嘉里建設有限公司*

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

website: www.kerryprops.com

(Stock Code: 683)

INTERIM RESULTS ANNOUNCEMENT 2026

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2026. The Audit and Corporate Governance Committee of the Company has met to review the results and the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 prior to recommending them to the Board for approval.

	1H 2026	1H 2025	% Change
	HK$ Million	HK$ Million	
Combined revenue [1]	**6,671**	9,954	-33%
Property sales	3,031	6,422	-53%
Property rental and others	2,570	2,502	3%
Hotel operations	1,070	1,030	4%
Revenue [2]	**5,557**	8,059	-31%
Underlying profit [3]	**782**	863	-9%
Profit attributable to shareholders	**735**	612	20%

Financial information	**1H 2026**	1H 2025	% Change
	HK$	HK$	
EPS	**0.51**	0.42	20%
Adjusted EPS	**0.54**	0.59	-9%
Interim dividend per share	**0.40**	0.40	Maintain

Notes:

(1) Combined revenue includes revenue from the Company, its subsidiaries and share of associates and joint ventures in the Chinese Mainland and Hong Kong.

(2) Revenue includes revenue from the Company and its subsidiaries only.

(3) Underlying profit represents profit attributable to shareholders excluding non-cash changes in the fair value of investment properties.

** For identification purpose only*

CHAIRMAN'S STATEMENT

On behalf of Kerry Properties Limited I am pleased to present our first half results of 2026.

Financial Results and Dividend

The Group reported profit attributable to shareholders of HK$735 million for the first half of 2026 (1H 2025: HK$612 million), representing an increase of 20% year over year. Underlying profit, which excludes non-cash changes in the fair value of investment properties, was HK$782 million (1H 2025: HK$863 million), 9% lower than the same period last year. The reduction in underlying profit was mainly due to lower interest cost capitalisation following the launch of Jinling Residences in Shanghai. Gross profit from development properties was 6% lower than the same period last year mainly due to the timing of the handing over of sold units, while the corresponding gross profit margin improved from 9% to 18%, reflecting the different product mix.

EPS for 1H 2026 was HK$0.51 per share (1H 2025: HK$0.42 per share), while the adjusted EPS based on underlying profit was HK$0.54 per share (1H 2025: HK$0.59 per share). The Board has declared payment of an interim dividend of HK$0.40 per share for the six months ended 30 June 2026 (1H 2025: HK$0.40 per share).

The Group's contracted sales amounted to HK$6,872 million (1H 2025: HK$16,186 million). The shortfall as compared with the same period last year was driven by the pre-sales of Jinling Residences in Shanghai in the first half of 2025. In the first half of 2026, Hong Kong projects contributed over 80% of the Group's total contracted sales. Combined revenue decreased by 33% to HK$6,671 million (1H 2025: HK$9,954 million) mainly due to lower development property revenue recognition in Hong Kong.

Hong Kong Business Performance

In Hong Kong, the residential market continued to improve during the first half of 2026. Transaction activity picked up significantly and inventory absorption [(1)] fell to a three-year low of approximately 14 months. Developers were active in land tenders, with average land prices rising by more than 40% year over year during the first half of 2026 [(2)], outpacing the more than 10% increase in housing prices over the same period [(3)], suggesting a bullish view of the market. While future interest rate trends, investors' expectations regarding Chinese Mainland outbound capital controls, and geopolitical headwinds continue to temper market expectations, the supply-demand balance of the residential market in Hong Kong has turned positive.

Against this backdrop, and with the Group's cash flow and gearing position further improving, we are focused on finding new sites to build up our landbank. Our premium and luxury residential developments continue to attract interest from purchasers who remain selective on location and product quality. During the period, we were pleased to secure three modestly sized residential sites in Hong Kong.

Note:

(1) Inventory absorption is calculated as the stock of first-hand residential units, including completed unsold units and units with pre-sale consent, as at 31 July 2026 divided by the annualised transaction volume of first-hand residential units over the preceding 24 months.

(2) Source: Lands Department of Hong Kong Special Administrative Region

(3) Source: Rating and Valuation Department of Hong Kong Special Administrative Region

Within our investment property portfolio, our rental apartments have largely achieved full occupancy, reflecting strong demand for well-located rental apartments. Our retail mall also registered double-digit growth in tenant sales, benefiting from the improvement in the overall residential market. Office leasing, however, remains challenging amid a clear shift in tenant preference towards high-quality office space in Central.

Chinese Mainland Business Performance

On the Chinese Mainland, the residential market remained weak in the first half of 2026. Overall transaction volumes, housing prices, and especially Government land sales, continued to decline year over year. While residential transactions from April to July have registered year over year growth, particularly in Tier-1 cities (4), it remains to be seen how sustainable this is. RMB deposits further increased by 5.4% to RMB346 trillion in the first half from end 2025 and now stands 50+% above the level recorded in June 2021 (5), indicating that general economic sentiment remains weak.

Our development property sales in the Chinese Mainland in the first half has been disappointingly slow. For our investment properties, office occupancy levels remained stable, although unit rents continued to face downward pressure. Unfortunately, the overall office market on the Chinese Mainland continues to be characterised by a significant supply-demand imbalance where vacancy levels remain elevated. Our retail assets performed steadily, supported by continued tenant mix optimisation and marketing initiatives. In particular, the positioning of our major malls towards premium and active lifestyle offerings continue to resonate well with shoppers, contributing to further growth in tenant sales.

Sustainable Development

On the sustainability front we continued to make steady progress during the first half of 2026. We expanded renewable energy procurement beyond Beijing and Shanghai to include Shenyang, progressing further towards our SBTi-validated decarbonisation targets. We are also working more closely with our various suppliers to improve the quality and coverage of our emissions data. Through ongoing asset enhancement initiatives, we continue to incorporate sustainability features that strengthen the attractiveness of our properties while improving our ability to collect emissions data across the value chain, enabling us to work hand in hand with our tenants to reduce our total carbon footprint.

Outlook

Looking ahead, we remain positive on the long-term prospects of both the Chinese Mainland and Hong Kong. Against a backdrop of heightened geopolitical and macroeconomic uncertainty, the Chinese Mainland continues to strengthen alternative drivers of growth and build economic resilience. This will further improve living standards, support more sustainable urban development and reinforce the foundations for long-term economic growth. As these trends continue to unfold, they should create opportunities for well-positioned assets in major urban centres over the longer term.

Note:

(4) Tier-1 cities refer to Beijing, Shanghai, Guangzhou and Shenzhen.

(5) Source: The People's Bank of China

Hong Kong remains well positioned to benefit from broader regional developments. Amid a more uncertain global environment, the city continues to attract international capital, businesses and talent. Resilient investment inflows, active capital raising and the growing presence of overseas and Chinese Mainland enterprises reaffirm Hong Kong’s unique advantage as a location for investment, financing, and business activity. Together with the city's established institutional strengths, these developments should continue to support its long-term competitiveness as China’s international financial centre.

Despite the favourable longer-term view on Hong Kong and the Chinese Mainland there remains significant short- and medium-term obstacles and risks as earlier outlined. As always, we will continue to prioritise the health and resiliency of the Company and strive to find the optimal (dynamic) balance between the various time horizons.

I would like to express my sincere appreciation to my colleagues across the Group for their dedication, professionalism, and steady commitment through a challenging market environment. I am also grateful to my fellow directors for their valuable counsel and support.

Kuok Khoon Hua
Chairman
Hong Kong, 24 August 2026

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

PRESENCE ON THE CHINESE MAINLAND AND IN HONG KONG

Landbanking Strategy

The Group maintains a diversified landbank of development properties and investment properties in Hong Kong, as well as in key cities on the Chinese Mainland, including Beijing, Hangzhou, Shanghai, Shenyang and Shenzhen.

