嘉里建設有限公司

KERRY PROPERTIES LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 683

ANNUAL REPORT 2020

KERRY PROPERTIES LIMITED

COVER ILLUSTRATION

On cover:
1. Jing An Kerry Centre, Shanghai
2. Beijing Kerry Centre, Beijing
3. Kerry Centre, Hong Kong
4. Qianhai Kerry Centre, Shenzhen
5. Hangzhou Kerry Centre, Hangzhou

On back cover:
6. Kerry Parkside, Shanghai
7. Shenzhen Kerry Plaza, Shenzhen
8. Shenyang Kerry Centre, Shenyang
9. MegaBox, Hong Kong




Kerry Properties Limited ("KPL") is a world-class property company with significant investments in Asia. The Company is known for its property development activities in mainland China 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.

Kerry Centre, Hong Kong

CORPORATE INFORMATION & KEY DATES

BOARD OF DIRECTORS

Executive Directors
Mr Wong Siu Kong, *Chairman*
Mr Kuok Khoon Hua, *Vice Chairman and Chief Executive Officer*
Mr Bryan Pallop Gaw
Mr Wong Chi Kong, Louis, *Senior Vice President of the CEO Office*

Independent Non-executive Directors
Ms Wong Yu Pok, Marina, JP
Mr Chang Tso Tung, Stephen
Mr Hui Chun Yue, David

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Ms Wong Yu Pok, Marina, JP, *Chairman*
Mr Chang Tso Tung, Stephen
Mr Hui Chun Yue, David

REMUNERATION COMMITTEE

Ms Wong Yu Pok, Marina, JP, *Chairman*
Mr Wong Siu Kong
Mr Kuok Khoon Hua
Mr Chang Tso Tung, Stephen
Mr Hui Chun Yue, David

NOMINATION COMMITTEE

Mr Wong Siu Kong, *Chairman*
Mr Kuok Khoon Hua
Ms Wong Yu Pok, Marina, JP
Mr Chang Tso Tung, Stephen
Mr Hui Chun Yue, David

FINANCE COMMITTEE

Mr Wong Siu Kong
Mr Wong Chi Kong, Louis

EXECUTIVE COMMITTEE

Mr Wong Siu Kong
Mr Kuok Khoon Hua
Mr Bryan Pallop Gaw
Mr Wong Chi Kong, Louis

COMPANY SECRETARY

Ms Li Siu Ching, Liz

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
Level 54, Hopewell Centre, 183 Queen's Road East
Hong Kong

CORPORATE COMMUNICATION DEPARTMENT

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 DEPARTMENT

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Facsimile: (852) 2967 2900
Email: ir@kerryprops.com

THE OMBUDSPERSON OF KERRY PROPERTIES LIMITED

(For receipt of all whistleblowing/complaints reports)

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

Mainland
Kerry Properties Development Management (Shanghai) Co., Ltd.
5/F, Tower 1, Kerry Everbright City
218 Tian Mu Road West
Shanghai, China 200070

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ombuds@kerryprops.com

WEBSITE

www.kerryprops.com

STOCK CODES

Stock Exchange of Hong Kong: 683
Bloomberg: 683 HK
Reuters: 683.HK

KEY DATES

Annual General Meeting
27 May 2021

Closure of Registers of Members
24 to 27 May and 2 June 2021

Proposed Payment of Final Dividend
11 June 2021

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FINANCIAL HIGHLIGHTS

Two-year Overview		FY 2020	FY 2019	% Change
Revenue	(HK$M)	**14,526**	18,025	-19%
Gross profit	(HK$M)	**8,387**	8,984	-7%
Gross profit margin	(%)	**57.7**	49.8	
Operating profit	(HK$M)	**7,572**	8,451	-10%
Operating profit margin	(%)	**52.1**	46.9	
EBITDA*	(HK$M)	**7,351**	8,038	-9%
Profit attributable to shareholders	(HK$M)			
– before fair value change of investment properties		**4,233**	5,396	-22%
– after fair value change of investment properties		**5,403**	6,897	-22%
Net profit margin	(%)			
– before fair value change of investment properties		**29.1**	29.9	
– after fair value change of investment properties		**37.2**	38.3	
Earnings per share	(HK$)			
– before fair value change of investment properties		**2.91**	3.71	-22%
– after fair value change of investment properties		**3.71**	4.74	-22%
Shareholders' equity	(HK$M)	**109,873**	101,705	+8%
Net borrowings	(HK$M)	**27,539**	27,286	+1%
Net asset value per share	(HK$)	**75.44**	69.83	+8%
Share price as at 31 December	(HK$)	**19.64**	24.75	
Price earnings ratio#	(times)			
– before fair value change of investment properties		**6.7**	6.7	
– after fair value change of investment properties		**5.3**	5.2	
Market capitalisation as at 31 December#	(HK$M)	**28,606**	36,048	
Dividend per share	(HK$)	**1.35**	1.35	
Dividend payout ratio	(%)			
– before fair value change of investment properties		**46.4**	36.4	
– after fair value change of investment properties		**36.4**	28.5	
Dividend cover	(times)			
– before fair value change of investment properties		**2.2**	2.7	
– after fair value change of investment properties		**2.7**	3.5	
Dividend yield#	(%)	**6.9**	5.5	
Return on shareholders' equity	(%)			
– before fair value change of investment properties		**3.9**	5.3	
– after fair value change of investment properties		**4.9**	6.8	
Gearing	(%)	**25.1**	26.8	
Interest cover	(times)			
– before fair value change of investment properties		**11.6**	13.5	
– after fair value change of investment properties		**13.3**	15.4	
Current ratio	(times)	**2.3**	1.5	
Liquidity ratio	(times)	**0.9**	0.7	
Discount to net asset value#	(%)	**(74.0)**	(64.6)	

* *Being earnings before interest, tax, depreciation and amortisation, fair value change of investment properties and certain non-recurring items.*

\# *Based on share prices as at 31 December 2020 and 31 December 2019, respectively.*

FINANCIAL HIGHLIGHTS

Revenue

HK$14.5B

▼ 19% YoY

Property Sales	▼ 24% YoY
Property Rental	▼ 2% YoY
Hotel Operations	▼ 40% YoY

Gross Profit

HK$8.4B

▼ 7% YoY

Margin 58% ▲ 8% YoY

Property Sales	▼ 3% YoY
Property Rental	▼ 2% YoY
Hotel Operations	▼ 49% YoY

Profit Attributable to Shareholders

HK$5.4B

▼ 22% YoY

Underlying Profit	HK$4.2B	▼ 22% YoY
Earnings Per Share*	HK$2.91	▼ 22% YoY
Land Appreciation Tax		▲ 182% YoY

