (q) 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.

### (r) 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.
- (iii) Income from property management is recognised when services are rendered.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (r) Revenue recognition (Continued)

- (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.

### (s) 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.

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.



## 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

### (s) Leases (Continued)

#### (i) *The Group is the lessee* (Continued)

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.

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.

### (t) 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. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. 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.

### (u) 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.



### 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 the 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.

#### (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\$2,405,339,000 (2022: HK\$7,923,043,000) 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.



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (i) Market risk (Continued)

##### (II) Interest rate risk (Continued)

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 increased or decreased by 25 (2022: 25) basis points and all other variables were held constant, the profit of the Group would have increased or decreased by approximately HK\$17,173,000 (2022: HK\$10,872,000) resulting from the change in interest income on bank deposits and the borrowing costs of bank borrowings after capitalisation of interest expenses.

##### (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\$2,019,000 (2022: HK\$3,687,000) lower or higher if the year end share prices of the above-mentioned investments were to differ by 20% (2022: 20%).

The carrying amount of the unlisted portion of financial assets at fair value through profit or loss would be an estimated HK\$126,880,000 (2022: HK\$129,845,000) lower or higher if the year end underlying fair value of the above-mentioned investments were to differ by 20% (2022: 20%).

##### (ii) Credit risk

The carrying amounts of derivative financial instruments, 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.



### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk (Continued)

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.

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.

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 the funds are placed in banks with high credit ratings assigned by international credit-rating agencies. Transactions including derivative financial instruments are also executed with banks of sound credit standing to minimise credit exposure.

##### (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 2023					
Amounts due to associates and joint ventures	–	416,705	–	–	416,705
Bank loans	9,633,988	15,273,543	38,019,438	469,017	63,395,986
Amounts due to non-controlling interests	–	2,259,464	–	–	2,259,464
Accounts payable, deposits received and accrued charges	6,626,415	250,230	398,027	135,586	7,410,258
Lease liabilities	47,136	41,548	–	–	88,684
Derivative financial instruments	170,439	146,190	128,985	–	445,614
<b>Total</b>	<b>16,477,978</b>	<b>18,387,680</b>	<b>38,546,450</b>	<b>604,603</b>	<b>74,016,711</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 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>



### 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 2023 and 2022 were as follows:

	2023	2022
Net debt (HK\$ million)	<b>41,286</b>	41,169
Total equity (HK\$ million)	<b>121,157</b>	122,482
Gearing ratio	<b>34.1%</b>	33.6%

#### (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 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>Assets</b>				
Derivative financial instruments	–	588,207	–	588,207
Financial assets at fair value through other comprehensive income	–	–	758,168	758,168
Financial assets at fair value through profit or loss	10,093	–	640,608	650,701
First mortgage loans receivable	–	–	154,753	154,753
<b>Total assets</b>	<b>10,093</b>	<b>588,207</b>	<b>1,553,529</b>	<b>2,151,829</b>
<b>Liabilities</b>				
Derivative financial instruments	–	392,915	–	392,915
<b>Total liabilities</b>	<b>–</b>	<b>392,915</b>	<b>–</b>	<b>392,915</b>

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>

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		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
At 1 January	256,512	424,971	522,122	1,555,092	655,620	655,909
Gains/(losses) recognised in other comprehensive income or profit or loss	-	-	236,046	(1,032,970)	(14,829)	303
Repayments	(101,759)	(168,459)	-	-	-	-
Exchange adjustment	-	-	-	-	(183)	(592)
At 31 December	154,753	256,512	758,168	522,122	640,608	655,620



### 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(j)(iv) 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.



#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### (b) Critical judgements in applying the Group's accounting policies (Continued)

###### **(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(r)(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.

###### **(iii) 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.

###### **(iv) 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:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>		
Sale of properties	6,349,103	8,543,430
Rental and others	4,985,690	4,990,665
Hotel revenue	1,754,835	1,056,380
	<b>13,089,628</b>	14,590,475

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

	2023			
	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	3,883,370	332,727	4,216,097	2,824,799
– Hong Kong property	1,102,320	132,161	1,234,481	814,133
	4,985,690	464,888	5,450,578	3,638,932
Property sales				
– Mainland property	3,326,855	132,450	3,459,305	1,726,961
– Hong Kong property	3,022,248	3,934,842	6,957,090	728,859
	6,349,103	4,067,292	10,416,395	2,455,820
Hotel operations				
– Mainland property	1,754,835	470,046	2,224,881	626,524
– Hong Kong property	–	35,579	35,579	–
	1,754,835	505,625	2,260,460	626,524
	<b>13,089,628</b>	<b>5,037,805</b>	<b>18,127,433</b>	<b>6,721,276</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)

	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
	14,590,475	760,458	15,350,933	6,984,684

(c) Information about operating segment:

Management has determined the operating segments based on the reports reviewed by the Executive Directors.

The Executive Directors consider the business by principal activities and markets. Management assesses the performance of the principal activities of the Group namely property investment, development and hotel operations (together 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 Executive Directors assess 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:

	2023				
	Mainland Property HK\$'000	Hong Kong Property HK\$'000	Total Operating Segments HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	8,965,060	4,124,568	13,089,628	–	13,089,628
Results					
Segment results – gross profit	5,178,284	1,542,992	6,721,276	–	6,721,276
Other income and net gains					129,837
Selling, administrative and other operating expenses					(1,783,204)
Increase in fair value of investment properties					1,033,544
Operating profit before finance costs					6,101,453
Finance costs					(599,686)
Operating profit					5,501,767
Share of results of associates and joint ventures					1,357,551
Profit before taxation					6,859,318
Taxation					(2,695,532)
Profit for the year					4,163,786
Profit attributable to:					
Company's shareholders					3,243,327
Non-controlling interests					920,459
					4,163,786
Depreciation	380,888	60,316	441,204	3,088	444,292

**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)

	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)

(e) An analysis of the Group's financial position by operating segment is as follows:

	2023						
	Mainland	Hong Kong	Overseas	Total	Others	Eliminations	Consolidated
	Property	Property**	Property	Operating			
	HK\$'000	HK\$'000	HK\$'000	Segments	HK\$'000	HK\$'000	HK\$'000
Segment assets	127,241,685	59,429,007	789,400	187,460,092	76,071,345	(83,525,765)	180,005,672
Associates and joint ventures	8,407,693	9,555,157	2,551,417	20,514,267	4,308,874	-	24,823,141
Derivative financial instruments	-	-	-	-	588,207	-	588,207
Financial assets at fair value through other comprehensive income	-	-	758,168	758,168	-	-	758,168
Financial assets at fair value through profit or loss	6,681	643,194	-	649,875	826	-	650,701
Mortgage loans receivable	-	1,091,668	-	1,091,668	-	-	1,091,668
Tax recoverable	309,535	16,035	-	325,570	-	-	325,570
Tax reserve certificates	-	-	-	-	189,255	-	189,255
<b>Total assets</b>	<b>135,965,594</b>	<b>70,735,061</b>	<b>4,098,985</b>	<b>210,799,640</b>	<b>81,158,507</b>	<b>(83,525,765)</b>	<b>208,432,382</b>
Segment liabilities	69,087,093	21,904,073	1,097,465	92,088,631	7,984,368	(83,525,765)	16,547,234
Bank loans	3,482,350	2,810,520	-	6,292,870	48,838,208	-	55,131,078
Derivative financial instruments	-	-	-	-	392,915	-	392,915
Taxation and deferred taxation	11,630,334	943,902	190,071	12,764,307	202,943	-	12,967,250
Amounts due to non-controlling interests	1,544,338	520,488	172,258	2,237,084	-	-	2,237,084
<b>Total liabilities</b>	<b>85,744,115</b>	<b>26,178,983</b>	<b>1,459,794</b>	<b>113,382,892</b>	<b>57,418,434</b>	<b>(83,525,765)</b>	<b>87,275,561</b>
Segment non-current assets*	99,067,946	35,344,755	2,112,881	136,525,582	10,610,765	-	147,136,347

\* 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)

	2022						
	Mainland	Hong Kong	Overseas	Total	Others	Eliminations	Consolidated
	Property	Property**	Property	Operating			
	HK\$'000	HK\$'000	HK\$'000	Segments	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)

(f) An analysis of the Group's operating segment non-current assets by geographical area is as follows:

	Operating segment non-current assets*	
	2023 HK\$'000	2022 HK\$'000
Mainland	99,067,946	93,876,478
Hong Kong	34,820,797	39,288,499
Others	2,636,839	3,041,783
	<b>136,525,582</b>	136,206,760