The Group's landbanking strategy focuses on building a portfolio of premium mixed-use projects, comprising office, retail, hotel and for-lease apartments in the Chinese Mainland, while also operating a balanced pipeline of development properties in both the Chinese Mainland and Hong Kong. The Group presides over a landbank capable of sustaining growth for years to come and will be pursuing a prudent and selective landbanking strategy to support long-term sustainable growth.

Property Portfolio Composition

The Group's property portfolio comprised 47.2 million sq ft of attributable GFA as of 30 June 2026 (31 December 2025: 47.2 million sq ft) across the Chinese Mainland, Hong Kong and other overseas locations.

Of the 12.3 million sq ft of attributable GFA of properties under development in the Chinese Mainland, approximately 5.0 million sq ft was allocated for a mixed-use project in Shanghai's Huangpu district. This strategic project is expected to deliver healthy sales revenue from development properties in the near to medium term, while expanding the Group's investment property portfolio in downtown Shanghai and strengthening its recurring rental revenue base over the longer term.

During the first half of 2026, the Group replenished its landbank through the acquisitions of three land sites in Hong Kong, with a combined GFA of approximately 235,000 sq ft. Located in Shau Kei Wan, Mid-Levels West and Kowloon Tong, these sites are planned for the development of high-quality residential projects.

A summary of the Group's property portfolio in attributable GFA is set out below:

The Group's property portfolio in attributable GFA

('000 sq ft)	As of 30 June 2026				As of 31 December 2025
	Chinese Mainland	**Hong Kong**	**Overseas**	**Total**	**Total**
Properties under development	**12,335**	**1,610**	**3,912**	**17,857**	18,722
Investment properties	**14,383**	**2,804**	**1,990**	**19,177**	18,126
Hotel properties	**4,881**	**38**	**504**	**5,423**	5,423
Properties held for sale	**4,438**	**308**	**40**	**4,786**	4,971
Total GFA	**36,037**	**4,760**	**6,446***	**47,243**	47,242

*Note: * Includes 6,330,000 sq ft of attributable GFA held through Shang Properties, Inc., a listed company in the Philippines.*

Development Property Pipeline

Based on its existing portfolio of properties under development, the Group maintains an adequate development property pipeline sufficient to support sales activities over the next five years and beyond. As of 30 June 2026, the total attributable GFA of for-sale development properties in the Chinese Mainland and Hong Kong amounted to 7.4 million sq ft.

In the Chinese Mainland, the Group's pipeline will yield 5.9 million sq ft of attributable GFA. All of these projects are integral to master-planned mixed-use developments in key urban locations with convenient access to transport networks. They will feature high-quality homes with the added benefit of amenities from their commercial components, such as shopping malls and well-designed public spaces.

In Hong Kong, the Group oversees a pipeline of high-quality projects totalling approximately 1.5 million sq ft of attributable GFA. The pipeline comprises a balanced mix of premium and middle-market developments.

The Group's attributable development property completion pipeline

Target completion	Location	Region	Equity stake	Attributable GFA *('000 sq ft)*
2026 onwards	Shenyang	Chinese Mainland	60%	881
2027	Tseung Kwan O	Hong Kong	25%	387
2027 onwards	Wuhan	Chinese Mainland	100%	2,307
2027 onwards	Qinhuangdao	Chinese Mainland	60%	1,341
2027 onwards	Shanghai Huangpu	Chinese Mainland	100%	1,332
2028	To Kwa Wan	Hong Kong	100%	370
2029	Tsuen Wan	Hong Kong	100%	314
2029	Mid-Levels West	Hong Kong	100%	39
2030	Cheung Sha Wan	Hong Kong	50%	230
2030	Shau Kei Wan	Hong Kong	100%	131
2031	Kowloon Tong	Hong Kong	100%	65
				7,397
			Chinese Mainland Total	5,861
			Hong Kong Total	1,536
			Group Total	**7,397**

Investment Property and Hotel Pipeline

As of 30 June 2026, the Group's major investment property and hotel portfolio comprised 22.1 million sq ft of attributable GFA, including office, retail, apartment and hotel assets across the Chinese Mainland and Hong Kong. The Chinese Mainland accounted for 19.3 million sq ft, or 87% of the portfolio, while Hong Kong accounted for 2.8 million sq ft, or 13%. The portfolio composition is set out below:

The Group's major investment property and hotel portfolio in Hong Kong and the Chinese Mainland (attributable GFA)*									
	As of 30 June 2026								As of 31 December 2025
('000 sq ft)	**Hong Kong**	**Beijing**	**Shanghai**	**Shenzhen**	**Hangzhou**	**Shenyang**	**Others**	**Total**	Total
Office	778	711	1,630	3,485	337	354	639	**7,934**	7,823
Retail	1,197	98	1,899	437	1,807	486	1,252	**7,176**	6,236
Hotel	38	500	759	121	621	395	2,485	**4,919**	4,919
Apartment	829	277	774	-	197	-	-	**2,077**	2,077
Total	**2,842**	**1,586**	**5,062**	**4,043**	**2,962**	**1,235**	**4,376**	**22,106**	21,055

*Note: * Excludes 2,494,000 sq ft of attributable GFA from investment properties and hotels overseas.*

Over the next seven years and beyond, the Group expects to add approximately 6.5 million sq ft of attributable GFA to its investment property and hotel portfolio from major mixed-use projects in the Chinese Mainland. This comprises approximately 4.3 million sq ft of office space, 1.9 million sq ft of retail space and 0.3 million sq ft of hotel and other properties. The key contributors to this expansion are projects in Shanghai, Wuhan and Shenyang.

The Group's major mixed-use projects under development in the Chinese Mainland (attributable GFA)					
Target completion	**City**	**Office**	**Retail** *('000 sq ft)*	**Hotel**	**Total**
From 2027	Shenyang	447	594	-	1,041
From 2027	Zhengzhou	349	-	226	575
From 2029	Shanghai Huangpu	2,359	1,336	-	3,695
From 2033	Wuhan	1,163	-	-	1,163
	Total	**4,318**	**1,930**	**226**	**6,474**

The Group has established a solid pipeline of mixed-use projects in major cities through its disciplined landbanking strategy. Subsequent to the reporting period end, the Group acquired a commercial and cultural development site in Shanghai Pudong in July 2026 with a planned attributable above-ground GFA of approximately 1.5 million sq ft. The Group's pipeline of future office, retail and hotel properties is expected to expand its recurring income stream. The Group will also continue to undertake asset enhancement initiatives and focus on effective asset management and tenant services to maintain the competitiveness of its properties and support rental levels, occupancies and tenant retention.

Group Financial Highlights

HK$ Million	**1H 2026**	1H 2025	Change, favourable / (unfavourable)
Combined revenue	**6,671**	9,954	-33%
Combined results	**2,597**	2,693	-4%
Gross margin (%)	*39%*	*27%*	*12% pts*
Underlying profit excluding provision on development properties	**782**	978	-20%
Provision on development properties	**-**	(115)	n/a
Underlying profit	**782**	863	-9%
Fair value changes of investment properties	**(47)**	(251)	81%
Profit attributable to shareholders	**735**	612	20%

Further details regarding underlying profit are provided below:

Net finance costs	**(403)**	(331)	-22%
Taxation	**(687)**	(609)	-13%

Contracted sales	**6,872**	16,186	-58%

	As of 30 June 2026	As of 31 December 2025	Change
Gearing ratio (%)	**31.3%**	33.3%	-2.0% pts

Combined revenue
Combined revenue decreased by 33% to HK$6,671 million (1H 2025: HK$9,954 million). Combined revenue for development properties declined by 53% to HK$3,031 million (1H 2025: HK$6,422 million) due to lower revenue recognition in Hong Kong. By contrast, combined revenue from investment properties and hotels increased by 3% year-on-year, amounting to HK$3,640 million (1H 2025: HK$3,532 million).