Full Year Dividend

Maintained YoY

HK$1.35/SHARE

46.4% **Payout ratio***

Interim	HK$0.40
Final	HK$0.95

Contracted Sales

Surpassed target by 61%

HK$12.9B

▲ 45% YoY

Hong Kong	HK$5.6B
Mainland	HK$7.3B

Cash and Bank Deposits

HK$17.0B

▲ 39% YoY

Undrawn bank loan facilities	HK$16.1B	▲ 28% YoY

Gearing

(Net Debt to Net Assets Attributable to Shareholders)

25.1%

▼ 1.7% YoY

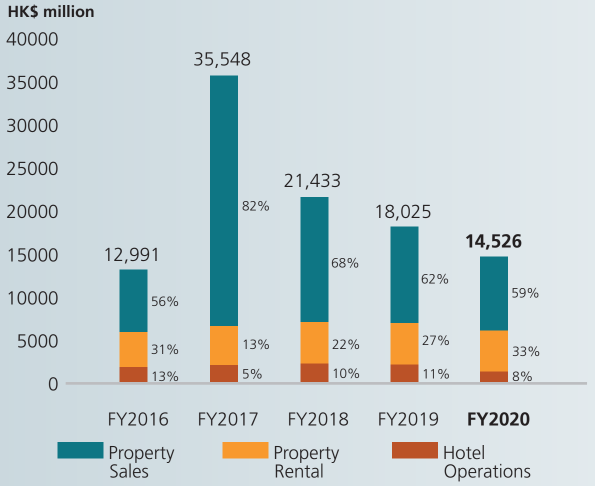
Net Assets Attributable to Shareholders

HK$75.44/ SHARE

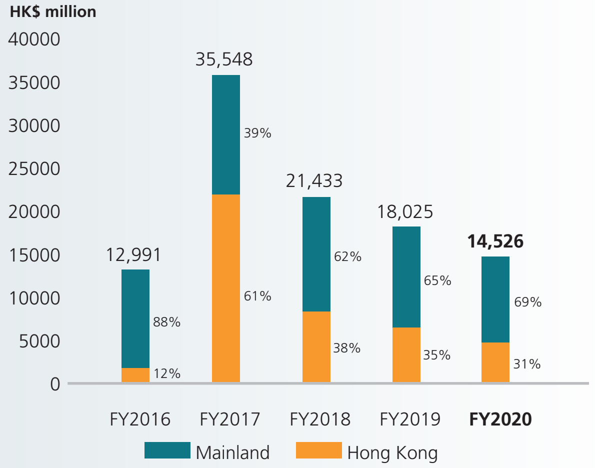
▲ 8% YoY

* *Based on Underlying Profit.*

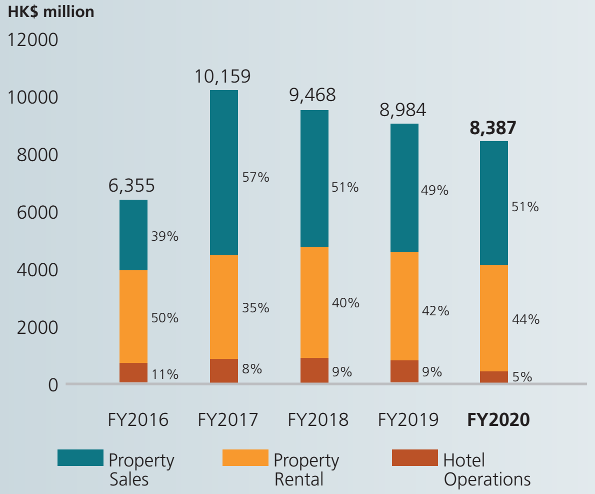
Revenue by Principal Activities



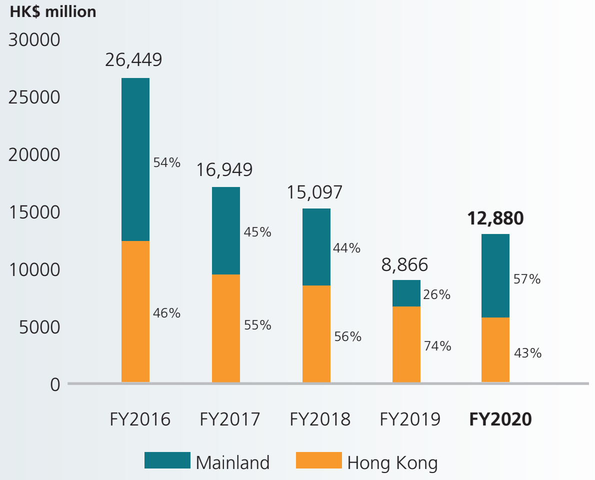
Revenue by Principal Markets



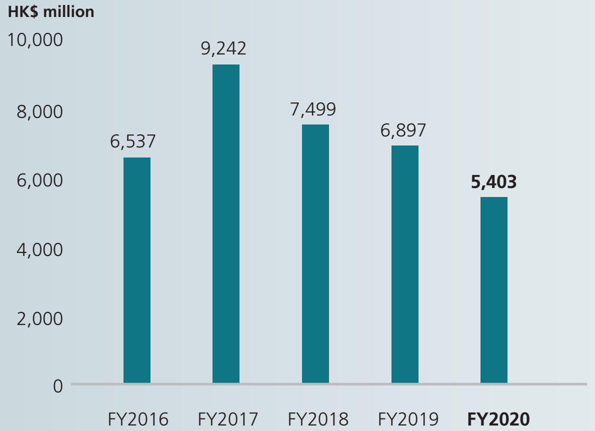
Gross Profit



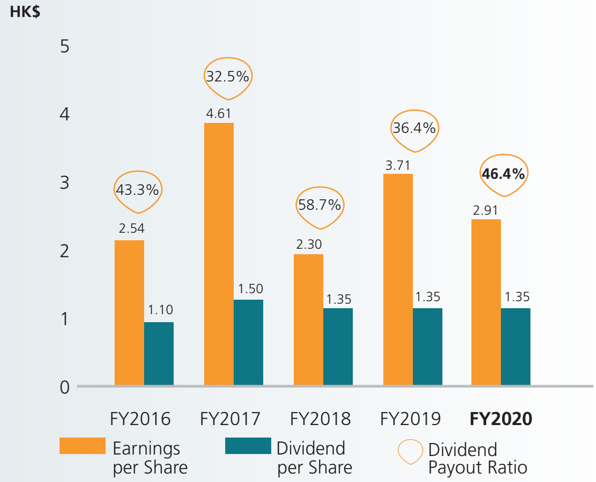
Contracted Sales



Profit Attributable to Shareholders



Earnings per Share*, Dividend per Share and Dividend Payout Ratio*



* *Before fair value change of investment properties.*

CHAIRMAN'S STATEMENT

Mr Wong Siu Kong – Chairman

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the year ended 31 December 2020. The Group recorded a consolidated net profit attributable to shareholders for the year, before taking into account the effects of the increase in fair value of investment properties, of HK$4,233 million, a decline of 22% compared with the HK$5,396 million reported for 2019. Profit attributable to shareholders for the year, after taking into account the effects of the increase in fair value of investment properties, was HK$5,403 million (2019: HK$6,897 million). Earnings per share for the year were HK$3.71, down 22% compared with HK$4.74 per share as recorded in 2019.