\* 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

	2023 HK\$'000	2022 HK\$'000
Dividend income	78,053	52,552
Interest income	659,613	593,892
(Losses)/gains on disposal of property, plant and equipment	(1,153)	443
Gain on sale of investment properties net of selling expenses	–	71,726
Exchange losses, net	(89,581)	(334,561)
Net decrease in fair value of financial assets at fair value through profit or loss	(23,173)	(4,407)
Gain on disposal of subsidiaries (note 37(d))	–	897,490
Provision for properties under development (note 17(a))	(745,000)	(520,667)
Others	251,078	159,058
	<b>129,837</b>	915,526



## 7 OPERATING PROFIT BEFORE FINANCE COSTS

Operating profit before finance costs is stated after charging the following:

	2023 HK\$'000	2022 HK\$'000
Cost of sales of properties and sales related expenses	<b>3,973,285</b>	5,562,587
Direct operating expenses in respect of investment properties	<b>858,645</b>	822,250
Hotel direct operating expenses	<b>1,128,311</b>	882,818
Depreciation of property, plant and equipment	<b>342,072</b>	369,950
Depreciation of right-of-use assets – leasehold land and land use rights	<b>58,792</b>	61,769
Depreciation of right-of-use assets – buildings – offices	<b>43,428</b>	51,193
Expenses relating to short-term leases	<b>10,476</b>	10,789
Auditors' remuneration		
– audit services	<b>12,315</b>	11,564
– audit related services	<b>2,378</b>	353
– non-audit services	<b>9,682</b>	8,387

## 8 FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Finance costs		
– bank loans	<b>2,768,229</b>	1,417,363
– derivative financial instruments	<b>(97,527)</b>	(97,972)
– lease liabilities	<b>5,875</b>	1,630
– fair value losses on derivative financial instruments designated as cash flow hedges, transfer from equity (note 36)	<b>13,257</b>	534,134
– others (note)	<b>(140,239)</b>	(420,292)
Total finance costs incurred	<b>2,549,595</b>	1,434,863
Less: amount capitalised in properties under development and investment properties under development	<b>(1,949,909)</b>	(1,117,638)
Total finance costs expensed during the year	<b>599,686</b>	317,225

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.3% and 5.1% per annum (2022: between 1.4% and 4.9% per annum).

Note: The amount included net exchange gain from financing activities of HK\$166,146,000 (2022: HK\$450,405,000) for the year ended 31 December 2023.

## 9 TAXATION

### Hong Kong and overseas profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 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:

	2023 HK\$'000	2022 HK\$'000
Mainland taxation		
– Current	<b>(1,494,927)</b>	(1,395,338)
– Over/(under)-provision in prior years	<b>1,538</b>	(257)
– Deferred	<b>(973,371)</b>	18,311
	<b>(2,466,760)</b>	(1,377,284)
Hong Kong profits tax		
– Current	<b>(182,368)</b>	(270,954)
– (Under)/over-provision in prior years	<b>(3,470)</b>	204
– Deferred	<b>(8,945)</b>	(23,714)
	<b>(194,783)</b>	(294,464)
Overseas taxation		
– Current	<b>(13,169)</b>	(7,439)
– Deferred	<b>(20,820)</b>	(13,996)
	<b>(33,989)</b>	(21,435)
	<b>(2,695,532)</b>	(1,693,183)

The Group recorded land appreciation tax of HK\$690,277,000 (2022: HK\$606,828,000) for the year ended 31 December 2023 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\$321,910,000 (2022: HK\$411,102,000) 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:

	2023 HK\$'000	2022 HK\$'000
Profit before taxation	<b>6,859,318</b>	5,168,069
Less: Share of results of associates and joint ventures	<b>(1,357,551)</b>	(1,345,947)
	<b>5,501,767</b>	3,822,122
Calculated at Hong Kong profits tax rate of 16.5% (2022: 16.5%)	<b>907,792</b>	630,650
Tax effect of different taxation rates in other countries	<b>673,868</b>	341,881
Utilisation of previously unrecognised tax losses	<b>(23,142)</b>	(11,922)
Tax effect of net income/expenses that are not taxable/deductible in determining taxable profit	<b>244,347</b>	16,248
Tax loss not recognised	<b>250,741</b>	173,664
Under-provision of taxation in prior years	<b>1,932</b>	53
	<b>2,055,538</b>	1,150,574
Withholding tax on distributed/undistributed profits	<b>122,286</b>	87,488
Land appreciation tax	<b>690,277</b>	606,828
Tax effect of deduction of land appreciation tax	<b>(172,569)</b>	(151,707)
Taxation charge	<b>2,695,532</b>	1,693,183

**OECD Pillar Two model rules**

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was not yet enacted in Bermuda, the jurisdiction in which Kerry Properties Limited is incorporated, and is expected to come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred income tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ('GloBE') effective tax rate for each jurisdiction and the 15% minimum rate.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is currently engaged with tax specialists for assisting in applying the legislation.



## 10 DIVIDENDS

### (a) Ordinary shares

	2023 HK\$'000	2022 HK\$'000
Final dividend for the year ended 31 December 2022 of HK\$0.95 (2021: HK\$0.95) per fully paid share	<b>1,378,740</b>	1,381,748
Interim dividend for the year ended 31 December 2023 of HK\$0.4 (2022: HK\$0.4) per fully paid share	<b>580,523</b>	580,662
<b>Total dividends paid</b>	<b>1,959,263</b>	1,962,410

### (b) Dividends not recognised at the end of the reporting period

At a meeting held on 20 March 2024, the Board of Directors proposed a final dividend of HK\$0.95 (2022: HK\$0.95) per ordinary share for the year ended 31 December 2023 totalling HK\$1,378,740,000 based on 1,451,305,728 ordinary shares in issue as at 31 December 2023 (2022: HK\$1,378,740,000 based on 1,451,305,728 ordinary shares in issue as at 31 December 2022). The actual amount of final dividend payable in respect of the year ended 31 December 2023 will be subject to the actual number of ordinary shares in issue on the record date, which is expected to be on or about 24 May 2024.

## 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.

	2023	2022
Weighted average number of ordinary shares in issue	<b>1,451,305,728</b>	1,453,224,214

	2023 HK\$'000	2022 HK\$'000
Profit attributable to shareholders	<b>3,243,327</b>	2,754,780
<b>Basic earnings per share</b>	<b>HK\$2.23</b>	HK\$1.90

**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.

	2023	2022
Weighted average number of ordinary shares in issue	<b>1,451,305,728</b>	1,453,224,214
Adjustment for share options (note)	–	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,451,305,728</b>	1,453,224,214

	2023	2022
	HK\$'000	HK\$'000
Profit attributable to shareholders	<b>3,243,327</b>	2,754,780
Diluted earnings per share	<b>HK\$2.23</b>	HK\$1.90

Note: The share options outstanding during the year ended 31 December 2023 had an anti-dilutive effect.

**12 EMPLOYEE BENEFIT EXPENSE**

	2023	2022
	HK\$'000	HK\$'000
Staff costs, including directors' emoluments	<b>1,574,192</b>	1,567,721
Pension costs – defined contribution plans (note)	<b>92,382</b>	92,057
	<b>1,666,574</b>	1,659,778

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 2023, 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 Kuok Khoon Hua*	–	6,000	7,800	120	13,920
Mr Au Hing Lun, Dennis	–	9,600	3,300	18	12,918
Mr Bryan Pallop Gaw <sup>1</sup>	–	2,062	–	50	2,112
Ms Wong Yu Pok, Marina, JP	605	–	–	–	605
Mr Hui Chun Yue, David	565	–	–	–	565
Mr Chum Kwan Lock, Grant	485	–	–	–	485
Dr Li Rui <sup>2</sup>	85	–	–	–	85
Ms Tong Shao Ming <sup>3</sup>	85	–	–	–	85
Mr Cheung Leong <sup>4</sup>	248	–	–	–	248

\* Chairman and Chief Executive Officer

<sup>1</sup> Resigned as an Executive Director on 31 May 2023

<sup>2</sup> Appointed as an Independent Non-Executive Director on 1 November 2023

<sup>3</sup> Appointed as a Non-Executive Director on 1 November 2023

<sup>4</sup> Resigned as an Independent Non-Executive Director on 30 June 2023

**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 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 HK\$'000	Total 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)

#### (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 2023 and 31 December 2022, there were no share options granted to the Directors.

As at 31 December 2023 and 31 December 2022, certain Director held the following share options to acquire shares of the Company:

Number of share options held		Exercise price per share HK\$	Exercise period
2023	2022		
–	100,000	<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 2023 was HK\$14.28 (2022: HK\$17.00) per share.