Combined revenue in the Chinese Mainland and Hong Kong

HK$ Million	1H 2026	1H 2025	% Change Reporting currency basis	% Change Constant exchange rate basis
Development properties				
Chinese Mainland	**492**	176	180%	164%
Hong Kong	**2,539**	6,246	-59%	-59%
Sub-total	**3,031**	6,422	-53%	-53%
Investment properties and hotels				
Chinese Mainland rental properties	**2,045**	1,955	5%	-1%
Hong Kong rental properties	**525**	547	-4%	-4%
Hotel operations	**1,070**	1,030	4%	-2%
Sub-total	**3,640**	3,532	3%	-2%
Group total	**6,671**	9,954	-33%	-34%

Combined results
The Group's combined results amounted to HK$2,597 million (1H 2025: HK$2,693 million), with a corresponding gross margin of 39% (1H 2025: 27%). The improvement in gross margin was attributable to a different product mix of development properties recognised during the period. This was partly offset by lower margins from investment properties, reflecting higher pre-opening and marketing expenses associated with newly opened and upcoming projects.

Provision on development properties
No impairment provision on development properties was recorded during the first half of 2026 (1H 2025: HK$115 million).

Investment property revaluation
The Group's investment property portfolio was valued at HK$89,306 million as of 30 June 2026 (31 December 2025: HK$87,199 million), comprising the Chinese Mainland portfolio valued at HK$59,943 million (31 December 2025: HK$58,192 million) and the Hong Kong portfolio valued at HK$29,363 million (31 December 2025: HK$29,007 million).

Reflecting ongoing pressure on office and retail rental markets, an attributable share of non-cash fair value loss on investment properties (net of deferred tax) of HK$47 million was recognised during the first half of 2026 (1H 2025: HK$251 million). Capitalisation rates remained largely stable.

Finance costs
Gross finance costs decreased by 19% to HK$947 million (1H 2025: HK$1,173 million) mainly attributable to lower gross debt following the receipt of sales proceeds from development property projects, as well as lower average interest rates. However, net finance costs charged to the consolidated income statement increased to HK$403 million (1H 2025: HK$331 million) due to a lower level of finance cost capitalisation following the completion and presale of various projects. Accordingly, capitalised finance costs declined to HK$544 million (1H 2025: HK$842 million).

Through active treasury management, the effective interest rate declined to 3.5% (1H 2025: 4.0%). The average debt maturity as of 30 June 2026 was 2.4 years (31 December 2025: 2.5 years). Further details of the Group's treasury policies and activities are set out in the "Capital Resources and Liquidity" section.

Taxation
Taxation increased to HK$687 million (1H 2025: HK$609 million) primarily due to higher land appreciation tax in the Chinese Mainland.

Contracted sales
The Group recorded contracted sales of HK$6,872 million (1H 2025: HK$16,186 million), representing a 58% year-on-year decrease due to lower contracted sales in the Chinese Mainland.

Contracted sales in the Chinese Mainland and Hong Kong

HK$ Million	**1H 2026**	1H 2025	% Change	**1H 2026 % of total**	1H 2025 % of total
Development properties					
Chinese Mainland	**1,301**	10,644	-88%	**19%**	66%
Hong Kong	**5,571**	5,542	1%	**81%**	34%
Total	**6,872**	16,186	-58%	**100%**	100%

As of 30 June 2026, the Group's contracted sales yet to be recognised amounted to approximately HK$29,800 million. Of this amount, HK$23,900 million was attributable to the Chinese Mainland, primarily from Shanghai Jinling Residences. The majority of this balance is expected to be recognised as revenue in 2027 and 2028, with the remaining to be recognised in the second half of 2026.

In Hong Kong, contracted sales yet to be recognised amounted to approximately HK$5,900 million, primarily from Mont Verra, LA MIRABELLE and La Montagne, expected to be recognised as revenue in the second half of 2026 and 2027.

Gearing ratio
The Group's gearing ratio as of 30 June 2026 decreased to 31.3% (31 December 2025: 33.3%), primarily due to the receipt of sales proceeds from development property projects, partly offset by land payments for newly acquired sites. The Group remains on track with its deleveraging plan, supported by continued inflows from sales proceeds, while maintaining disciplined financial management to keep gearing at a reasonable level.

CHINESE MAINLAND PROPERTY DIVISION

Overview

The Chinese Mainland Property Division recorded combined revenue of HK$3,596 million (1H 2025: HK$3,143 million) and combined results of HK$1,833 million (1H 2025: HK$1,695 million) for the first half of 2026. The increase in combined revenue was primarily driven by higher recognised sales from development properties.

(i) Development Property Portfolio Performance

Combined revenue from development properties in the Chinese Mainland Property Division amounted to HK$492 million (1H 2025: HK$176 million). This increase was due to higher sales revenue recognition on handover of completed units to buyers. Key projects recognised include Shenzhen Qianhai The Bayside and Shenyang The Arcadia. Combined results amounted to HK$154 million (1H 2025: loss of HK$3 million), with a corresponding gross margin of 31%. The improvement primarily reflected the timing of revenue recognition, as the majority of combined revenue in 2025 was recognised in the second half of the year.

The Chinese Mainland Property Division delivered attributable contracted sales of HK$1,301 million (1H 2025: HK$10,644 million). The substantial decrease reflects the absence of a large-scale project launch in the current period. In the first half of 2025, the Group launched the first phase of Shanghai Jinling Residences, which generated strong presales. In contrast, contracted sales in the first half of 2026 were mainly derived from the remaining units of subsequent phases of Shanghai Jinling Residences and ongoing sales from existing projects. Outside Shanghai, sales momentum across the Group's Chinese Mainland projects remained slow. A summary of major attributable contracted sales in the Chinese Mainland for the first half of 2026 is set out below:

Project name	**Group's attributable interest**	**Location**	**Approximate total saleable area (sq ft)**	**Total contracted sales in 1H 2026 (HK$ Million)**
Jinling Residences	100%	Shanghai	1,331,000	547
The Bayside	100%	Shenzhen Qianhai	459,000	432
The Arcadia	60%	Shenyang	3,283,000	203
Habitat Phase II	60%	Qinhuangdao	1,954,000	65
River Mansion	100%	Wuhan	1,560,000	33
Others	-	-	-	21
Total				**1,301**

Note: Others include sales from projects in Kunming and other cities.

(ii) Investment Property and Hotel Portfolio Performance

In the Chinese Mainland, the Group's investment property and hotel portfolio primarily comprises office, retail, for-lease apartments and hotel properties in key cities. In the first half of 2026, the portfolio generated combined revenue of HK$3,104 million (1H 2025: HK$2,967 million).

Excluding hotels, the Group's Chinese Mainland investment properties recorded combined rental revenue of HK$2,045 million (1H 2025: HK$1,955 million) and combined results of HK$1,332 million (1H 2025: HK$1,366 million). Gross margin declined to 65% (1H 2025: 70%), primarily reflecting higher pre-opening and marketing expenses associated with newly opened and upcoming properties. On a constant exchange rate basis, combined rental revenue decreased by 1% year-on-year, mainly due to weaker performance in the office segment and disruptions arising from renovation works in the apartment portfolio, partly offset by resilient performance in the retail segment. A summary of the Chinese Mainland combined rental revenue is set out below:

Combined rental revenue of the Chinese Mainland Property Division (excluding hotel revenue)

	1H 2026 HK$ Million	1H 2025 HK$ Million	% Change Reporting currency basis	% Change Constant exchange rate basis
Office	**1,094**	1,050	4%	-2%
Retail	**720**	670	7%	1%
Apartment	**160**	168	-5%	-10%
Carpark and others	**71**	67	6%	1%
Total	**2,045**	1,955	5%	-1%

Note: Certain property management fees were classified to rental revenue during the second half of 2025. For comparability purposes, excluding the impact of this classification, total combined rental revenue in the Chinese Mainland decreased by 5% year-on-year on a constant exchange rate basis in the first half of 2026. This reflected declines in the office, retail and apartment segments of 5%, 1% and 17% respectively.