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 will amount to HK$1.35 per share (2019: HK$1.35 per share).

Shaping our Future in a Changing Landscape

Over the past year, the global economic landscape, Hong Kong and mainland China included, has been deeply affected by the coronavirus ("**COVID-19**") pandemic. With its remarkable efforts in controlling the pandemic, the Mainland displayed strong resilience and became the first major economy to regain economic growth. Looking ahead, 2021 will continue to be a year of many challenges. The different trajectories of the pandemic in each country, coupled with the increasingly complex geopolitical environment, will fuel uncertainties at the macro-economic level.

While the Mainland was able to resume its growth, Hong Kong experienced negative growth for two consecutive years and is still working its way through the current difficulties. The local economy will gradually regain its equilibrium after the pandemic is brought under control, capturing opportunities arising from the developments in the Mainland. In this challenging environment, we continue to see a glimmer of hope for Hong Kong's economic recovery.

We stand firmly by our corporate beliefs of determining our own future while dealing with inevitable change. And to ensure our core strategies stay on track, we will maintain strict risk management and continually strive to enhance operational effectiveness and efficiency. These efforts will help us move forward steadily as we prepare for a return to a more stable operating environment.

Serving with Passion and Seeing Beyond Construction

As a property developer, our duty is to create high-quality products for users, so we pay close attention to every small detail in each of our projects. It is only by delivering prime-quality properties and putting our hearts into our services that our customers can lead an enjoyable life and leisure experience.

Our work going forward will revolve closely around three main pillars. First, we will constantly work at enhancing our product quality, in staying up to speed with the times through contemporary building features and online property management. Second, we will continuously reinforce our service standards and strive for perfection in a bid to exceed users' expectations. Third, as a developer, we fully appreciate the symbiotic relationship we have with the natural environment. As such, it is a long-term goal, as well as a pressing task, for us to move forward together in unison with the environment.

Kerry by Your Side on Sustainability

Kerry Properties is a major proponent of sustainable design and green buildings, in line with the aspirations of businesses and residents. Qianhai Kerry Centre, for example, sets out a new standard for neighbourhood living by connecting the built environment with green spaces and facilities for a healthy lifestyle, as well as space for culture and the arts. The first project in the Qianhai Free Trade Zone to have obtained a LEED Platinum certification, we are proud that the project was recognised at the 'MIPIM Asia Awards 2020', winning the Gold Award for Best Mixed-Use Development and Silver Award for Best Green Project.

We place particular emphasis on stakeholder engagement in our sustainability advocacy, and continue to drive the Group towards the goals stipulated in our Vision 2030. Over the past year, these efforts have gradually gained recognition. In our first participation in the 'Global Real Estate Sustainability Benchmark ("**GRESB**")', we achieved a 4-Star overall rating, and ranked fourth in the category of Diversified Listed Company in Eastern Asia.

We have been a constituent of the 'Hang Seng Corporate Sustainability Index' for several consecutive years, and our sustainability assessment was upgraded to 'AA-' in 2020. Meanwhile, our Sustainability Report 2019 was selected as the Best ESG Materiality Reporting (small to mid-cap) winner in the 'IR Magazine Awards – Greater China 2020'.

As one of the key attributes standing the Group in good stead, our sustainability efforts include environmental protection, green certification, social care, community connection and employee wellbeing. Going forward, we will seek even more support from our customers, stakeholders and communities in order to work together towards the goal of a better and more sustainable future.

Wong Siu Kong
Chairman
Hong Kong, 18 March 2021

CEO'S MESSAGE

Mr Kuok Khoon Hua – Vice Chairman & Chief Executive Officer

Dear Shareholders,

2020 was a challenging year. The outbreak and subsequent spread of COVID-19 around the world resulted in countries being, in many ways, closed off from each other. This did not have a significant impact on the mainland Chinese economy which rebounded strongly in the second half of the year due to its large domestic market and uninterrupted supply chains. Hong Kong's economy, on the other hand, has suffered greatly as it is a global city that has become isolated due to the various stringent travel restrictions that are in place.

The rebound that we saw in mainland China enabled us to step up the sales pace of our various development properties resulting in contracted sales for the year of HK$7,281 million as compared to our target of HK$4,800 million. In Hong Kong despite the challenging environment we took advantage of odd pockets of opportunities to achieve contracted sales of HK$5,599 million as compared to a target of HK$3,200 million.

Our non-hotel investment properties both on the Mainland and in Hong Kong proved resilient with low single-digit percentage declines in gross profit. While our hotel business on the Mainland suffered due to the disruptions caused by the initial COVID-19 outbreak and the absence of international travelers, we have seen steady improvement in occupancies and business as domestic travel and entertainment picked up pace from the beginning of the third quarter.

In October 2020, through a joint venture, we won the tender for the last site of LOHAS Park, a large-scale residential project in Tseung Kwan O, Hong Kong, atop an MTR station. This project marks our re-entry into mass-market residential development properties which we feel will complement our portfolio of luxury and mid-end residential developments. We look forward to being able to provide to a wider base of home-buyers the quality, comforts, and satisfaction that we are known for.

In February 2021, also through a joint venture, we won a prime transit-oriented mixed-use site in the Pudong New Area of Shanghai that, upon completion, would provide a 2.4 million square-foot retail and lifestyle destination for a catchment population of close to 700,000.

The LOHAS Park and Pudong sites are in-line with our strategy of building out a quality portfolio of development properties in Hong Kong at different price-points, as well as deep-rooting in core cities on the Mainland with a commercial or mixed-use development focus. Going forward we will continue to look for opportunities to quicken the sales pace of our development properties; dispose of non-core assets; and reinvest into projects that have higher growth potential.

In February 2021 the proposed strategic collaboration between our associated company, Kerry Logistics Network ("**KLN**"), and S.F. Holding was announced. This potential collaboration is expected to unlock significant value to shareholders of both KPL and KLN while allowing the KLN business to benefit from a larger and more asset-light platform that KPL shareholders would also benefit from. I expect that we will have better visibility on the various conditions to deal closing in the third quarter of the year.

As a developer with a long-term vision of deep-rooting in dynamic cities and enriching the local communities we continue to improve our developments particularly in the areas of health and sustainability. The health and well-being of our residential and commercial tenants is central to what we do and we continue to explore new standards in air quality, cleanliness, green open-spaces, and activities. We will also be increasing our focus on the environmental sustainability of our developments and operations and I am pleased to see that our initial efforts have been recognised by our inclusion in the Global Real Estate Sustainability Benchmark and the Hang Seng Corporate Sustainability Index. Going forward and in support of the United Nations Sustainable Development Goals ("**UNSDGs**") on climate action we will be working on a long-term mitigation plan to combat climate risks which includes the formulation of a new Climate Risk Policy.