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2022: three) Directors. The emoluments payable to the five highest paid individuals during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and fees	<b>36,741</b>	25,141
Discretionary bonuses and others	<b>26,934</b>	50,181
Pension contributions	<b>185</b>	393
	<b>63,860</b>	75,715

**13 BENEFITS AND INTERESTS OF DIRECTORS** (Continued)**(c) Five highest paid individuals** (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
HK\$9,500,001 – HK\$10,000,000	–	1
HK\$11,000,001 – HK\$11,500,000	–	1
HK\$11,500,001 – HK\$12,000,000	1	–
HK\$12,000,001 – HK\$12,500,000	1	–
HK\$12,500,001 – HK\$13,000,000	2	–
HK\$13,500,001 – HK\$14,000,000	1	–
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
	<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**

Saved as disclosed in note 38, 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 2023	7,252,838	477,477	45,065	95,282	287,682	8,158,344
Additions	10,929	-	-	1,095	52,516	64,540
Disposals	(13,295)	-	(808)	-	(23,225)	(37,328)
Transfer and reclassification	112,124	-	-	-	-	112,124
Exchange adjustment	(211,662)	(2,215)	(1,263)	(800)	(4,784)	(220,724)
At 31 December 2023	7,150,934	475,262	42,994	95,577	312,189	8,076,956
Aggregate depreciation and accumulated impairment losses						
At 1 January 2023	3,082,811	136,908	15,489	78,437	227,462	3,541,107
Charge for the year	293,485	15,724	1,462	5,092	26,309	342,072
Disposals	(12,536)	-	(465)	-	(21,711)	(34,712)
Exchange adjustment	(89,248)	(824)	(443)	(535)	(3,889)	(94,939)
At 31 December 2023	3,274,512	151,808	16,043	82,994	228,171	3,753,528
<b>Net book value as at 31 December 2023</b>	<b>3,876,422</b>	<b>323,454</b>	<b>26,951</b>	<b>12,583</b>	<b>84,018</b>	<b>4,323,428</b>
Net book value as at 1 January 2023	4,170,027	340,569	29,576	16,845	60,220	4,617,237

**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 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
<b>Aggregate depreciation and accumulated impairment losses</b>						
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
Net book value as at 31 December 2022	4,170,027	340,569	29,576	16,845	60,220	4,617,237
Net book value as at 1 January 2022	4,930,160	360,978	34,982	14,144	66,620	5,406,884

The Group had property, plant and equipment held by subsidiaries and associates which included hotel operations in the Mainland as at 31 December 2023. 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 performance of hotel is, or will be, worse than expected.

During the year ended 31 December 2023 and 31 December 2022, 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 8.8% to 9.3% (2022: 8% to 9.5%).



## 15 INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
At 1 January	77,063,008	87,201,879
Additions	307,464	375,879
Increase/(decrease) in fair value	1,033,544	(2,040,840)
Disposals	–	(278,000)
Disposal of subsidiaries (note 37(d))	–	(3,740,000)
Transfer	(37,863)	(141,636)
Exchange adjustment	(1,401,324)	(4,314,274)
At 31 December	76,964,829	77,063,008

## (a) Valuation of investment properties

	Residential properties under development	Commercial properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total HK\$'000
	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	
At 1 January 2023	484,000	404,000	16,096,100	4,375,903	10,346,000	44,857,005	500,000	77,063,008
Additions	24,931	72,687	20,180	19,937	44,620	124,733	376	307,464
Change in fair value	(111,931)	(281,687)	643,220	17,229	(204,620)	988,709	(17,376)	1,033,544
Transfer	–	–	–	–	–	(37,863)	–	(37,863)
Exchange adjustment	–	–	–	(125,068)	–	(1,276,256)	–	(1,401,324)
At 31 December 2023	397,000	195,000	16,759,500	4,288,001	10,186,000	44,656,328	483,000	76,964,829

**15 INVESTMENT PROPERTIES** (Continued)

## (a) Valuation of investment properties (Continued)

	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	
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)
At 31 December 2022	484,000	404,000	16,096,100	4,375,903	10,346,000	44,857,005	500,000	77,063,008

*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 2023. 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.



## 15 INVESTMENT PROPERTIES (Continued)

### (a) Valuation of investment properties (Continued)

#### 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.

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 2023, capitalisation rates of 2.4% to 5.0% (2022: 2.2% to 5.0%) and 4.8% to 7.3% (2022: 4.8% to 7.3%) 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 2023.



## 16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 HK\$'000	2022 HK\$'000
<b>Right-of-use assets</b>		
Leasehold land and land use rights	1,598,140	1,705,228
Buildings – offices (note (a))	81,617	125,023
	<b>1,679,757</b>	1,830,251

(a) For the year ended 31 December 2023, in respect of buildings – offices, additions to the right-of-use assets were HK\$Nil (2022: HK\$129,927,000) and total cash outflows of leases was HK\$47,220,000 (2022: HK\$54,210,000).

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.

	2023 HK\$'000	2022 HK\$'000
<b>Lease liabilities</b>		
Current portion of lease liabilities	43,646	41,284
Non-current portion of lease liabilities	40,529	84,206
	<b>84,175</b>	125,490

As at 31 December 2023, the weighted average lessee's incremental borrowing rates applied was 5.56% (2022: 5.56%).

As at 31 December 2023, the balance included the lease liabilities payable to an associate of HK\$84,079,000 (2022: HK\$125,277,000).



## 17 PROPERTIES UNDER DEVELOPMENT AND LAND DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Properties under development (note a)	57,059,131	38,097,119
Land deposits (note b)	5,599,794	16,401,408
	<b>62,658,925</b>	54,498,527

	2023 HK\$'000	2022 HK\$'000
The above are represented by:		
Amount included in non-current assets		
Hong Kong	2,365,910	804,496
Outside Hong Kong	36,856,778	30,711,148
	<b>39,222,688</b>	31,515,644
Amount included in current assets		
Hong Kong	7,216,997	7,415,085
Outside Hong Kong	16,219,240	15,567,798
	<b>23,436,237</b>	22,982,883
	<b>62,658,925</b>	54,498,527

### (a) Properties under development

	2023 HK\$'000	2022 HK\$'000
At 1 January	38,097,119	31,364,425
Additions	6,781,000	5,018,103
Acquisition of subsidiaries (note 37(c))	–	1,976,879
Provision (note 6)	(745,000)	(520,667)
Transfer	13,621,059	3,599,850
Exchange adjustment	(695,047)	(3,341,471)
At 31 December	<b>57,059,131</b>	38,097,119

**17 PROPERTIES UNDER DEVELOPMENT AND LAND DEPOSITS** (Continued)**(b) Land deposits**

Balance as at 31 December 2023 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 (“Initial Plots”) 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. The land deposits paid in 2022 for the Initial Plots were transferred to properties under development during the year ended 31 December 2023.

On 20 June 2023, the Group successfully won the tender for the acquisition of the land use rights of the lots (“Remaining Plots”) offered for sale by Shanghai Huangpu District Planning and Natural Resources Bureau in Shanghai at a consideration of RMB8,783,273,000 for mixed-use development. 50% of the consideration for the Remaining Plots was paid in 2023 and included in land deposits.

Land 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 2023**

	2023 HK\$'000	2022 HK\$'000
Current		
Assets	1,210,803	1,000,651
Liabilities	(1,231,333)	(1,396,759)
Total current net liabilities	(20,530)	(396,108)
Non-current		
Assets	15,525,978	15,346,063
Liabilities	(3,095,810)	(3,404,077)
Total non-current net assets	12,430,168	11,941,986
Net assets	12,409,638	11,545,878



## 18 SUMMARISED FINANCIAL INFORMATION OF A SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

### Summarised statement of comprehensive income for the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Revenue	1,726,176	1,334,369
Profit before income tax	1,608,827	994,533
Income tax expenses	(410,083)	(256,849)
Profit for the year	1,198,744	737,684
Other comprehensive income	(334,984)	(975,939)
Total comprehensive income	863,760	(238,255)
Total comprehensive income allocated to non-controlling interests	423,242	(116,745)
Dividend paid to non-controlling interests	161,056	283,096

### Summarised cash flows for the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities		
Cash generated from operations	1,029,595	640,032
Interest paid	(21,739)	(42,903)
Income tax paid	(169,750)	(105,439)
Net cash generated from operating activities	838,106	491,690
Net cash used in investing activities	(28,559)	(24,546)
Net cash used in financing activities	(596,910)	(749,793)
Net increase/(decrease) in cash and cash equivalents	212,637	(282,649)
Cash and cash equivalents at 1 January	877,567	1,103,271
Effect of exchange rate changes	14,955	56,945
Cash and cash equivalents at 31 December	1,105,159	877,567

The information above is the amount before inter-company eliminations.