The office segment, which remains the largest revenue contributor to the Group's investment property portfolio, continued to face headwinds from persistent economic uncertainties and an oversupply of office space. Corporate tenants remained focused on cost containment and space optimisation. In response, the Group prioritised lease renewals, adopting a flexible leasing approach that balanced prevailing market conditions with tenants' requirements. As a result, occupancy remained largely stable amid the challenging market environment.

The retail segment delivered resilient performance. Occupancy remained broadly stable, while tenant sales and footfall continued to improve year-on-year. Performance was supported by the premium locations and quality of the Group's assets, together with ongoing asset enhancement initiatives, proactive tenant mix optimisation and effective placemaking and marketing programmes.

The apartment portfolio was affected by ongoing renovation works at two properties during the first half of 2026, resulting in temporary disruption to rental revenue. Excluding the impact of these renovation works and property management fee classification, the portfolio recorded stronger underlying performance, with combined revenue increasing by 4% year-on-year and occupancy improving on a like-for-like basis.

The Group will continue to prioritise revenue management by optimising its retail tenant mix, implementing effective marketing and placemaking initiatives, and focusing on tenant retention through renewals with its established blue-chip and red-chip office tenant base.

The attributable GFA of the Group's Chinese Mainland investment property portfolio increased during the first half of 2026 mainly due to the completion of a mixed-use development in Shanghai Pudong. A breakdown of attributable GFA by asset type and respective occupancy rates is set out below:

	As of 30 June 2026		As of 31 December 2025	
	Group's attributable GFA ('000 sq ft)	**Occupancy rate**	Group's attributable GFA ('000 sq ft)	Occupancy rate
Office	**7,156**	**89%**	7,045	90%
Retail	**5,979**	**91%**	5,039	92%
Apartment	**1,248**	**95%**	1,248	92%
	14,383		13,332	

Note: Occupancy rates excluded Shanghai Central Residences Phase II due to major renovation works, renovation areas at the serviced apartments at Shanghai Pudong Kerry Parkside, as well as newly completed projects in Shanghai Pudong, Hangzhou, Tianjin and Shenzhen Qianhai that had yet to commence full operations or reach stabilised operating levels.

A summary of overall occupancy rates for the Group's major mixed-use developments across key cities in the Chinese Mainland is set out below:

Property name	**Occupancy rate as of 30 June 2026**	Occupancy rate as of 31 December 2025
Shanghai Jing An Kerry Centre *	**95%**	95%
Shanghai Pudong Kerry Parkside *	**91%**	96%
Beijing Kerry Centre *	**89%**	87%
Hangzhou Kerry Centre *	**90%**	92%
Shenzhen Kerry Plaza	**89%**	92%
Shenzhen Qianhai Kerry Centre Phases I and II *	**92%**	89%

*Note: * Excludes the hotel portion.*

The Group's hotel business in the Chinese Mainland recorded combined revenue of HK$1,059 million (1H 2025: HK$1,012 million). On a constant exchange rate basis, combined revenue decreased slightly by 1% year-on-year, as lower food and beverage contributions offset modest growth in room revenue.

HONG KONG PROPERTY DIVISION

Overview

The Hong Kong Property Division reported combined revenue of HK$3,075 million (1H 2025: HK$6,811 million) and combined results of HK$764 million (1H 2025: HK$998 million) for the first half of 2026. The decline in combined revenue was primarily attributable to lower revenue recognition from development properties.

(i) Development Property Portfolio Performance

The Group recorded combined revenue from development properties of HK$2,539 million (1H 2025: HK$6,246 million), with the majority of the sales bookings contributed by Mont Verra, La Montagne as well as the Yuen Long projects (HAVA and FLORA). Combined results amounted to HK$381 million (1H 2025: HK$573 million), representing a gross margin of 15% (1H 2025: 9%). The change in combined revenue reflected the timing of unit handovers, while the higher gross margin was attributable to a different product mix.

The Hong Kong Property Division achieved total attributable contracted sales of HK$5,571 million (1H 2025: HK$5,542 million). Sales were generated from a number of projects. LA MIRABELLE, launched during the reporting period, generated attributable contracted sales of HK$1,821 million. Ongoing sales at the Mont Verra high-end project amounted to HK$1,707 million. The Group's Wong Chuk Hang MTR station projects, namely La Montagne and La Marina, together recorded attributable contracted sales of HK$1,722 million. In addition, the Group's Yuen Long projects, HAVA and FLORA, together contributed HK$290 million of contracted sales, with FLORA being sold out during the reporting period.

A summary of Hong Kong's contracted sales achieved for the first half of 2026 is set out below:

Project name	Group's attributable interest	Location	Approximate total saleable area (sq ft)	Total contracted sales in 1H 2026 (HK$ Million)
LA MIRABELLE	25%	Tseung Kwan O	1,361,000	1,821*
Mont Verra	100%	Beacon Hill	325,000	1,707
La Montagne	50%	Wong Chuk Hang	559,000	1,607*
HAVA	100%	Yuen Long	215,000	243
La Marina	50%	Wong Chuk Hang	426,000	115*
FLORA	100%	Yuen Long	30,000	47
Others	-	-	-	31
Total				**5,571**

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

(ii) Investment Property Portfolio Performance

In Hong Kong, the Group maintains an investment property portfolio of office and retail assets primarily from the MegaBox/Enterprise Square Five mixed-use development and Kerry Centre, along with for-lease apartments mainly from the Mid-Levels apartment portfolio.

For the first half of 2026, the Hong Kong investment property portfolio generated combined rental revenue of HK$525 million (1H 2025: HK$547 million) and combined results of HK$383 million (1H 2025: HK$419 million), representing a gross margin of 73% (1H 2025: 77%). Revenue was affected by the progressive sale of development property units previously under rental arrangements. Excluding this transition impact, combined rental revenue decreased by 2% year-on-year. Despite the decrease in revenue, fixed operating costs were largely maintained to uphold the quality and competitiveness of the portfolio, resulting in a lower gross margin.

A summary of the Hong Kong Property Division's combined rental revenue is set out below:

Combined rental revenue of the Hong Kong Property Division

	1H 2026 HK$ Million	1H 2025 HK$ Million	% Change
Apartment	**210**	209	Flat
Retail	**162**	162	Flat
Office	**111**	111	Flat
Carpark, warehouse and others	**42**	65	-35%
Total	**525**	547	-4%

The apartment portfolio delivered solid performance, supported by sustained demand for premium rental properties, which drove rental rate growth. Occupancy remained at a high level. Excluding the transition impact discussed above, combined rental revenue from the apartment segment delivered an 8% year-on-year growth.

MegaBox, a household-themed mall, benefited from the recovery in Hong Kong's residential property market, which supported demand for home-related products. Coupled with the introduction of new retail outlets following the partial completion of its asset enhancement programme, the mall delivered resilient performance. While occupancy moderated from the end of 2025, it remained at a healthy level, and tenant sales increased year-on-year. The remaining enhancement works on the upper floors of the mall were completed towards the end of the reporting period, introducing additional food and beverage operators.

Significant challenges persisted in the office segment throughout the reporting period amid an oversupply of office space and subdued demand for office properties in non-core districts. Rental rates were adjusted downward in response to prevailing market conditions to support occupancy levels. Combined rental revenue from the office revenue remained broadly stable, supported in part by internal workspace transformation at Kerry Centre.