We expect that the mainland Chinese economy will continue to grow steadily in 2021 while Hong Kong's near term prospects will largely depend on the opening up of normalised travel channels with mainland China. We will continue to look for attractive investment opportunities and to improve our operations.

Last but not least, on behalf of my fellow directors, I would like to thank our colleagues for their hard work, commitment, and professionalism that has enabled us to keep our tenants safe and achieve our financial results, while gearing up for new growth opportunities.

Kuok Khoon Hua
Vice Chairman & Chief Executive Officer
Hong Kong, 18 March 2021

MANAGEMENT DISCUSSION & ANALYSIS
OVERALL RESULTS


Shenzhen Kerry Plaza, Shenzhen


Jing An Kerry Centre, Shanghai


MegaBox, Hong Kong


Kerry Centre, Hong Kong


Qianhai Kerry Centre, Shenzhen

Enterprise Square and
Kerry Parkside, Shenyang


GREEN ESCAPE[ST],
Jing An Kerry Centre, Shanghai


Beijing Kerry Centre, Beijing

Kerry Properties Limited recorded strong contracted sales for the year ended 31 December 2020, surpassing our full year contracted sales target of HK$8,000 million for Hong Kong and the Mainland by 61% to achieve HK$12,880 million (2019: HK$8,900 million). The Group's Property Rental business proved resilient and recorded revenues of HK$4,827 million for the year ended 31 December 2020 (2019: HK$4,911 million). Although sales and rental performance was dampened by quarantine and social distancing measures in the first half of 2020, the Group narrowed the gap as market conditions improved in the second half of 2020.

During the year, the Group's total gross profit margin increased to 58% (2019: 50%). This was led by the Property Sales business, which recorded a 25% increase in gross profit margins to 50% (2019: 40%), and the Property Rental business, which maintained gross profit margins of 77% (2019: 77%) for the year ended 31 December 2020.

The Group's profit attributable to shareholders for the year ended 31 December 2020 was HK$5,403 million, representing a decrease of 22% compared with HK$6,897 million reported for 2019. The Group valued its investment property portfolio on a fair value basis and recorded an increase in fair value of investment properties (net of deferred taxation) attributable to shareholders of HK$1,170 million for the year ended 31 December 2020 (2019: HK$1,501 million). Before taking into account the aforementioned increase in fair value, the Group recorded a decrease of 22% in profit attributable to shareholders to HK$4,233 million for the year ended 31 December 2020 (2019: HK$5,396 million).

The effect on the Group's profit attributable to shareholders due to the net increase in fair value of the Group's investment properties and related tax effects is as follows:

	Year ended 31 December		
	2020 HK$ million	2019 HK$ million	Change
Profit attributable to shareholders before taking into account the net increase in fair value of investment properties and related tax effects	**4,233**	5,396	-22%
Add: Net increase in fair value of investment properties and related tax effects	**1,170**	1,501	
Profit attributable to shareholders after taking into account the net increase in fair value of investment properties and related tax effects	**5,403**	6,897	-22%

The decline was mainly due to cyclically lower sales recognition for the year ended 31 December 2020, which recorded revenues of HK$8,519 million (2019: HK$11,161 million); and difficult market conditions caused by global travel restrictions on the Hotel segment, which recorded HK$1,180 million in revenue for the year ended 31 December 2020 (2019: HK$1,953 million). As of December 2020, occupancy rates for Hotel Operations have picked up more momentum going into 2021. The Group recorded land appreciation tax of HK$1,081 million (2019: HK$383 million) on Mainland property sales for the year ended 31 December 2020, representing a 182% increase.

Earnings per share for the year ended 31 December 2020 were HK$3.71, representing a decrease of 22% compared with HK$4.74 per share in 2019.

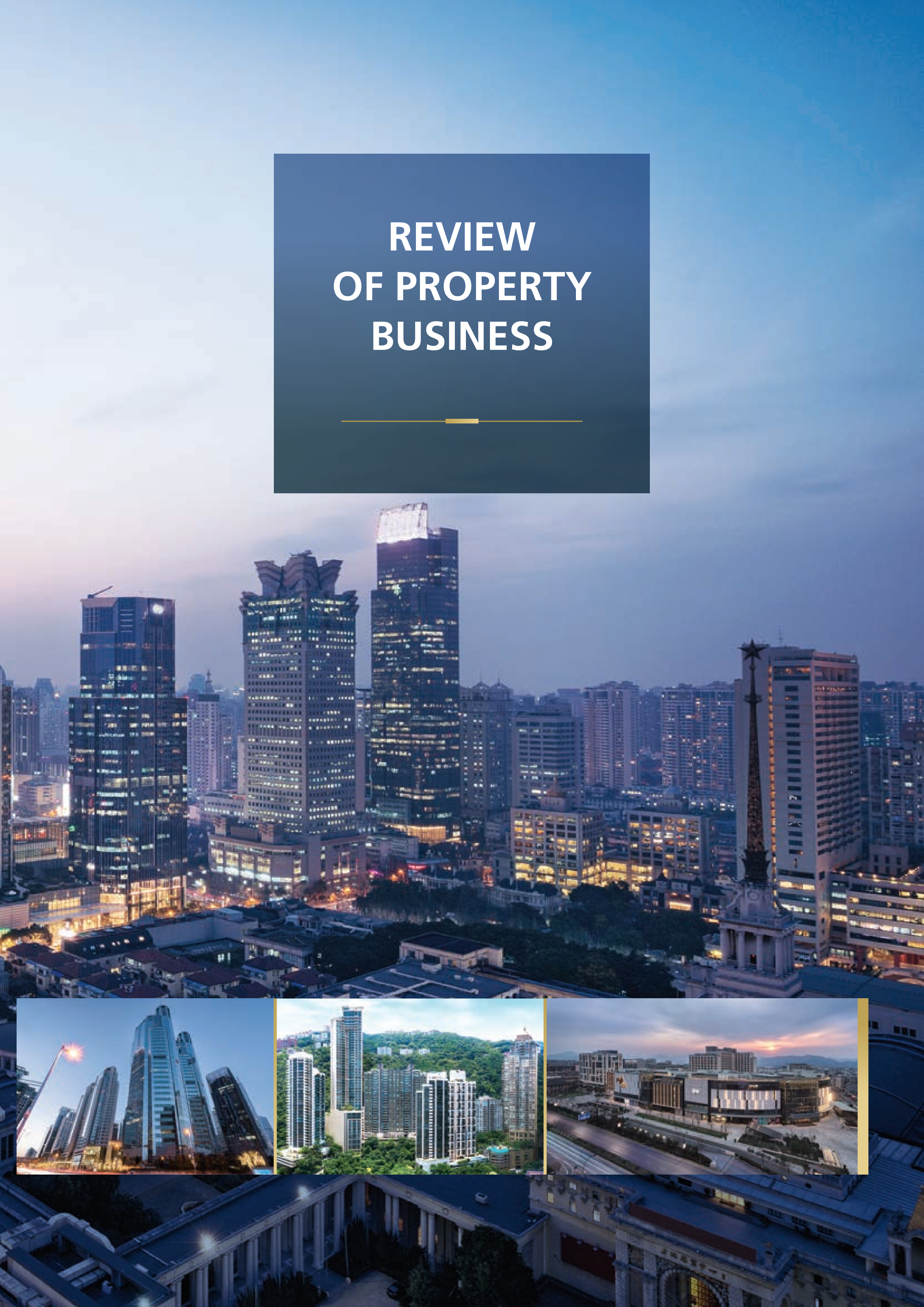
As of 31 December 2020, the Group's balance sheet remains robust, growing 39% to HK$16,995 million in cash and bank deposits (2019: HK$12,255 million). At the same time, the gearing ratio improved by 170 basis points to 25.1% as of 31 December 2020 (2019: 26.8%).