**19 ASSOCIATES AND JOINT VENTURES**

	2023			2022		
	Associates HK\$'000	Joint ventures HK\$'000	Total HK\$'000	Associates HK\$'000	Joint ventures HK\$'000	Total HK\$'000
Unlisted investments	10,139,157	1,097,143	11,236,300	10,326,212	656,231	10,982,443
Listed equity securities, in Hong Kong	4,303,313	–	4,303,313	4,640,750	–	4,640,750
Listed equity securities, outside Hong Kong	1,768,141	–	1,768,141	1,562,309	–	1,562,309
Share of net assets, including goodwill (note (a))	16,210,611	1,097,143	17,307,754	16,529,271	656,231	17,185,502
Amounts due from associates and joint ventures (note (b))	3,310,018	4,622,074	7,932,092	3,205,990	5,826,069	9,032,059
Amounts due to associates (note (c))	(416,705)	–	(416,705)	(415,549)	–	(415,549)
	<b>19,103,924</b>	<b>5,719,217</b>	<b>24,823,141</b>	19,319,712	6,482,300	25,802,012

- (a) Details of principal associates and joint ventures are set out in note 43(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\$6,151,712,000 (2022: HK\$7,389,646,000) 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:

	2023 HK\$'000	2022 HK\$'000
Share of results of associates	895,351	1,612,296
Share of results of joint ventures	462,200	(266,349)
	<b>1,357,551</b>	1,345,947

- (e) The following sets out the commitments in respect of associates and joint ventures:

	2023 HK\$'000	2022 HK\$'000
Commitments to provide funding for capital commitments of associates and joint ventures, if called	1,855,762	1,855,762



## 19 ASSOCIATES AND JOINT VENTURES (Continued)

- (f) Set out below are the summarised financial information for the joint venture of the Group, High Crown Holdings Limited (“High Crown”), which, in the opinion of the Directors, is material to the Group. The joint venture is accounted for using the equity method.

### Summarised statement of financial position as at 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Current		
Assets	3,419,072	12,682,076
Liabilities	(690,207)	(12,807,205)
Total current net assets/(liabilities)	2,728,865	(125,129)
Non-current		
Liabilities	1,680,519	–
Net assets/(liabilities)	1,048,346	(125,129)

### Summarised statement of comprehensive income for the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Revenue	7,869,684	–
Operating expenses and others	(6,448,483)	(35,649)
Interest income	16,721	51
Interest expense	(61,114)	–
Profit/(loss) before taxation	1,376,808	(35,598)
Taxation	(203,333)	–
Profit/(loss) for the year and total comprehensive income	1,173,475	(35,598)

The information above reflects the amounts presented in the financial statements of High Crown (and not the Group’s share of those amounts) for the year adjusted for differences in accounting policies between the Group and the joint venture.

**19 ASSOCIATES AND JOINT VENTURES** (Continued)

(f) (Continued)

**Reconciliation of summarised financial information**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Opening net liabilities as at 1 January	<b>(125,129)</b>	(89,531)
Profit/(loss) for the year	<b>1,173,475</b>	(35,598)
Closing net assets/(liabilities) as at 31 December	<b>1,048,346</b>	(125,129)
Interest in the joint venture (50%) (2022: 50%)	<b>524,173</b>	(62,564)
Carrying value as at 31 December	<b>524,173</b>	(62,564)

(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>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Results for the year	<b>770,814</b>	1,363,746
Other comprehensive income	<b>15,899</b>	(223,494)
Total comprehensive income	<b>786,713</b>	1,140,252

## 20 DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
	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	<b>582,318</b>	<b>278,874</b>	954,781	347,584
Current	<b>5,889</b>	<b>114,041</b>	–	103,846
	<b>588,207</b>	<b>392,915</b>	954,781	451,430

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 loss of HK\$308,059,000 (2022: gain HK\$414,667,000) are recognised in hedging reserve in equity. Under cash flow hedges, the loss of HK\$13,257,000 (2022: HK\$534,134,000) was reclassified from hedging reserve to finance costs in the consolidated income statement.

(i) Hedge for Hong Kong dollar bank borrowings

During the year ended 31 December 2023, the Group entered into notional principal amount of HK\$200,000,000 3-year interest rate swap contract. Such interest rate swap contract has the economic effect of converting borrowings from floating rates to fixed rates. The contracted fixed rate is 3.27% per annum.

During the year ended 31 December 2022, the Group entered into notional principal amounts of HK\$13,100,000,000 2-year to 5-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 1.49% to 4.18% per annum.

As at 31 December 2023, the outstanding total notional principal amounts of interest rate swap contracts were HK\$19,500,000,000 (2022: HK\$19,300,000,000). The contracted fixed rates range from 0.415% to 4.18% (2022: 0.415% to 4.18%) 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)

(ii) 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 was 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 was paid and the floating Australian dollar interest rate on the Australian dollar principal amount was 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 was 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 was paid and the floating Australian dollar interest rate on the Australian dollar principal amount was 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.

(iii) 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.

(iv) 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 2023, the outstanding principal amounts of RMB cross currency swap contracts were RMB2,040,000,000 (2022: RMB2,290,000,000).

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.

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Unlisted equity securities, at fair value	<b>758,168</b>	522,122

## 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.

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Non-current portion		
Listed equity securities	<b>10,093</b>	18,437
Unlisted equity securities	<b>640,608</b>	655,620
	<b>650,701</b>	674,057

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

	2023 HK\$'000	2022 HK\$'000
Non-current mortgage loans receivable	898,512	1,079,619
Current portion of mortgage loans receivable	193,156	255,463
Total mortgage loans receivable	1,091,668	1,335,082

The balance included first mortgage loans of HK\$154,753,000 (2022: HK\$256,512,000) 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 (2022: 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 (2022: Nil).

Mortgage loans receivable are denominated in Hong Kong dollars.

## 24 COMPLETED PROPERTIES HELD FOR SALE

	2023 HK\$'000	2022 HK\$'000
Land costs	10,397,209	11,547,452
Other development costs	8,226,473	8,614,598
	18,623,682	20,162,050

These completed properties held for sale are located in Hong Kong and the Mainland.

## 25 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2023 HK\$'000	2022 HK\$'000
Trade receivables (note (a))	122,282	117,254
Prepayments	371,688	380,669
Others	1,293,497	1,179,070
	<b>1,787,467</b>	1,676,993

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:

	2023 HK\$'000	2022 HK\$'000
Hong Kong dollar	298,912	820,395
Renminbi	1,219,228	813,937
Other currencies	269,327	42,661
	<b>1,787,467</b>	1,676,993

- (a) The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. At 31 December 2023, 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:

	2023 HK\$'000	2022 HK\$'000
Below 1 month	90,948	85,199
Between 1 month and 3 months	18,465	17,638
Over 3 months	12,869	14,417
	<b>122,282</b>	117,254

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.

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**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Restricted bank deposits (note)	<b>305,449</b>	354,814

Note: As at 31 December 2023, 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(a)) 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**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Cash at bank and on hand	<b>12,761,270</b>	10,438,367
Short-term bank deposits (note (i))	<b>778,361</b>	908,278
Cash and bank balances (note (ii))	<b>13,539,631</b>	11,346,645
Less: short-term bank deposits maturing after more than three months	<b>(20,185)</b>	(21,241)
Cash and cash equivalents	<b>13,519,446</b>	11,325,404

Cash and bank balances are denominated in the following currencies:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Renminbi	<b>12,400,946</b>	9,888,292
Hong Kong dollar	<b>1,072,690</b>	1,390,074
United States dollar	<b>38,252</b>	43,864
Other currencies	<b>27,743</b>	24,415
	<b>13,539,631</b>	11,346,645

- (i) The effective interest rate on short-term bank deposits was 4.32% (2022: 2.98%) 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\$12,531,245,000 (2022: HK\$10,232,170,000) 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

	2023 HK\$'000	2022 HK\$'000
Trade payables	228,740	335,772
Construction costs payable	3,366,947	2,868,170
Rental deposits and rent received in advance	1,743,942	1,458,014
Others	2,168,201	2,121,873
	<b>7,507,830</b>	<b>6,783,829</b>

The ageing analysis of trade payables of the Group as at 31 December 2023 based on invoice date is as follows:

	2023 HK\$'000	2022 HK\$'000
Below 1 month	199,065	305,169
Between 1 month and 3 months	26,498	24,145
Over 3 months	3,177	6,458
	<b>228,740</b>	<b>335,772</b>

The carrying amounts of the Group's accounts payable, deposits received and accrued charges are denominated in the following currencies:

	2023 HK\$'000	2022 HK\$'000
Renminbi	5,063,623	4,840,438
Hong Kong dollar	2,444,148	1,940,886
Other currencies	59	2,505
	<b>7,507,830</b>	<b>6,783,829</b>

### (b) Contract liabilities

	2023 HK\$'000	2022 HK\$'000
Contract liabilities	8,955,229	4,372,308

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:

	2023 HK\$'000	2022 HK\$'000
Property sales	<b>4,860,179</b>	6,177,271

- (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:

	2023 HK\$'000	2022 HK\$'000
Revenue expected to be recognised within one year	<b>8,970,672</b>	5,628,236
Revenue expected to be recognised after one year	<b>1,405,153</b>	1,457,863
	<b>10,375,825</b>	7,086,099