The Hong Kong investment property portfolio remained unchanged during the first half of 2026. A breakdown of attributable GFA by asset type and respective occupancy rates is set out below:

	As of 30 June 2026		As of 31 December 2025	
	Group's attributable GFA ('000 sq ft)	**Occupancy rate**	Group's attributable GFA ('000 sq ft)	Occupancy rate
Retail [1]	**1,197**	**94%**	1,197	97%
Apartment [2] [3]	**829**	**99%**	829	99%
Office	**778**	**83%**	778	81%
	2,804		2,804	

A summary of the occupancy rates for the Group's major investment properties in Hong Kong is set out below:

Property name	**Occupancy rate as of 30 June 2026**	Occupancy rate as of 31 December 2025
MegaBox [1] /	**94%**	97%
Enterprise Square Five	**81%**	82%
Kerry Centre	**90%**	77%
Mid-Levels Portfolio [2]	**99%**	100%

Notes:

(1) *Occupancy rates excluded areas undergoing refurbishment at MegaBox as of 31 December 2025.*

(2) *Occupancy rates excluded Branksome Crest due to major refurbishment works.*

(3) *Occupancy rates excluded THE HILLTOP, a newly completed for-lease apartment project that had not yet reached stabilised operating levels.*

CAPITAL RESOURCES AND LIQUIDITY

Treasury Policies

The Group adopts prudent policies for liquidity and financial risk management. These policies, approved by the Finance Committee of the Company and regularly reviewed by the Group's internal audit function, are designed to mitigate liquidity, foreign exchange, interest rate and credit risks in the ordinary course of business. Liquidity management and financing activities are centrally coordinated at the corporate level to enhance oversight and optimise funding costs. It remains the Group's policy not to enter into derivative transactions for speculative purposes.

Foreign Exchange Management

The Group primarily operates in Hong Kong and the Chinese Mainland, with cash flows, assets and liabilities largely denominated in HK$ and RMB. Foreign exchange exposure arises mainly from RMB-denominated property developments and investments in the Chinese Mainland, as well as bank loans denominated in RMB and JPY.

As at 30 June 2026, the Group's foreign currency borrowings amounted to HK$28,110 million, comprising RMB24,088 million (equivalent to HK$27,722 million) and JPY8,000 million (equivalent to HK$388 million). Non-RMB foreign currency borrowings and RMB bank loans represented approximately 1% and 50% respectively of the Group's total borrowings of HK$55,217 million.

To mitigate exchange rate risks, the Group entered into cross-currency swap contracts amounting to JPY8,000 million for bank borrowings drawn in Hong Kong. RMB bank borrowings also serve as a natural hedge against net investments in the Chinese Mainland, where a significant portion of assets and revenues are denominated in RMB. The Group maintains RMB-denominated resources to meet funding requirements in the Chinese Mainland, sourced from local operations and RMB borrowings. Funding needs are reviewed regularly, taking into account regulatory developments, project timelines and prevailing macroeconomic conditions.

Interest Rate Management

The Group monitors subsidiaries' cash flow projections and reallocates surplus funds to the corporate level to reduce gross debt. Intra-group loans are arranged from cash-rich entities to meet funding requirements, supporting efficient cash utilisation and lowering overall interest expenses. These arrangements are reviewed and adjusted regularly to reflect changes in foreign exchange and interest rates.

Interest rate risk is managed through fixed-rate funding and floating-to-fixed interest rate swap contracts, with hedge accounting applied where appropriate. As at 30 June 2026, outstanding interest rate swap contracts amounted to HK$11,330 million (31 December 2025: HK$13,220 million). The Group's fixed-rate debt ratio, incorporating both swap contracts and fixed-rate loans, stood at 51% (31 December 2025: 53%) on a gross debt basis and 74% (31 December 2025: 74%) on a net debt basis. All interest rate swaps qualified for hedge accounting.

For the six months ended 30 June 2026, the Group's average all-in borrowing cost improved to 3.5% (1H 2025: 4.0%). This reduction reflected the combined effect of disciplined financing strategies and active interest rate management.

Liquidity and Financing Management

As at 30 June 2026, total borrowings amounted to HK$55,217 million (31 December 2025: HK$55,770 million) comprising HK$27,107 million in HK$ borrowings, HK$27,722 million in RMB borrowings and HK$388 million in JPY borrowings.

Total cash and bank deposit balances reached HK$17,391 million (31 December 2025: HK$16,099 million), resulting in a net debt balance of HK$37,826 million (31 December 2025: HK$39,671 million).

The Group continues to adopt a disciplined liquidity management strategy to meet financing needs, support investment opportunities and maintain financial flexibility amid market volatility and external uncertainties.

As at 30 June 2026, all borrowings remained unsecured, with no asset pledged as collateral. The Group intends to continue prioritising unsecured financing, supplemented by secured project financing where appropriate. Available financial resources amounted to HK$48,325 million (31 December 2025: HK$47,160 million), comprising undrawn bank loan facilities of HK$30,934 million and cash and bank deposits of HK$17,391 million. These financial resources covered approximately 88% of total borrowings as at 30 June 2026, providing liquidity headroom for near-term maturities and committed funding requirements.

Sustainable Finance Initiatives

The Group recognises sustainable finance as an important financing tool for supporting long-term investments in sustainable economic activities and projects. In 2022, the Group established a sustainable finance framework to align its financing instruments with its sustainability strategy.

During the first six months of 2026, the Group secured approximately HK$6,579 million in sustainability-linked loans. As at 30 June 2026, total sustainable loan facilities reached HK$65,324 million (31 December 2025: HK$60,229 million), representing 76% (31 December 2025: 69%) of the Group's total loan facilities. These facilities are tied to sustainability performance targets, with proceeds allocated to long-term initiatives, climate resilience measures and general corporate financing needs. The Group benefits from discounted interest rates upon achieving pre-determined sustainability milestones and will seek to further increase the proportion of sustainable finance within its debt portfolio where appropriate.

Debt Maturity Profile, Gearing and Deleveraging

As at 30 June 2026, the Group's total borrowings amounted to HK$55,217 million (31 December 2025: HK$55,770 million), with an average tenor of 2.4 years (2025: 2.5 years). Approximately 52% of borrowings were repayable after two years. The debt maturity profile is set out below:

Repayable:	**30 June 2026**		31 December 2025	
	HK$ million		HK$ million	
Within 1 year	**8,397**	**15%**	6,429	11%
In the second year	**17,870**	**33%**	14,858	27%
In the third to fifth year	**28,866**	**52%**	34,399	62%
Over 5 years	**84**	**-**	84	-
Total	**55,217**	**100%**	55,770	100%

The Group's gearing ratio, calculated as net debt to total equity, improved to 31.3% (31 December 2025: 33.3%), based on net debt of HK$37,826 million and total equity of HK$120,883 million. This improvement was supported by stable operating cash flows, active debt management and proceeds from property presales. The Group continues to monitor its maturity profile closely and maintains available financial resources to support refinancing needs as they arise.

The Group has provided guarantees in respect of (i) banking facilities granted to certain associates and joint ventures; and (ii) mortgage facilities extended by banks to first-hand buyers of certain properties developed by the Group in the Chinese Mainland. These guarantees are monitored as part of the Group's ongoing risk management framework.

Details of contingent liabilities are set out in note 12 to the financial information of the Group included in this announcement.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2026** **HK$ million**	 2025 HK$ million
Revenue	3	**5,557**	8,059
Cost of sales and direct expenses		**(3,191)**	(5,409)
Gross profit	3	**2,366**	2,650
Other net gains		**332**	337
Selling, administrative and other operating expenses		**(841)**	(916)
Decrease in fair value of investment properties		**(62)**	(585)
Operating profit before finance costs		**1,795**	1,486
Finance costs	4	**(403)**	(331)
Operating profit	4	**1,392**	1,155
Share of results of associates and joint ventures		**212**	198
Profit before taxation		**1,604**	1,353
Taxation	5	**(687)**	(609)
Profit for the period		**917**	744
Profit attributable to:			
Company's shareholders		**735**	612
Non-controlling interests		**182**	132
		917	744
Earnings per share	6		
- Basic		**HK$0.51**	HK$0.42
- Diluted		**HK$0.51**	HK$0.42