The Board has recommended the payment of a final dividend of HK$0.95 per share (the "**Final Dividend**") for the year ended 31 December 2020. Together with the interim dividend of HK$0.40 per share, the total cash dividend for the year ended 31 December 2020 will be HK$1.35 per share (2019: HK$1.35 per share).

As set out in the announcement jointly published by the Company, Kerry Logistics Network Limited ("**KLN**") and Flourish Harmony Holdings Company Limited on 10 February 2021 in relation to the partial offer for shares in KLN (the "**Joint Announcement**"), the Company intends to tender its pro rata share of the aggregate acceptances to be tendered under the Controlling Shareholders Irrevocable Undertakings (as defined in the Joint Announcement) (the "**Share Sale**"). Conditional upon completion of the partial offer and Share Sale, the Company expects to receive net proceeds from the partial offer of not less than HK$11,000 million. The Board currently intends to declare a special dividend (the "**Special Dividend**") to distribute approximately 25% to 30% of such net proceeds to all those shareholders of the Company (the "**Shareholders**") who are the Shareholders on record on the relevant record date.

Further details of the Special Dividend and record date for determining Shareholders' entitlement to the Special Dividend, if declared, will be announced in due course. For the avoidance of doubt, there is no assurance that the partial offer and the Share Sale will complete or that the Special Dividend will be declared.

Jing An Kerry Centre, Shanghai



REVIEW OF PROPERTY BUSINESS

MANAGEMENT DISCUSSION & ANALYSIS
REVIEW OF PROPERTY BUSINESS

PRESENCE IN THE MAINLAND AND HONG KONG

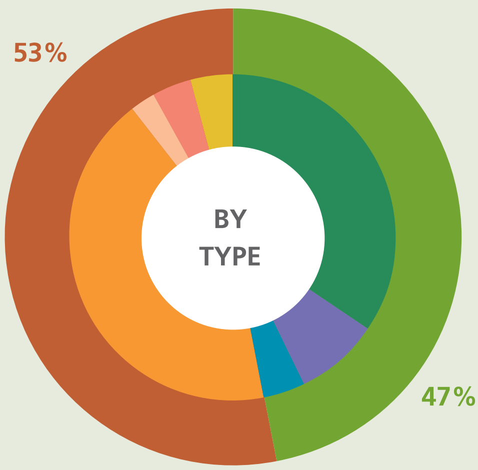
OVERVIEW

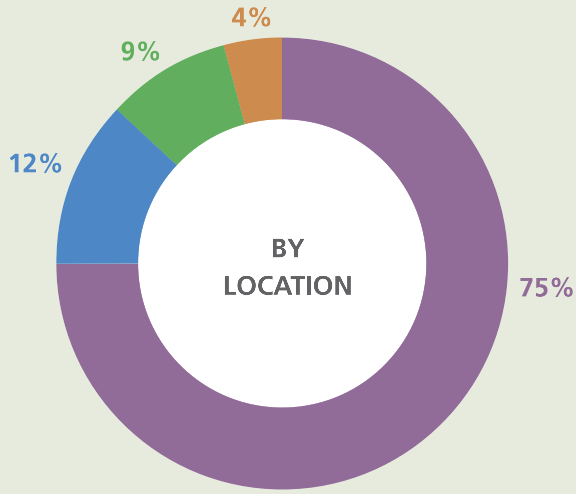
The Group's full-year results for 2020 demonstrated our operational resilience against the impact of the coronavirus ("**COVID-19**") outbreak. Despite the challenges brought about by the pandemic, the Group accelerated its sales and leasing momentum from the second quarter as the market began to show signs of recovery. Full-year contracted sales generated in the Mainland and Hong Kong totalled to HK$12,880 million, exceeding our target of HK$8,000 million by 61%.

As of 31 December 2020, the Group's portfolio comprised properties under development with a gross floor area ("**GFA**") of 25.25 million square feet (2019: 26.82 million square feet), completed investment properties of 15.91 million square feet (2019: 14.47 million square feet), hotel properties of 4.67 million square feet (2019: 4.67 million square feet), and properties held for sale of 1.73 million square feet (2019: 2.04 million square feet). The Group is confident that our portfolio will provide a balanced return of cashflow from sales and recurrent rental income to support our sustainable dividend policy.

Property Portfolio Composition

47.56 million square feet in attributable GFA





Under development

25.25 million square feet in attributable GFA 53%

Mainland	79%
Overseas	8%
Macau	8%
Hong Kong	5%

Completed investment properties/ Hotel properties/ Properties held for sale

22.31 million square feet in attributable GFA 47%

Mainland	69%
Hong Kong	20%
Overseas	11%

Mainland	75%
Hong Kong	12%
Overseas	9%
Macau	4%

Property Portfolio Composition

As of 31 December 2020:	Group's attributable GFA				
	Mainland	Hong Kong	Macau(1)	Overseas	Total
	('000 square feet)				
Completed Investment Properties	9,914	4,128	–	1,867	15,909
Hotel Properties	4,126	38	–	504	4,668
Properties Under Development	19,906	1,295	1,988	2,057	25,246
Properties Held for Sale	1,415	319	–	–	1,734
Total GFA	**35,361**	**5,780**	**1,988**	**4,428**	**47,557**

Note:

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

MAINLAND PROPERTY DIVISION

The Mainland Property Division recorded contracted sales of HK$7,281 million, achieving 52% more than the full-year target of HK$4,800 million on continued demand of high-quality residential units in tier-one cities and provincial capital cities. Recurring revenue from property leasing and hotel operations declined 3% and 40% respectively. The pace of recovery for property leasing and hotels noticeably picked up in the second half as foot traffic and retail sales reached 2019 levels for key cities, and hotel occupancy steadily moved on an upward trend as domestic travel increased.