## 28 BANK LOANS

	2023 HK\$'000	2022 HK\$'000
Bank loans, unsecured		
Non-current	<b>48,494,864</b>	46,873,144
Current	<b>6,636,214</b>	5,997,133
Total bank loans	<b>55,131,078</b>	52,870,277

As at 31 December 2023, 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>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Within 1 year	<b>6,636,214</b>	5,997,133
Between 1 and 2 years	<b>13,034,398</b>	12,850,954
Between 2 and 5 years	<b>35,000,466</b>	33,022,190
Repayable within 5 years	<b>54,671,078</b>	51,870,277
Over 5 years	<b>460,000</b>	1,000,000
	<b>55,131,078</b>	52,870,277

The effective annual interest rates of the major bank loans at the end of the reporting period were as follows:

	<b>2023</b>		2022	
	<b>HK\$</b>	<b>RMB</b>	HK\$	RMB
Bank loans	<b>6.14%</b>	<b>3.82%</b>	5.32%	3.76%

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>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Hong Kong dollar	<b>41,510,520</b>	42,318,000
Renminbi	<b>12,181,086</b>	7,330,961
Australian dollar	<b>996,272</b>	2,744,516
Japanese yen	<b>443,200</b>	476,800
	<b>55,131,078</b>	52,870,277



## 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\$382,369,000 (2022: HK\$318,037,000) 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\$522,902,000 (2022: HK\$498,425,000) 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:

	2023 HK\$'000	2022 HK\$'000
Hong Kong dollar	1,558,309	1,880,495
United States dollar	468,915	468,789
Other currencies	209,860	146,577
	<b>2,237,084</b>	<b>2,495,861</b>

## 30 DEFERRED TAXATION

	2023 HK\$'000	2022 HK\$'000
At 1 January	9,694,605	10,623,256
Deferred taxation charged to consolidated income statement	1,003,136	19,399
Disposal of subsidiaries (note 37(d))	–	(19,440)
Exchange adjustment	(319,383)	(928,610)
At 31 December	<b>10,378,358</b>	<b>9,694,605</b>

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\$3,455,391,000 (2022: HK\$2,764,672,000) to be carried forward in offsetting the future taxable profits. These tax losses have no expiry dates except for the tax losses of HK\$1,039,156,000 (2022: HK\$1,036,170,000) which will expire at various dates up to and including year 2028 (2022: year 2027).



### 30 DEFERRED TAXATION (Continued)

As at 31 December 2023, the aggregate amount of unrecognised deferred tax liabilities associated with investments in subsidiaries totalled approximately HK\$1,150,451,000 (2022: HK\$1,114,397,000), 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 liabilities during the year were as follows:

	Revaluation HK\$'000	Accelerated depreciation allowances HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2023	8,073,031	617,862	1,003,712	9,694,605
Deferred taxation charged to consolidated income statement	460,382	9,609	533,145	1,003,136
Exchange adjustment	(231,769)	(9,486)	(78,128)	(319,383)
<b>At 31 December 2023</b>	<b>8,301,644</b>	<b>617,985</b>	<b>1,458,729</b>	<b>10,378,358</b>

	Revaluation HK\$'000	Accelerated depreciation allowances 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)
At 31 December 2022	8,073,031	617,862	1,003,712	9,694,605



### 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 (2022: 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\$3,343,000 (2022: HK\$2,169,000) were utilised leaving HK\$16,142,000 (2022: HK\$13,801,000) 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 to 14% to 16% (2022: 14% to 16%) of the staff’s salary.

### 32 SHARE CAPITAL

	Authorised Ordinary shares of HK\$1 each	
	Number of shares	HK\$'000
At 31 December 2022 and 2023	10,000,000,000	10,000,000

**32 SHARE CAPITAL** (Continued)

	Issued and fully paid Ordinary shares of HK\$1 each			
	2023		2022	
	Number of shares	HK\$'000	Number of shares	HK\$'000
At 1 January	<b>1,451,305,728</b>	<b>1,451,306</b>	1,454,471,728	1,454,472
Repurchase of shares (note (a))	–	–	(3,166,000)	(3,166)
At 31 December	<b>1,451,305,728</b>	<b>1,451,306</b>	1,451,305,728	1,451,306

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 2023 and 31 December 2022, 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 in the service 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 were valid and exercisable in accordance with their terms of issue and in all other respects its provisions remained in full force and effect during the year.

Details of the movement of the share options under the 2011 Share Option Scheme are as follows:

	2023		2022	
	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>26.88</b>	<b>5,473,000</b>	32.93	18,643,500
Lapsed during the year	<b>26.88</b>	<b>(450,000)</b>	35.45	(13,170,500)
At 31 December (note (i))	<b>26.88</b>	<b>5,023,000</b>	26.88	5,473,000



### 33 SHARE OPTIONS (Continued)

#### (a) 2011 Share Option Scheme (Continued)

As at 31 December 2023, 5,023,000 (2022: 5,473,000) 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 (2022: HK\$Nil) and no proceeds received (2022: HK\$Nil). No share option was granted, granted for adjustment or cancelled during the year (2022: 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	2023	2022
	(HK\$)		
08/07/2014 – 07/01/2024	26.88	<b>1,780,000</b>	1,955,000
08/01/2015 – 07/01/2024	26.88	<b>3,243,000</b>	3,518,000
		<b>5,023,000</b>	5,473,000

#### (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 in the service 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 2023, a total of 145,650,122 shares was available for grant under the 2020 Share Option Scheme.



### 34 SHARES HELD FOR SHARE AWARD SCHEME

	2023		2022	
	Number of shares	Total HK\$'000	Number of shares	Total HK\$'000
At 1 January	1,090,000	(18,097)	–	–
Purchase of shares for share award scheme	2,078,500	(32,074)	1,090,000	(18,097)
At 31 December	3,168,500	(50,171)	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 2023, a total of 3,168,500 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

	2023 HK\$'000	2022 HK\$'000
At 1 January	13,102,767	13,027,720
Repurchase of shares	–	(56,409)
Transfer from share options reserve (note 36(a))	2,454	131,456
At 31 December	13,105,221	13,102,767

**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 2023	24,115	196,438	838,536	5,775,793	6,834,882
Cash flow hedges:					
– Fair value losses	–	–	(308,059)	–	(308,059)
– Transfer to finance costs (note 8)	–	–	13,257	–	13,257
Fair value gains on financial assets at fair value through other comprehensive income	–	236,046	–	–	236,046
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	(20,472)	(20,472)
Share of other comprehensive income of associates and joint ventures	53,875	(10,337)	(7,567)	400	36,371
Net translation differences on foreign operations	–	–	–	(2,384,867)	(2,384,867)
Transfer to share premium (note 35)	–	–	–	(2,454)	(2,454)
Share of other reserves of associates and joint ventures	–	–	–	(354,536)	(354,536)
Transfer to retained profits	–	–	–	(68,471)	(68,471)
At 31 December 2023	<b>77,990</b>	<b>422,147</b>	<b>536,167</b>	<b>2,945,393</b>	<b>3,981,697</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 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
At 31 December 2022	24,115	196,438	838,536	5,775,793	6,834,882



**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 2023	7,935,210	29,848	(3,022,066)	985,783	15,772	(168,754)	-	5,775,793
Share of exchange fluctuation reserve of associates and joint ventures	-	-	(20,472)	-	-	-	-	(20,472)
Share of other comprehensive income of associates and joint ventures	-	-	-	400	-	-	-	400
Net translation differences on foreign operations	-	-	(2,347,557)	(37,310)	-	-	-	(2,384,867)
Transfer to share premium (note 35)	-	(2,454)	-	-	-	-	-	(2,454)
Share of other reserves of associates and joint ventures	-	-	-	-	-	(354,536)	-	(354,536)
Transfer to retained profits	-	-	-	(68,471)	-	-	-	(68,471)
At 31 December 2023	7,935,210	27,394	(5,390,095)	880,402	15,772	(523,290)	-	2,945,393

	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 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



### 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 Network Limited ("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**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Profit before taxation	<b>6,859,318</b>	5,168,069
Depreciation of property, plant and equipment and right-of-use assets	<b>444,292</b>	482,912
Dividend income on listed and unlisted investments	<b>(78,053)</b>	(52,552)
Interest income	<b>(659,613)</b>	(593,892)
Losses/(gains) on disposal of property, plant and equipment	<b>1,153</b>	(443)
Gain on disposal of subsidiaries	–	(897,490)
Gain on sale of investment properties	–	(72,000)
Net decrease in fair value of financial assets at fair value through profit or loss	<b>23,173</b>	4,407
Provision for properties under development	<b>745,000</b>	520,667
(Increase)/decrease in fair value of investment properties	<b>(1,033,544)</b>	2,040,840
Finance costs	<b>599,686</b>	317,225
Share of results of associates and joint ventures	<b>(1,357,551)</b>	(1,345,947)
Operating profit before working capital changes	<b>5,543,861</b>	5,571,796
Increase in properties under development	<b>(5,415,708)</b>	(4,288,848)
Decrease in completed properties held for sale	<b>3,446,247</b>	4,856,601
(Increase)/decrease in accounts receivable, prepayments and deposits	<b>(85,876)</b>	300,334
Increase/(decrease) in accounts payable, deposits received and accrued charges	<b>799,002</b>	(1,043,275)
Increase/(decrease) in contract liabilities	<b>4,696,330</b>	(2,963,867)
Net cash generated from operations	<b>8,983,856</b>	2,432,741