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Profit for the period	**917**	744
Other comprehensive income		
Items that may be reclassified to profit or loss		
Cash flow hedges	**41**	(416)
Share of other comprehensive income of associates and joint ventures	**75**	104
Net translation differences on foreign operations	**2,435**	2,540
Items that will not be reclassified to profit or loss		
Fair value (losses)/gains on financial assets at fair value through other comprehensive income	**(87)**	38
Other comprehensive income for the period, net of tax	**2,464**	2,266
Total comprehensive income for the period	**3,381**	3,010
Total comprehensive income attributable to:		
Company's shareholders	**2,712**	2,415
Non-controlling interests	**669**	595
	3,381	3,010

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited As at 30 June 2026 HK$ million**	Audited As at 31 December 2025 HK$ million
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	**5,245**	5,239
Investment properties	7	**89,306**	87,199
Right-of-use assets	7	**2,229**	2,152
Properties under development and land deposits		**32,704**	28,839
Associates and joint ventures		**27,094**	26,740
Derivative financial instruments		**95**	104
Financial assets at fair value through other comprehensive income		**600**	687
Financial assets at fair value through profit or loss		**572**	587
Mortgage loans receivable		**326**	840
Intangible assets	7	**123**	123
		158,294	152,510
Current assets			
Properties under development		**23,592**	22,574
Completed properties held for sale		**13,444**	14,766
Accounts receivable, prepayments and deposits	8	**3,075**	2,518
Current portion of mortgage loans receivable		**433**	390
Tax recoverable		**757**	437
Derivative financial instruments		**48**	17
Restricted bank deposits		**2,524**	3,767
Cash and bank balances		**14,867**	12,332
		58,740	56,801
Current liabilities			
Accounts payable, deposits received and accrued charges	9	**6,881**	7,588
Contract liabilities		**17,267**	11,414
Current portion of lease liabilities		**50**	26
Taxation		**1,526**	1,716
Short-term bank loans and current portion of long-term bank loans	10	**8,397**	6,429
Derivative financial instruments		**198**	39
		34,319	27,212
Net current assets		**24,421**	29,589
Total assets less current liabilities		**182,715**	182,099
Non-current liabilities			
Long-term bank loans	10	**46,820**	49,341
Amounts due to non-controlling interests		**3,385**	2,310
Lease liabilities		**53**	25
Derivative financial instruments		**-**	199
Deferred taxation		**11,574**	11,033
		61,832	62,908
ASSETS LESS LIABILITIES		**120,883**	119,191
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**1,451**	1,451
Shares held for share award scheme		**(94)**	(73)
Share premium		**13,133**	13,133
Other reserves		**6,194**	4,182
Retained profits		**85,905**	86,579
		106,589	105,272
Non-controlling interests		**14,294**	13,919
TOTAL EQUITY		**120,883**	119,191

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's 2025 annual financial statements. The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025. The adoption of amended standards which are effective for the accounting period beginning on 1 January 2026 had no material impact on these condensed consolidated interim financial statements. Based on a preliminary assessment, except for HKFRS 18 which may have an impact on the presentation of the consolidated financial statements for the year ending 31 December 2027, none of the new standards, amendments to existing standards and interpretation that have been issued but are not yet effective are expected to have a significant effect on the Group's consolidated financial statements.

2. Financial risk management and fair value measurement

(i) Financial risk factors

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.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; and should be read in conjunction with the Group's 2025 annual financial statements. There have been no changes in the Group's financial risk management structure and policies since the year end.

(ii) Fair value estimation of financial instruments

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).

2. Financial risk management and fair value measurement (continued)

(ii) Fair value estimation of financial instruments (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2026:

	Level 1	Level 2	Level 3	Total
	HK$ million	HK$ million	HK$ million	HK$ million
Assets				
Derivative financial instruments	**-**	**143**	**-**	**143**
Financial assets at fair value through other comprehensive income	**-**	**-**	**600**	**600**
Financial assets at fair value through profit or loss	**5**	**-**	**567**	**572**
First mortgage loans receivable	**-**	**-**	**15**	**15**
Total assets	**5**	**143**	**1,182**	**1,330**
Liabilities				
Derivative financial instruments	**-**	**198**	**-**	**198**
Total liabilities	**-**	**198**	**-**	**198**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2025:

	Level 1	Level 2	Level 3	Total
	HK$ million	HK$ million	HK$ million	HK$ million
Assets				
Derivative financial instruments	-	121	-	121
Financial assets at fair value through other comprehensive income	-	-	687	687
Financial assets at fair value through profit or loss	7	-	580	587
First mortgage loans receivable	-	-	46	46
Total assets	7	121	1,313	1,441
Liabilities				
Derivative financial instruments	-	238	-	238
Total liabilities	-	238	-	238

There were no transfers between levels during the period.

2. Financial risk management and fair value measurement (continued)

(iii) Valuation techniques used to derive fair values of Level 2 financial instruments

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 exchanges rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

(iv) Fair value measurements of financial instruments using significant unobservable inputs (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	
	2026	2025	**2026**	2025	**2026**	2025
	HK$ million	HK$ million	**HK$ million**	HK$ million	**HK$ million**	HK$ million
At 1 January	**46**	139	**687**	772	**580**	611
(Losses)/gains recognised in other comprehensive income or profit or loss	**-**	-	**(87)**	44	**(13)**	(16)
Disposals	**(22)**	-	**-**	-	**-**	-
Repayments	**(9)**	(27)	**-**	-	**-**	-
At 30 June	**15**	112	**600**	816	**567**	595

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.

There were no changes in valuation techniques during the period.

2. Financial risk management and fair value measurement (continued)

(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 approximate their carrying amount:

- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade and other payables
- Second mortgage loans receivable

2. Financial risk management and fair value measurement (continued)

(vii) Valuation of investment properties

	Residential properties under development		Commerical properties under development		Completed residential properties		Completed commercial properties		Completed warehouse	Total
	Hong Kong	Chinese Mainland	Hong Kong	Chinese Mainland	Hong Kong	Chinese Mainland	Hong Kong	Chinese Mainland	Hong Kong	
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
At 1 January 2026	**-**	**-**	**285**	**-**	**18,147**	**4,935**	**10,197**	**53,257**	**378**	**87,199**
Additions	**-**	**-**	**85**	**-**	**133**	**7**	**106**	**10**	**-**	**341**
Change in fair value	**-**	**-**	**(81)**	**-**	**167**	**(7)**	**(31)**	**(87)**	**(23)**	**(62)**
Exchange adjustment	**-**	**-**	**-**	**-**	**-**	**155**	**-**	**1,673**	**-**	**1,828**
At 30 June 2026	**-**	**-**	**289**	**-**	**18,447**	**5,090**	**10,272**	**54,853**	**355**	**89,306**
At 1 January 2025	379	400	249	6,519	17,229	4,145	10,137	44,775	440	84,273
Additions	58	-	81	414	100	2	167	26	-	848
Change in fair value	3	-	(57)	-	-	142	(90)	(483)	(100)	(585)
Transfer	-	(404)	-	(7,062)	-	404	-	7,062	-	-
Exchange adjustment	-	4	-	129	-	139	-	1,483	-	1,755
At 30 June 2025	440	-	273	-	17,329	4,832	10,214	52,863	340	86,291

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by Cushman & Wakefield Limited at 30 June 2026.

Valuation techniques

Fair value of completed properties in Hong Kong and the Chinese 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.

2. Financial risk management and fair value measurement (continued)

(vii) Valuation of investment properties (continued)

Market approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of investment properties under development in Hong Kong and the Chinese 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.

All of the fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the period.

The valuation techniques used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

<u>Significant unobservable inputs used to determine fair value</u>

Capitalisation rates are estimated based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 30 June 2026, capitalisation rates of 2.5% to 5.0% (31 December 2025: 2.5% to 5.0%) and 4.8% to 7.0% (31 December 2025: 4.8% to 7.0%) are used in the income approach for Hong Kong and the Chinese Mainland properties respectively.

Prevailing market rents are estimated based on recent lettings for Hong Kong and the Chinese 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 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 30 June 2026.