Gross profit increased by 7% to HK$6,045 million (2019: HK$5,651 million), which reflected the relatively higher profit margins from recognised sales of certain completed properties. A gross profit margin of 76% was posted by the Mainland property rental business.

Despite challenging market conditions in the first half due to the pandemic, the Mainland's domestic growth engine supported the pace of recovery for the overall economy. The Group benefitted from both property sales momentum spurred by pent-up demand for high-quality residential units and increased domestic spending at shopping malls and staycations at hotels. Moreover, gradual work resumption also allowed our properties under development to progress without notable delay to our schedules.

Investment Properties

During the year, the Mainland portfolio of completed investment properties delivered a revenue of HK$3,520 million (2019: HK$3,636 million) and a gross profit of HK$2,672 million (2019: HK$2,782 million), representing year-on-year declines of 3% and 4% respectively.

As of 31 December 2020, the completed investment property portfolio in the Mainland constituted an aggregate GFA of 9.91 million square feet (2019: 8.40 million square feet), comprising residential, office and retail properties, together with added office and retail spaces from Qianhai Kerry Centre Phase I. Their respective composition and occupancy rates were as follows:

As of 31 December 2020:	**Group's attributable GFA**								
	Beijing	**Shanghai**	**Shenzhen**	**Hangzhou**	**Shenyang**	**Tianjin**	**Jinan**	**Total**	**Occupancy Rate**
	('000 square feet)								
Office	**711**	**1,388**	**2,839**	**102**	**354**	**–**	**195**	**5,589**	**91%#**
Retail	**98**	**1,096**	**327**	**798**	**486**	**435**	**34**	**3,274**	**89%#**
Residential	**277**	**774**	**–**	**–**	**–**	**–**	**–**	**1,051**	**84%**
	1,086	**3,258**	**3,166**	**900**	**840**	**435**	**229**	**9,914**	

As of 31 December 2019:	Group's attributable GFA								
	Beijing	Shanghai	Shenzhen	Hangzhou	Shenyang	Tianjin	Jinan	Total	Occupancy Rate
	('000 square feet)								
Office	711	1,388	1,552	102	354	–	195	4,302	90%
Retail	98	1,096	104	798	486	435	34	3,051	93%
Residential	277	774	–	–	–	–	–	1,051	79%
	1,086	3,258	1,656	900	840	435	229	8,404	

Note:

\# *Excluding offices and retail space of Qianhai Kerry Centre Phase I with leasing commenced in third quarter of 2020.*

Mainland Properties

35.36 million square feet in attributable GFA

Under development

19.91 million square feet in attributable GFA 56%

By usage

Residential	55%
Office	24%
Retail	16%
Hotel	5%

By location

Wuhan	22%	Shenzhen	7%
Fuzhou	18%	Zhengzhou	6%
Shenyang	15%	Tianjin	3%
Hangzhou	14%	Nanchang	3%
Qinhuangdao	9%	Kunming	2%
		Putian	1%

Completed investment properties/ Hotel properties/ Properties held for sale

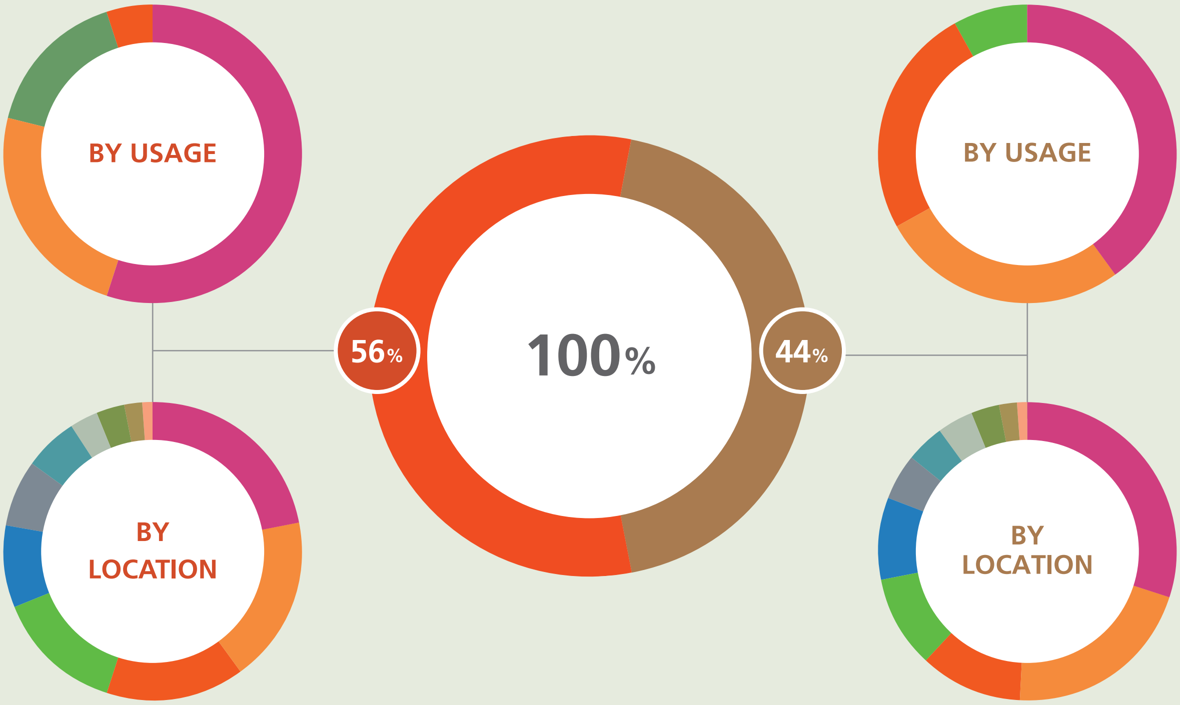
15.45 million square feet in attributable GFA 44%

By usage

Office	40%
Hotel	27%
Retail	25%
Residential	8%

By location

Shanghai	30%	Nanchang	4%
Shenzhen	21%	Jinan	4%
Hangzhou	11%	Nanjing	3%
Beijing	10%	Tangshan	2%
Shenyang	9%	Qinhuangdao	1%
Tianjin	5%		



Comparative occupancy rates of key investment properties are outlined below:

Property	Occupancy rate as of 31 December 2020	Occupancy rate as of 31 December 2019
Jing An Kerry Centre Phase I	**92%**	97%
Jing An Kerry Centre Phase II [(1)]	**95%**	96%
Kerry Parkside [(1)]	**97%**	94%
Beijing Kerry Centre [(1)]	**89%**	96%
Shenzhen Kerry Plaza	**93%**	92%
Hangzhou Kerry Centre [(1)]	**93%**	94%
Shenyang Kerry Centre [(1)]	**81%**	66%

Note:

(1) Excluding the hotel portion.