## 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	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 2023	46,873,144	5,997,133	2,495,861	125,490	(503,351)	54,988,277
Cash flows	10,350,434	(7,809,385)	(256,104)	(47,220)	–	2,237,725
Non-cash changes						
Reclassifications	(8,561,732)	8,561,732	–	–	–	–
Foreign exchange movement	(166,982)	(113,266)	(4,016)	30	–	(284,234)
Other non-cash movement	–	–	1,343	5,875	308,059	315,277
Balances as at 31 December 2023	48,494,864	6,636,214	2,237,084	84,175	(195,292)	57,257,045

	Bank loans non-current HK\$'000	Bank loans current 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

**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
Cash consideration paid	486,780
Cash and bank balances acquired	(6,537)
<b>Net cash outflow arising from the acquisition</b>	<b>480,243</b>

The fair value of net assets acquired as at the date of acquisition is as follows:

	2022 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)
<b>Total identifiable net assets</b>	<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
Net assets disposed of:	
Property, plant and equipment (note 14)	4
Investment properties (note 15)	3,740,000
Completed properties held for sale	53,045
Accounts receivable, prepayments and deposits	2,672
Amounts due from associates	16,118
Cash and bank balances	15,381
Accounts payable, deposits received and accrued charges	(57,438)
Taxation	(9,913)
Deferred taxation	(19,440)
Non-controlling interests	(4,070)
	3,736,359
Gain on disposal of subsidiaries (note 6)	897,490
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	4,639,337
Cash and bank balances disposed of	(15,381)
Net cash inflow in respect of the disposal of subsidiaries	4,623,956



### 38 RELATED PARTY TRANSACTIONS

The following significant transactions were carried out with related parties during the year:

#### (a) Purchases of services/lease of premises

	2023 HK\$'000	2022 HK\$'000
Marketing, consultancy and administrative management fees expense (note (i))	114,569	65,028
Rental expenses/lease payments (note (ii))	57,512	64,688
Logistics, insurance brokerage and service fee paid (note (iii))	7,337	13,064
Rental income (note (iv))	9,894	22,496

(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

	2023 HK\$'000	2022 HK\$'000
Salaries and other short-term benefits	28,762	58,678
Post-employment benefits	188	332
	<b>28,950</b>	<b>59,010</b>

**38 RELATED PARTY TRANSACTIONS** (Continued)**(c) Year-end balances**

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Receivables from related parties:		
Associates and joint ventures (note 19)	<b>7,932,092</b>	9,032,059
Payables to related parties:		
Included under amounts due to non-controlling interests (note 29)		
– Subsidiaries of SA	<b>382,369</b>	318,037
Associates and joint ventures (note 19)	<b>416,705</b>	415,549
Lease liabilities (note 16)	<b>84,079</b>	125,277

**(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 2023 amounted to approximately HK\$4,058,893,000 (2022: HK\$4,018,472,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2023 amounted to approximately HK\$5,240,316,000 (2022: HK\$5,239,444,000). The above-mentioned amounts are also reflected in the guarantees given by the Group for banking facilities disclosed in note 40.

**(e) Cash advance to a joint venture**

Million Palace Development (Shenzhen) Co., Ltd. ("MPSZ") (as lender), a wholly-owned subsidiary of the Group, and Million Fortune Development (Shenzhen) Co., Ltd. ("MFSZ") (as borrower), a joint venture in which the Group has 25% interest, entered into the cash advance agreement dated 18 September 2023 pursuant to which MPSZ agreed to advance cash in the principal amount up to RMB280,000,000 to MFSZ for a term of three years for the development, construction, operation and management of a building for office and commercial use and a hotel by the Group and Kerry Holdings Limited on the project site located in Qianhai, the PRC. As at 31 December 2023, the cash advance balance was RMB82,000,000.

**39 COMMITMENTS**

- (a) At 31 December 2023, 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>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Property, plant and equipment	–	13,650
Investment properties	<b>438,163</b>	139,016
Land costs	<b>5,475,436</b>	342,636
Properties under development	<b>7,174,606</b>	9,163,004
	<b>13,088,205</b>	9,658,306



### 39 COMMITMENTS (Continued)

- (b) At 31 December 2023, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases as follows:

	2023 HK\$'000	2022 HK\$'000
Land and buildings:		
Within one year	3,366,315	3,417,386
In the second to fifth year, inclusive	4,143,633	4,427,010
Over five years	684,404	270,836
	<b>8,194,352</b>	8,115,232

### 40 CONTINGENT LIABILITIES

#### Guarantees for banking facilities

	2023 HK\$'000	2022 HK\$'000
Guarantees for banking facilities of certain associates and joint ventures (note 38(d))	4,058,893	4,018,472
Guarantees to certain banks for mortgage facilities granted to first hand buyers of certain properties in the Mainland (note (a))	1,911,199	2,028,943
	<b>5,970,092</b>	6,047,415

- (a) 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 2023 amounted to approximately HK\$1,911,199,000 (2022: HK\$2,028,943,000).

### 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 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		18,645	10,244
Interests in subsidiaries		16,029,195	16,029,195
Associates		1,532,279	1,524,957
		<b>17,580,119</b>	17,564,396
<b>Current assets</b>			
Amounts receivable from subsidiaries		43,538,654	39,641,939
Accounts receivable, prepayments and deposits		4,128	4,443
Cash and bank balances		273,996	115,178
		<b>43,816,778</b>	39,761,560
<b>Current liabilities</b>			
Amounts payable to subsidiaries		23,185,290	17,864,051
Accounts payable and accrued charges		81,624	88,950
		<b>23,266,914</b>	17,953,001
<b>Net current assets</b>		<b>20,549,864</b>	21,808,559
<b>ASSETS LESS LIABILITIES</b>		<b>38,129,983</b>	39,372,955
<b>EQUITY</b>			
Capital and reserves attributable to the Company's shareholders			
Share capital	32	1,451,306	1,451,306
Shares held for share award scheme	34	(50,171)	(18,097)
Share premium	35	13,105,221	13,102,767
Other reserves (note (a))		10,470,681	10,473,135
Retained profits (note (b))		13,152,946	14,363,844
<b>TOTAL EQUITY</b>		<b>38,129,983</b>	39,372,955



**42 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 2023	10,427,515	29,848	15,772	10,473,135
Transfer to share premium (note 35)	–	(2,454)	–	(2,454)
At 31 December 2023	10,427,515	27,394	15,772	10,470,681
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

- (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**

	2023 HK\$'000	2022 HK\$'000
At 1 January	14,363,844	15,806,311
Profit for the year	748,365	523,109
Dividends paid	(1,959,263)	(1,962,410)
Transfer to capital redemption reserve	–	(3,166)
At 31 December	13,152,946	14,363,844

### 43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

#### (a) Principal subsidiaries

As at 31 December 2023, 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)(8)
Beijing Kerry Hotel Co., Ltd.	PRC	Hotel ownership and operation	US\$33,000,000	71.25%	(6)(8)
Beijing Kerry Huayuan Real Estate Development Co., Ltd.	PRC	Property trading	RMB68,500,000	71%	(3)(6)(8)
Excellent (Beijing) Management Consultancy Ltd.	PRC	Investment holding and management	RMB1,388,024,400	100%	(3)(5)(8)
Full Fortune Real Estate (Putian) Co., Ltd.	PRC	Property trading	RMB47,100,000	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)(8)
Huiyao Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading	RMB1,000,000	100%	(3)(5)(8)
Jian'an Real Estate (Kunming) Co., Ltd.	PRC	Property development	RMB534,000,000	55%	(3)(5)(8)
Kerry Asset Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB10,000,000	100%	(3)(5)(8)
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	RMB1,500,000	100%	(3)(5)(8)
Kerry Development (Shanghai) Co., Ltd.	PRC	Property investment	RMB24,261,780	100%	(3)(5)
Kerry Development (Shenzhen) Co., Ltd.	PRC	Property investment	RMB529,720,000	100%	(3)(5)(8)
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	RMB1,500,000	100%	(3)(5)(8)
Kerry Properties Development Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB8,062,190	100%	(5)(8)
Kerry Real Estate (Hangzhou) Co. Ltd.	PRC	Property investment, trading and hotel ownership and operation	US\$277,750,000	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)(8)
Million Palace Development (Shenzhen) Co., Ltd.	PRC	Property trading and development	RMB3,600,000,000	100%	(5)(8)
Shanghai Brilliant Prestige Real Estate Co., Ltd.	PRC	Property investment and development	RMB14,000,000,000	100%	(5)
Shanghai Gang Hu Properties Co., Ltd.	PRC	Property investment and trading	US\$90,000,000	74.25%	(3)(6)