3. Principal activities and segmental analysis of operations

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

	Six months ended 30 June 2026					
	The Company and its subsidiaries		**Share of associates and joint ventures**		**Total**	
	Revenue HK$ million	**Results HK$ million**	**Revenue HK$ million**	**Results HK$ million**	**Combined revenue HK$ million**	**Combined results HK$ million**
Property rental and others						
– Chinese Mainland property	**1,881**	**1,230**	**164**	**102**	**2,045**	**1,332**
– Hong Kong property	**479**	**353**	**46**	**30**	**525**	**383**
	2,360	**1,583**	**210**	**132**	**2,570**	**1,715**
Property sales						
– Chinese Mainland property	**486**	**153**	**6**	**1**	**492**	**154**
– Hong Kong property	**1,886**	**360**	**653**	**21**	**2,539**	**381**
	2,372	**513**	**659**	**22**	**3,031**	**535**
Hotel operations						
– Chinese Mainland property	**825**	**270**	**234**	**77**	**1,059**	**347**
– Hong Kong property	**-**	**-**	**11**	**-**	**11**	**-**
	825	**270**	**245**	**77**	**1,070**	**347**
Total	**5,557**	**2,366**	**1,114**	**231**	**6,671**	**2,597**

	Six months ended 30 June 2025					
	The Company and its subsidiaries		Share of associates and joint ventures		Total	
	Revenue HK$ million	Results HK$ million	Revenue HK$ million	Results HK$ million	Combined revenue HK$ million	Combined results HK$ million
Property rental and others						
– Chinese Mainland property	1,784	1,247	171	119	1,955	1,366
– Hong Kong property	496	381	51	38	547	419
	2,280	1,628	222	157	2,502	1,785
Property sales						
– Chinese Mainland property	176	(3)	-	-	176	(3)
– Hong Kong property	4,810	765	1,436	(192)	6,246	573
	4,986	762	1,436	(192)	6,422	570
Hotel operations						
– Chinese Mainland property	793	260	219	72	1,012	332
– Hong Kong property	-	-	18	6	18	6
	793	260	237	78	1,030	338
Total	8,059	2,650	1,895	43	9,954	2,693

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

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

	Six months ended 30 June 2026				
	Chinese Mainland Property HK$ million	**Hong Kong Property HK$ million**	**Total Operating Segments HK$ million**	**Others HK$ million**	**Total HK$ million**
Revenue	**3,192**	**2,365**	**5,557**	**-**	**5,557**
Results					
Segment results - gross profit	**1,653**	**713**	**2,366**	**-**	**2,366**
Other net gains					**332**
Selling, administrative and other operating expenses					**(841)**
Decrease in fair value of investment properties					**(62)**
Operating profit before finance costs					**1,795**
Finance costs					**(403)**
Operating profit					**1,392**
Share of results of associates and joint ventures					**212**
Profit before taxation					**1,604**
Taxation					**(687)**
Profit for the period					**917**
Profit attributable to:					
Company's shareholders					**735**
Non-controlling interests					**182**
					917
Depreciation	**207**	**28**	**235**	**4**	**239**

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

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

	Six months ended 30 June 2025				
	Chinese Mainland Property HK$ million	Hong Kong Property HK$ million	Total Operating Segments HK$ million	Others HK$ million	Total HK$ million
Revenue	2,753	5,306	8,059	-	8,059
Results					
Segment results - gross profit	1,504	1,146	2,650	-	2,650
Other net gains					337
Selling, administrative and other operating expenses					(916)
Decrease in fair value of investment properties					(585)
Operating profit before finance costs					1,486
Finance costs					(331)
Operating profit					1,155
Share of results of associates and joint ventures					198
Profit before taxation					1,353
Taxation					(609)
Profit for the period					744
Profit attributable to:					
Company's shareholders					612
Non-controlling interests					132
					744
Depreciation	183	30	213	3	216

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

(iii) An analysis of the Group's total assets and total liabilities by operating segment is as follows:

	As at 30 June 2026					
	Chinese Mainland Property HK$ million	**Hong Kong Property HK$ million**	**Total Operating Segments HK$ million**	**Others HK$ million**	**Eliminations HK$ million**	**Consolidated HK$ million**
Total assets	**150,105**	**67,460**	**217,565**	**84,994**	**(85,525)**	**217,034**
Total liabilities	**97,229**	**21,842**	**119,071**	**62,605**	**(85,525)**	**96,151**

	As at 31 December 2025					
	Chinese Mainland Property HK$ million	Hong Kong Property HK$ million	Total Operating Segments HK$ million	Others HK$ million	Eliminations HK$ million	Consolidated HK$ million
Total assets	141,675	65,746	207,421	82,637	(80,747)	209,311
Total liabilities	91,878	20,298	112,176	58,691	(80,747)	90,120

4. Operating profit

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
Operating profit is stated after crediting/charging the following:		
Crediting		
Dividend income	**23**	44
Interest income	**229**	254
Charging		
Depreciation of property, plant and equipment and right-of-use assets	**239**	216
Provision for properties under development	**-**	115
Total finance costs incurred	**947**	1,173
Less: amount capitalised in properties under development and investment properties under development	**(544)**	(842)
Total finance costs expensed during the period	**403**	331

5. Taxation

	Six months ended 30 June	
	2026	2025
	HK$ million	HK$ million
The taxation charge comprises:		
Chinese Mainland taxation		
Current	**(286)**	(218)
Under-provision in prior years	**(24)**	(7)
Deferred	**(273)**	(232)
	(583)	(457)
Hong Kong profits tax		
Current	**(93)**	(129)
Overseas taxation		
Current	**(5)**	(8)
Deferred	**(6)**	(15)
	(11)	(23)
	(687)	(609)

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profit for the six months ended 30 June 2026. Income tax on the Chinese Mainland and overseas profits has been calculated on the estimated assessable profit for the six months ended 30 June 2026 at the respective rates of taxation prevailing in the Chinese Mainland and the overseas countries in which the Group operates.

Land appreciation tax in the Chinese 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.

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal effective tax rate for each jurisdiction and the 15% minimum rate.

The related current tax exposure for the period is assessed to be immaterial.

The Group also applies the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the Amendments to HKAS 12 issued in July 2023.

6. 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 period after adjusting of those issued ordinary shares of the Company held for the share award scheme.

	Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares outstanding	**1,446,480,329**	1,446,628,082
	HK$ million	HK$ million
Profit attributable to shareholders	**735**	612
Basic earnings per share	**HK$0.51**	HK$0.42

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.

	Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares outstanding	**1,446,480,329**	1,446,628,082
Adjustment for share award scheme	**959,987**	333,283
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,447,440,316**	1,446,961,365
	HK$ million	HK$ million
Profit attributable to shareholders	**735**	612
Diluted earnings per share	**HK$0.51**	HK$0.42

7. Capital expenditure

	Property, plant and equipment HK$ million	Investment properties HK$ million	Right-of-use assets HK$ million	Intangible assets HK$ million
Net book value at 1 January 2026	**5,239**	**87,199**	**2,152**	**123**
Additions	**33**	**341**	**70**	**-**
Fair value losses	**-**	**(62)**	**-**	**-**
Disposals	**(1)**	**-**	**-**	**-**
Depreciation	**(180)**	**-**	**(59)**	**-**
Exchange adjustment	**154**	**1,828**	**66**	**-**
Net book value at 30 June 2026	**5,245**	**89,306**	**2,229**	**123**
Net book value at 1 January 2025	4,540	84,273	1,633	123
Additions	30	848	-	-
Fair value losses	-	(585)	-	-
Depreciation	(165)	-	(51)	-
Exchange adjustment	130	1,755	49	-
Net book value at 30 June 2025	4,535	86,291	1,631	123

8. Accounts receivable, prepayments and deposits

Included in accounts receivable, prepayments and deposits are trade receivables. The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. The ageing analysis of trade receivables as at 30 June 2026 based on date of the invoice or the terms of the related sales and purchase agreements and net of impairment losses is as follows:

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Below 1 month	**61**	199
Between 1 month and 3 months	**20**	16
Over 3 months	**35**	30
	116	245