MAJOR MIXED-USE DEVELOPMENTS IN THE MAINLAND

Qianhai Kerry Centre, Shenzhen

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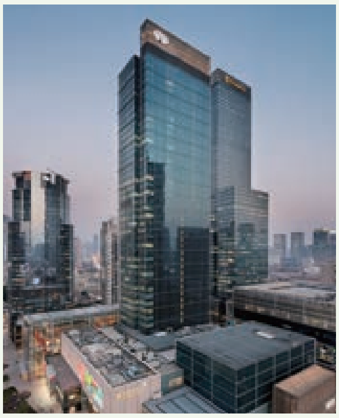


Jing An Kerry Centre, Shanghai

Jing An Kerry Centre, situated in Shanghai's Jing An District, is a mixed-use development which the Group holds 74.25% and 51.00% interests in its Phases I and II respectively. With a total GFA of 3.7 million square feet, Jing An Kerry Centre integrates office, residential and retail components and a Shangri-La Hotel. As of 31 December 2020, 95% of the office space (2019: 97%) and 91% of the retail space (2019: 95%) were leased.

Jing An Shangri-La Hotel achieved an average occupancy rate of 51% during the year (2019: 78%), with the occupancy improved to 64% for the month of December (2019: 74%).

GFA
3.7
million square feet

94%@
Occupancy Rate

Kerry Parkside, Shanghai

Kerry Parkside, located in Shanghai's Pudong New Area, is a 40.80%-held mixed-use development comprising office, residential and retail properties and a Kerry Hotel with a total GFA of 2.7 million square feet. As of 31 December 2020, both retail space and offices were 98% leased (2019: 94% and 98% respectively), while the residential portion was 92% occupied (2019: 82%).

Kerry Hotel Pudong, Shanghai reported an average occupancy rate of 39% during the year (2019: 74%), and an occupancy of 46% was recorded for the month of December (2019: 61%).

GFA
2.7
million square feet

97%@
Occupancy Rate

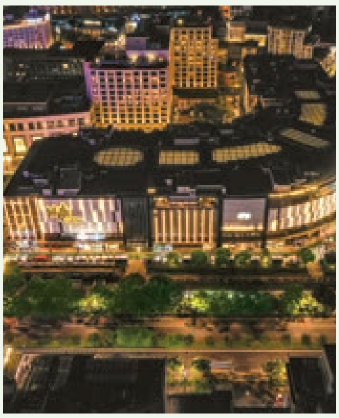
Beijing Kerry Centre

Beijing Kerry Centre, located in Chaoyang District is a 71.25%-held mixed-use development comprising office, residential and retail properties and a Kerry Hotel with a total GFA of 2.2 million square feet. As of 31 December 2020, the occupancy rate of the retail space was 87% (2019: 94%), and the offices were 88% leased (2019: 98%). The residential portion was 92% leased (2019: 92%).

Kerry Hotel Beijing recorded an average occupancy rate of 35% during the year (2019: 86%). The hotel's occupancy rate gradually improved to 61% for the month of December 2020 (2019: 84%).

GFA
2.2
million square feet

89%@
Occupancy Rate



Hangzhou Kerry Centre

Hangzhou Kerry Centre, located in Xiacheng District, is 75.00% held by the Group. This 2.2 million square-foot mixed-use development comprises office, residential and retail properties and a Shangri-La Hotel. As of 31 December 2020, the offices were 95% leased (2019: 94%), and 92% of the retail space was leased (2019: 94%).

Midtown Shangri-La, Hangzhou reported an average occupancy rate of 57% during the year (2019: 76%), with the occupancy increased to 76% for the month of December (2019: 75%).

GFA
1.8#
million square feet

93%@
Occupancy Rate

Shenzhen Kerry Plaza

Shenzhen Kerry Plaza is situated at the core of the Futian CBD and is wholly owned by the Group. The 1.7 million square-foot development comprises three office towers and retail properties. As of 31 December 2020, the occupancy rate of the development was 93% (2019: 92%).

GFA
1.7
million square feet

93%
Occupancy Rate

Shenyang Kerry Centre

Shenyang Kerry Centre is located in Shenhe District. The Group holds a 60.00% stake in this mixed-use project that includes office, residential and retail properties and a Shangri-La Hotel, delivering a GFA of 11 million square feet. As of 31 December 2020, the occupancy of the offices increased to 80% (2019: 51%), and 81% of the retail space was leased (2019: 88%).

Shangri-La Hotel, Shenyang reported an average occupancy rate of 36% during the year (2019: 67%), with the rate gradually improving to 49% for the month of December (2019: 56%).

GFA
2.1#
million square feet

81%@
Occupancy Rate

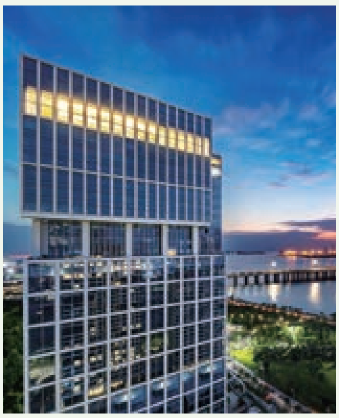
Tianjin Kerry Centre

Tianjin Kerry Centre, a riverfront property, is located in the Hedong CBD. Phase I of this 49.00%-owned mixed-use project includes residential and retail properties and a Shangri-La Hotel, delivering a total GFA of approximately 3.6 million square feet. Construction of the Phase II development commenced in July 2020. As of 31 December 2020, the Riverview Place mall was 79% leased (2019: 82%).

Shangri-La Hotel, Tianjin reported an average occupancy rate of 40% during the year (2019: 72%). An occupancy rate of 42% was recorded for the hotel for the month of December 2020 (2019: 59%).

GFA
1.7#
million square feet

79%@
Occupancy Rate



Qianhai Kerry Centre Phase I, Shenzhen

Situated in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Qianhai Kerry Centre will be developed in three phases. All three sites are designated for a mixed-use development comprising office, residential and retail properties and a hotel. This development represents the first substantial investment in Qianhai by a major Hong Kong corporation.

The Phase I development is wholly owned by the Group and has a total buildable GFA of approximately 2.2 million square feet, on a commercial site of 350,000 square feet. This phase includes a portfolio of office, residential and retail properties, with the office and retail portions completed in the third quarter of 2020. As of 31 December 2020, the offices were 15% leased (2019: N/A).

GFA
1.5#
million square feet

12%
Occupancy Rate

Notes:

@ As at 31 December 2020, excluding hotel.