**43 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)
Shanghai Zhuo Hao Real Estate Co., Ltd.	PRC	Property investment and development	RMB9,300,000,000	100%	(5)
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	RMB325,000,000	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%	
Mid-Levels Portfolio (Gladdon) Limited	HK	Property investment	HK\$1,000	100%	

### 43 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 (Continued)</b>					
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	BV/HK	Property trading	US\$1	100%	
NMC 7 Limited	BV/HK	Property investment	US\$1	100%	
NMC 8 Limited	BV/HK	Property trading	US\$1	100%	
NMC 9 Limited	BV/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%	
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 Guide Limited	HK	Property development	HK\$1	100%	
<b>Property Division – Overseas</b>					
SHANG PROPERTIES (PVT) LTD	Sri Lanka	Property development	LKR1,000	80%	(3)
<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)(8)
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%	

**43 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES** (Continued)**(b) Principal associates and joint ventures**

As at 31 December 2023, 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	40.80%	(6)
Shanghai Xin Zhuo Real Estate Co., Ltd.	PRC	Property investment and development	RMB6,200,000,000	40%	(3)(5)(8)
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)
<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)

**43 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</b> (Continued)					
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)
<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 investment and development, hotel operation, 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)
<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 trading	Ordinary	50%	
La Marina Finance Company Limited	HK	Provision of finance services	Ordinary	50%	
WCH Property Development Company Limited	HK	Property development	Ordinary	50%	



### 43 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) *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 2023 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	6 Wanren Road Cangshan District Fuzhou	Retail	100.00	<b>719,248</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 Liuwei 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	194,276 145,932	179	Medium lease
				<b>340,208</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>10,625,543</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	165,445 34,112	83	Medium lease
				<b>199,557</b>		
<b>Sub-total</b>				<b>199,557</b>	<b>83</b>	
<b>Total Mainland completed investment properties</b>				<b>10,825,100</b>	<b>4,922</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 Jiu Hua 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>	58	Medium lease
<b>Total Mainland hotel properties</b>				<b>4,467,288</b>	<b>1,038</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. Kunming Mixed-use Development	88-96 Dongfeng Dong Road Panlong District Kunming	Hotel Residential	55.00	257,766 123,833	91,443	Interior decoration work in progress	2024	
				<b>381,599</b>				
2. 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	
3. Shenyang Kerry Centre Phase III	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential Retail Office	60.00	1,624,062 603,324 446,553	381,832	Residential Curtain wall installation, mechanical, interior decoration and landscape work in progress Retail and Office Basement structural work in progress	In phases from 2024 onwards	
				<b>2,673,939</b>				
4. Hangzhou Mixed-use 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 Gongshu District Hangzhou	Residential Retail Office Hotel	100.00	1,203,125 1,043,430 241,220 174,603	1,055,442	Curtain wall installation, mechanical, interior decoration and landscape work in progress	In phases from 2024 onwards	
				<b>2,662,378</b>				
5. Qinhuangdao Habitat Phase II	160 Hebin Road Haigang District Qinhuangdao	Residential	60.00	<b>1,179,168</b>	511,314	Curtain wall installation and interior decoration work in progress	In phases from 2024 onwards	
6. Tianjin Kerry Centre Phase II	Junction of Liuwei Road and Lujin Road Hedong District Tianjin	Office Residential Retail	49.00	488,669 146,717 92,249	107,557	Superstructure work in progress	2025	
				<b>727,635</b>				
<b>Sub-total</b>				<b>7,811,586</b>	<b>2,177,900</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. 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	Interior decoration, mechanical and landscape work in progress	2025
				<b>620,114</b>			
8. Wuhan Mixed-use 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	696,130	Residential Curtain wall installation and interior decoration work in progress Office and Retail Schematic design in progress	In phases from 2025 onwards
				<b>4,382,433</b>			
9. 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	981,337 204,736 109,677	284,426	Residential Mechanical, interior decoration and facade work in progress Retail and Office Excavation and superstructure work in progress	In phases from 2025 onwards
				<b>1,295,750</b>			
10. 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>			
11. Zhengzhou Mixed-use Development	East of Huayuan Road South of Weier Road Zhengzhou	Office Hotel	55.00	348,972 226,359	135,073	Superstructure and external decoration work in progress	In phases from 2026 onwards
				<b>575,331</b>			
12. Shanghai Huangpu Jinling Road Mixed-Use Development <sup>(1)(2)</sup>	Plots 064-01, 065-01, 066-01, 067-01, 070-01, 071-01 072-01, 073-01, Unit C010102, Square Community, Huangpu District Shanghai	Office Retail Residential Hotel	100.00	2,298,275 1,346,469 1,318,978 91,300	855,953	Phase I Demolition, piling and excavation work in progress Phase II Schematic design in progress	In phases from 2027 onwards
				<b>5,055,022</b>			
<b>Sub-total</b>				<b>12,643,873</b>	<b>2,403,512</b>		
<b>Total Mainland properties under development</b>				<b>20,455,459</b>	<b>4,581,412</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	2, 5, 6 and 8 Wanren Road Cangshan District Fuzhou	Residential Office	100.00	1,056,216 681,919	1,409	Long lease
				<b>1,738,135</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. Nanchang Enterprise Centre	138 Shimao Road Honggutan District Nanchang	Office Retail	80.00	480,195 19,212	274	Medium lease
				<b>499,407</b>		
4. Hangzhou Zhijiang Castalia Court Phases I to III	East of Longqi Road South of Hanxiu Road West of Shanhusa River North of Zhihan Road West Lake District Hangzhou	Retail	100.00	<b>247,228</b>	266	Medium lease
5. Shenyang Kerry Centre Enterprise Square	121 Qingnian Avenue Shenhe District Shenyang	Office	60.00	<b>105,479</b>	–	Medium lease
6. Tangshan Parkside Place	889 Changhong West Road Lubei District Tangshan	Retail	40.00	<b>89,987</b>	–	Medium lease
7. Qinhuangdao Habitat Phase I	160 Hebin Road Haigang District Qinhuangdao	Retail Residential	60.00	34,933 32,434	200	Long lease
				<b>67,367</b>		
8. Zhengzhou Arcadia Court	66 Zhenger Road Jinshui District Zhengzhou	Retail Residential	55.00	23,278 3,405	387	Long lease
				<b>26,683</b>		
9. 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>5,756</b>	91	Long lease
10. Shenzhen Arcadia Court	1008 Haitian Road Futian District Shenzhen	Retail	100.00	<b>4,608</b>	551	Medium lease
11. Shenzhen Kerry Centre	2008 Renminnan Road Lowu District Shenzhen	Office	100.00	<b>1,641</b>	193	Medium lease
12. 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>3,392,500</b>	<b>3,736</b>	
<b>TOTAL MAINLAND PROPERTY PORTFOLIO</b>				<b>39,140,347</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	<b>257,372</b>	73	Medium lease
2. Aigburth	12 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	<b>204,940</b>	63	Long lease
3. Branksome Crest	3A Tregunter Path Mid-Levels Hong Kong	Residential	100.00	<b>153,375</b>	126	Medium lease
4. Tavistock	10 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	<b>104,460</b>	23	Long lease
5. The Bonham	8 Hing Hon Road Hong Kong	Residential	100.00	<b>67,573</b>	–	Long lease
6. Gladdon	3 May Road Mid-Levels Hong Kong	Residential	100.00	<b>2,300</b>	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>(3)</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>(4)</sup> 6,475 <sup>(5)</sup>	45	Long lease
				<b>41,242</b>		
5. Enterprise Square Three	39 Wang Chiu Road Kowloon Bay Kowloon	Retail	100.00	<b>14,900</b>	–	Medium lease
6. Wing On Plaza	62 Mody Road Tsimshatsui Kowloon	Retail	10.00	<b>2,896</b>	–	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>(6)</sup> (square feet)	Approximate site area (square feet)		
<b>Hong Kong Properties</b>							
<b>C. Under development (Hong Kong and Macau<sup>(8)</sup>)</b>							
1. La Montagne (THE SOUTHSIDE Package Four Property Development Project)	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 <sup>(7)</sup>	319,153	32,508	Superstructure work in progress	2025
2. Shap Pat Heung Development Project	39 Shap Pat Heung Road Yuen Long New Territories	Residential	90.00	220,529	63,008	Superstructure work in progress	2025
3. Hill Road Court Redevelopment Project	79-85 Hill Road Hong Kong	Residential	100.00	38,303	4,788	Foundation work in progress	2025
<b>Sub-total</b>				<b>577,985</b>	<b>100,304</b>		