9. Accounts payable, deposits received and accrued charges

Included in accounts payable, deposits received and accrued charges are trade payables. The ageing analysis of trade payables as at 30 June 2026 based on invoice date is as follows:

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Below 1 month	**204**	190
Between 1 month and 3 months	**6**	28
Over 3 months	**25**	24
	235	242

10. Bank loans

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Bank loans - unsecured		
Non-current	**46,820**	49,341
Current	**8,397**	6,429
	55,217	55,770

As at 30 June 2026, the Group's bank loans were repayable as follows:

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Within one year	**8,397**	6,429
In the second to fifth year		
- In the second year	**17,870**	14,858
- In the third year	**11,965**	15,764
- In the fourth year	**12,611**	11,047
- In the fifth year	**4,290**	7,588
	46,736	49,257
Repayable within five years	**55,133**	55,686
Over five years	**84**	84
	55,217	55,770

11. Commitments

At 30 June 2026, the Group had capital and other commitments in respect of property, plant and equipment, investment properties and properties under development contracted for at the end of the period but not provided for in these financial statements as follows:

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
Property, plant and equipment	**96**	105
Investment properties	**124**	398
Properties under development	**8,996**	8,043
	9,216	8,546

12. Contingent liabilities

Guarantees for banking facilities

	As at 30 June 2026 HK$ million	As at 31 December 2025 HK$ million
- Guarantees for banking facilities of certain associates and joint ventures (note (i))	**2,828**	3,025
- Guarantees to certain banks for mortgage facilities granted to first-hand buyers of certain properties in the Chinese Mainland (note (ii))	**581**	615
	3,409	3,640

(i) 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 30 June 2026 amounted to approximately HK$2,828 million (31 December 2025: HK$3,025 million). The total amount of such facilities covered by the Group's guarantees as at 30 June 2026 amounted to approximately HK$3,002 million (31 December 2025: HK$3,469 million).

(ii) 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 Chinese Mainland. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 30 June 2026 amounted to approximately HK$581 million (31 December 2025: HK$615 million).

Apart from the above, there are no material changes in contingent liabilities of the Group since 31 December 2025.

REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and by the Audit and Corporate Governance Committee of the Company. The review report of the independent auditor will be included in the 2026 Interim Report to be sent to the Shareholders.

CORPORATE STRATEGY

Our strategic focus is to develop and sell premium and luxury properties in prime locations in Hong Kong and major Chinese Mainland cities, while operating investment properties predominately on the Chinese Mainland with top-notch services to generate a stable recurring income stream. We deliver exceptional value to our customers by offering premium, quality homes in sought-after locations. Our investment properties are managed with a customer-centric approach to ensure an unparalleled working and shopping environment for our tenants and customers. In addition, we exercise financial prudence by regularly scrutinising capital resources and liquidity. On the sustainability front, we aim to achieve best-in-class sustainability standards for our assets and throughout our communities. We ensure our projects in the pipeline are designed to achieve sustainable building certifications. At the same time, we strive to create a positive social impact, and value the relationships with our staff, customers, suppliers, partners, government agencies and other key stakeholders.

PAST PERFORMANCE & FORWARD-LOOKING STATEMENTS

The performance and results of the operations of the Group within this announcement are historical in nature, and past performance is no guarantee for the future results of the Group. This announcement may contain forward-looking statements and opinions, and all forward-looking statements, although based on reasonable estimates, assumptions 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, and the employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability arising from any forward-looking statements or opinions that do not materialise or prove to be incorrect.

EMPLOYEES

As at 30 June 2026, the Group had approximately 7,200 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 the share award scheme. Further information regarding the share award scheme of the Company will be set out in the section headed "Share Award Scheme" in the 2026 Interim Report.

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

During the six months ended 30 June 2026, save for the purchase of shares in the Company by the trustee for the purpose of the Company's share award scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares).

A total of 1,412,000 shares of the Company were acquired and settled through on-market transactions and 502,300 shares of the Company were transferred to the awardees upon vesting of the awarded shares during the six months ended 30 June 2026. The remaining 5,589,150 shares of the Company were held in trust under the share award scheme of the Company as at 30 June 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The CG Code sets out (a) the mandatory requirements for disclosure in the 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.

The Company complied with all the code provisions set out in the CG Code throughout the six months ended 30 June 2026, except for C.2.1 of the code provisions as Mr. Kuok Khoon Hua ("**Mr. Kuok**") has served as both the Chairman and the 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 of the Company 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 as well as the appropriate Board Committees and the senior management team, who possess the relevant knowledge and expertise. The Board believes that the balance of powers and authorities 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted 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 the Company. In addition, regular reminders are sent to the Directors regarding the restrictions on dealings in the securities and derivatives of the Company during the black-out period before the interim and final results of the Company are 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 the Company 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.

The Company has made specific enquiries with all Directors and they have confirmed compliance with the required standards set out in the Model Code throughout the six months ended 30 June 2026. The Company'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.

The Company is not aware of any non-compliance with the Model Code throughout the six months ended 30 June 2026.

INTERIM DIVIDEND AND CLOSURE OF REGISTERS OF MEMBERS

The Board has declared the payment of an interim dividend of HK$0.40 per share for the six months ended 30 June 2026, amounting to approximately HK$581 million in aggregate based on 1,451,305,728 ordinary shares in issue as at 30 June 2026 and payable on Friday, 25 September 2026 to the Shareholders (except for the holders of treasury shares, if any) whose names appear on the Registers of Members on Wednesday, 16 September 2026. Currently, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise). The Registers of Members will be closed on Wednesday, 16 September 2026, on which date no transfer of shares will be registered. The ex-dividend date will be Monday, 14 September 2026. The actual amount of the interim dividend payable will be subject to the actual number of ordinary shares in issue on Wednesday, 16 September 2026. All dividend decisions made by the Board were made in accordance with the dividend policy of the Company.

For the purpose of determining the eligible Shareholders' entitlement to the interim dividend, all transfers accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 15 September 2026. The record date for determining Shareholders' entitlement to the interim dividend will be Wednesday, 16 September 2026.

The interim dividend warrants will be despatched to the eligible Shareholders on or about Friday, 25 September 2026.

PUBLICATION OF 2026 INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEXnews website at www.hkexnews.hk and the Company's website at www.kerryprops.com/en/news/announcements/2026. The 2026 Interim Report will be available on the websites of HKEXnews and the Company and despatched to the Shareholders on or about Thursday, 10 September 2026.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

"Adjusted EPS"	earnings per share calculated based on underlying profit;
"Board"	the board of Directors;
"CEO"	the Chief Executive Officer of the Company;
"CG Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules;
"Chairman"	the chairman of the Board;
"Combined revenue/ rental revenue/results"	revenue/rental revenue/results from the Company, its subsidiaries and share of associates and joint ventures in the Chinese Mainland and Hong Kong;
"Company"	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
"Directors"	the director(s) of the Company;
"EPS"	earnings per share;
"GFA"	gross floor area;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKAS"	Hong Kong Accounting Standard;
"HKFRS"	Hong Kong Financial Reporting Standard;
"JPY"	Japanese yen, the lawful currency of Japan;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules;
"Registers of Members"	the registers of members of the Company;
"RMB"	Renminbi, the lawful currency of The People's Republic of China;
"Shareholders"	the shareholders of the Company;
"sq ft"	square feet;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"1H"	the first half of the financial year, six months ended 30 June;
"%"	per cent; and
"% pts"	percentage points.

By Order of the Board
Kerry Properties Limited
Cheng Wai Sin
Company Secretary

Hong Kong, 24 August 2026

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

Executive Director:	*Mr. Kuok Khoon Hua*
Independent Non-executive Directors:	*Mr. Hui Chun Yue, David, Mr. Chum Kwan Lock, Grant and Dr. Li Rui*
Non-executive Director:	*Ms. Tong Shao Ming*