PARTICULARS OF PROPERTIES HELD

Property name	Location	Type	%	Group's attributable interest		Stage of completion	Scheduled completion
				Approximate gross floor area <sup>(6)</sup> (square feet)	Approximate site area (square feet)		
<b>Hong Kong Properties</b>							
<b>C. Under development (Hong Kong and Macau<sup>(6)</sup>) (Continued)</b>							
4. Shap Pat Heung Development Project	111 Tai Tong Road Yuen Long New Territories	Residential	90.00	<b>32,774</b>	9,368	Superstructure work in progress	2025
5. LOHAS Park Package Thirteen Property Development Project	1 Lohas Park Road Tseung Kwan O New Territories	Residential	25.00 <sup>(7)</sup>	<b>386,681</b>	32,669	Superstructure work in progress	2026
6. To Kwa Wan Redevelopment Project (KIL11276)	Hung Fook Street/ Ngan Hon Street To Kwa Wan Kowloon	Residential Retail	100.00 <sup>(7)</sup>	369,819 73,970	49,310	Schematic design and foundation work in progress	2028
				<b>443,789</b>			
7. Tsuen Wan Project	Po Fung Road Tsuen Wan New Territories	Residential	100.00	<b>314,309</b>	89,987	Schematic design in progress	2028
<b>Sub-total</b>				<b>1,177,553</b>	<b>181,334</b>		
<b>Total Hong Kong properties under development</b>				<b>1,755,538<sup>(6)</sup></b>	<b>281,638</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	<b>316,195<sup>(6)</sup></b>	113	Medium lease
2. La Marina	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 <sup>(7)</sup>	<b>57,961<sup>(6)</sup></b>	44	Medium lease
3. The Aster	7A Shan Kwong Road Happy Valley Hong Kong	Residential	100.00	<b>43,277<sup>(6)</sup></b>	10	Long lease
4. The Bloomsway	18, 28 and 29 Tsing Ying Road So Kwun Wat New Territories	Residential	100.00	<b>33,998<sup>(6)</sup></b>	62	Medium lease
5. Mantin Heights	28 Sheung Shing Street Ho Man Tin Kowloon	Residential	100.00	<b>9,476<sup>(6)</sup></b>	154	Medium lease
6. Richwood Park	33 Lo Fai Road Tai Po New Territories	Retail	50.00	<b>7,893</b>	–	Medium lease
7. Mont Rouge	9 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	<b>6,893<sup>(6)</sup></b>	4	Medium lease
8. Larvotto	8 Ap Lei Chau Praya Road Ap Lei Chau Hong Kong	Residential/ Retail	35.00	<b>2,357</b>	17	Medium lease
<b>Total Hong Kong properties held for sale</b>				<b>478,050</b>	<b>404</b>	
<b>TOTAL HONG KONG PROPERTY PORTFOLIO</b>				<b>5,335,861</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>(9)</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>(10)</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>(11)</sup>	74,104 18,596	303	Freehold
				<b>92,700</b>		
4. Assembly Grounds	Fort Bonifacio Taguig Philippines	Retail	55.56 <sup>(12)</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>(9)</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>(9)</sup>	<b>11,243</b>	–	Freehold
7. Horizon Homes	Fort Bonifacio Taguig Philippines	Residential Residential	39.22 <sup>(11)</sup> 65.36 <sup>(9)</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>(9)</sup>	<b>2,074</b>	–	Freehold
9. Carpark Building	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark building	65.36 <sup>(9)</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>(11)</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>(9)</sup>	<b>169,733<sup>(13)</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. Pasir Ris 8 / Pasir Ris Mall	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>			
2. Shang Residences at Wack Wack	Wack Wack Road Mandaluyong City Philippines	Residential	65.36 <sup>(9)</sup>	<b>563,247</b>	23,647	Architectural and facade works in progress	2025
3. Aurelia	Fort Bonifacio Taguig Philippines	Residential	32.68 <sup>(15)</sup>	<b>292,530</b>	32,075	Mechanical, electrical, plumbing and fire protection and interior finishing work in progress	2026
4. Shang One Horizon	Shaw Boulevard Mandaluyong City Philippines	Office & Others Residential	65.36 <sup>(9)</sup>	302,784 162,659	16,006	Superstructure work in progress	2027
				<b>465,443</b>			
5. Haraya	Corner Ortigas and Amang Rodriguez Avenue Pasig City, Philippines	Residential	32.68 <sup>(15)</sup>	<b>440,292</b>	29,690	Substructure work in progress	2028
6. Laya	Canley Road and St. Peter Streets Pasig City, Philippines	Residential	65.36 <sup>(9)</sup>	<b>750,789</b>	23,851	Substructure work in progress	2028
7. ABS-CBN	Sct. Bayoran corner Sct. Esguerra Avenue South Triangle Quezon City, Philippines	Residential	65.36 <sup>(9)</sup>	<b>1,271,520</b>	42,383	Excavation work in progress	2030
<b>Total overseas properties under development</b>				<b>4,035,865</b>	<b>290,372</b>		
<b>Overseas Properties</b>							
<b>D. Held for sale</b>							
1. The Rise	Malugay Street Makati City Philippines	Residential	58.18 <sup>(14)</sup>	<b>672</b>	3	Freehold	
<b>Total overseas property held for sale</b>				<b>672</b>	<b>3</b>		
<b>TOTAL OVERSEAS PROPERTY PORTFOLIO</b>				<b>6,408,260</b>			



## Notes:

- (1) Application for land use certificate in progress.
- (2) Payment for land use right in progress.
- (3) Included other facility with gross floor area of approximately 65,000 square feet.
- (4) Being lettable floor area.
- (5) Being net floor area.
- (6) Subject to final Hong Kong SAR Government approval plans and documentations.
- (7) Property in which the Group is entitled to share of development profits in accordance with the terms and conditions of the development agreement.
- (8) 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.
- (9) Including attributable interest of 30.75% held through Philippine Deposit Receipts.
- (10) Including attributable interest of 21.54% held through Philippine Deposit Receipts.
- (11) Including attributable interest of 18.45% held through Philippine Deposit Receipts.
- (12) Including attributable interest of 26.14% held through Philippine Deposit Receipts.
- (13) Being site area.
- (14) Including attributable interest of 27.37% held through Philippine Deposit Receipts.
- (15) Including attributable interest of 15.38% held through Philippine Deposit Receipts.
- (16) Gross floor areas exclude carpark spaces.

# FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for the last five financial years are as follows:

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Results</b>					
Revenue	<b>13,089,628</b>	14,590,475	15,326,764	14,526,102	18,025,422
Profit attributable to shareholders	<b>3,243,327</b>	2,754,780	10,358,011	5,403,203	6,897,450
<b>Assets and liabilities</b>					
Non-current assets	<b>150,026,046</b>	144,181,235	148,035,978	148,944,388	147,341,417
Net current assets	<b>32,560,484</b>	37,796,326	29,576,814	26,207,778	10,707,114
Total assets less current liabilities	<b>182,586,530</b>	181,977,561	177,612,792	175,152,166	158,048,531
Long-term liabilities and non-controlling interests	<b>(75,329,950)</b>	(73,190,711)	(60,783,897)	(65,279,629)	(56,344,021)
Shareholders' funds	<b>107,256,580</b>	108,786,850	116,828,895	109,872,537	101,704,510

## BOARD OF DIRECTORS

### Executive Directors

Mr Kuok Khoon Hua (Chairman and Chief Executive Officer)  
Mr Au Hing Lun, Dennis (Deputy Chief Executive Officer)

### Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP  
Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Dr Li Rui

### Non-executive Director

Ms Tong Shao Ming

## AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Ms Wong Yu Pok, Marina, JP (Chairman)  
Mr Hui Chun Yue, David  
Mr Chum Kwan Lock, Grant  
Dr Li Rui  
Ms Tong Shao Ming

## 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  
Ms Cheng Wai Sin

## EXECUTIVE COMMITTEE

Mr Kuok Khoon Hua  
Mr Au Hing Lun, Dennis

## 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)

Kerry Properties Limited  
25/F, Kerry Centre, 683 King's Road  
Quarry Bay, Hong Kong  
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 13 May 2024

### **Closure of Registers of Members (for Annual General Meeting)**

14 to 20 May 2024 (both days inclusive)

### **Annual General Meeting**

20 May 2024

### **Ex-dividend Date**

#### **(for Final Dividend)**

22 May 2024

### **Latest time to lodge transfer documents for registration with Tricor Abacus Limited (for Final Dividend)**

At 4:30 p.m. on 23 May 2024

### **Closure of Registers of Members and Record Date (for Final Dividend)**

24 May 2024

### **Proposed Payment Date of Final Dividend**

5 June 2024





# **KERRY PROPERTIES LIMITED**

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