 # As at 31 December 2020, excluding residential units held for sale.

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Jinan Enterprise Square

Jinan Enterprise Square is located in Lixia District. The Group holds a 55.00% stake in the project comprising office and retail properties and a Shangri-La Hotel. The project has a total GFA of approximately 1 million square feet. As of 31 December 2020, the offices were 80% leased (2019: 84%), and 100% of the retail space was leased (2019: 97%).

Shangri-La Hotel, Jinan reported an average occupancy rate of 55% during the year (2019: 69%), as well as an occupancy rate of 72% for the month of December (2019: 66%).

Jinan Enterprise Square, Jinan

Sales of Properties

During the year, sales of completed properties in the Mainland delivered a revenue of HK$5,255 million (2019: HK$6,150 million), mainly from recognised sales of Qianhai Kerry Centre Phase I, Lake Grandeur in Hangzhou, Arcadia Height in Shenyang and Habitat in Qinhuangdao. A gross profit of HK$2,987 million (2019: HK$2,108 million) was derived therefrom.

After a brief interruption at the start of 2020, our sales activity in the Mainland resumed in the second quarter as the market made a steady recovery from the pandemic. The Mainland segment registered strong sales results, while being able to sustain price points in the market's high-end range. During the year, the Division achieved contracted sales, from pre-sales and sales of properties, of HK$7,281 million, 52% above the 2020 target of HK$4,800 million. Out of the contracted sales of HK$7,281 million, approximately HK$3,800 million were from the pre-sale of Qianhai Kerry Centre Phase I in Shenzhen, Rivercity in Fuzhou, Arcadia Court of Zhengzhou and The Arcadia of Shenyang Phase III. The 2021 target of contracted sales in the Mainland has been set at approximately HK$7,900 million with additional launches in the pipeline, which is approximately 59% of the total contracted sales target of HK$13,500 million for the Group.

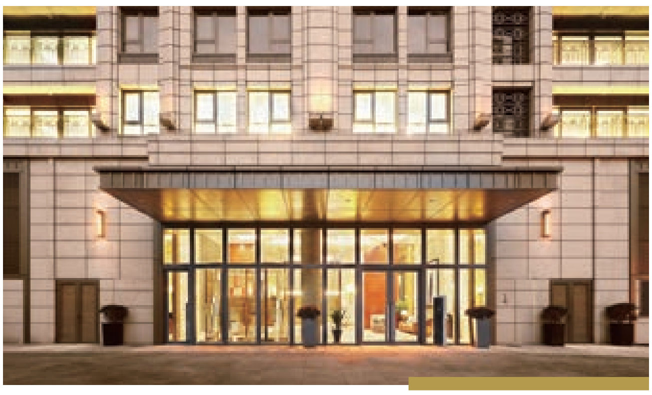
Qianhai Kerry Centre Phase I, Shenzhen

Two residential towers of Qianhai Kerry Centre Phase I, with a GFA of approximately 459,000 square feet, were launched for pre-sale to a strong response in June 2018 and July 2020 respectively. As of 31 December 2020, 75% of the 449 units launched had been sold and pre-sold, and partially handed over.

Qianhai Kerry Centre, Shenzhen

Lake Grandeur, Hangzhou

Lake Grandeur, with a GFA of approximately 330,000 square feet, is situated at Hangzhou Kerry Centre. The project's sale received a strong market response. As of 31 December 2020, 74% of the total of 121 units had been sold.



Lake Grandeur, Hangzhou

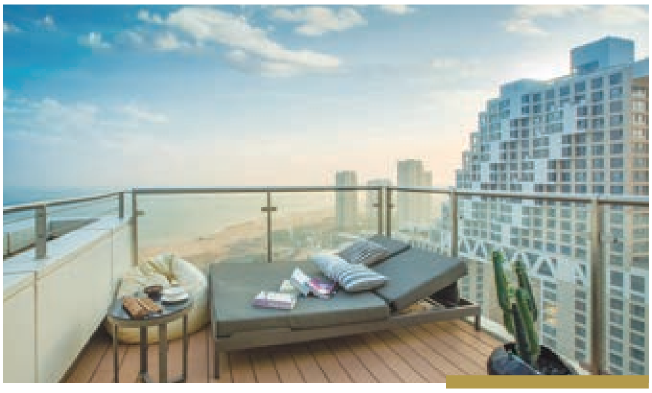
Arcadia Height, Shenyang

Two towers of Arcadia Height with a GFA of approximately 1.2 million square feet at the Shenyang Kerry Centre Phase II development have been completed and delivered for occupation. Sales of this project have met with a strong response and as of 31 December 2020, 98% of the total of 495 Phase II residential units had been sold.

Arcadia Height, Shenyang

Habitat, Qinhuangdao

Phase I of Habitat, the Group's 60.00%-owned residential project in Haigang District, has been completed. As of 31 December 2020, 91% of the total of 778 Phase I residential units had been sold. The Phase I development has a GFA of approximately 1.6 million square feet.



Habitat, Qinhuangdao

PROPERTIES UNDER DEVELOPMENT

These projects will support our ongoing sales momentum and add further value to our compelling investment portfolio.

Shenyang

The Group's 60.00%-owned Shenyang Kerry Centre project will yield a GFA of approximately 11 million square feet according to the current plan. This mixed-use project will include office, residential and retail properties and a hotel. Phases I and II of the development have been completed, and Phase III is now under construction.

Wuhan

The Group has acquired the land-use rights of a site located in Jianghan District. This wholly owned project, with an aggregate site area of approximately 700,000 square feet, is designed to yield a total GFA of approximately 4.4 million square feet. The Group plans to develop a large-scale complex with office, residential, retail and educational components. With governmental support, the project has kickstarted its development in stages subsequent to its ground breaking in December 2020.

Wuhan Development, Wuhan*

*Artist's Impression

MANAGEMENT DISCUSSION & ANALYSIS
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Qianhai, Shenzhen

Qianhai Kerry Centre is a mixed-use project to be developed in three phases.

The Phase I development is wholly owned by the Group and has a total buildable GFA of approximately 2.2 million square feet, on a commercial site of 350,000 square feet. This phase includes a portfolio of office, residential and retail properties, and was partially completed in 2020.

Qianhai Kerry Centre, Shenzhen

The Group, Kerry Holdings Limited and The Bank of East Asia, Limited are jointly developing Phase II on an adjacent site with an area of approximately 207,000 square feet. This phase is designed to yield a GFA of approximately 1.3 million square feet for the development of office, retail and hotel properties. The Group holds a 25.00% interest in the Phase II development, which was topped out during the year.

Phase III of the project is situated on a parcel of land in the Qianwan area, adjacent to the other two phases. This new phase has an area of approximately 184,000 square feet, which is planned to yield a GFA of approximately 886,000 square feet, accommodating office and retail spaces, as well as complementary community facilities. This phase, in which the Group holds a 70.00% interest, is developed through a joint venture with Sino Land Company Limited ("**Sino Land**").

Fuzhou

The Group has an office, residential and retail development in Sanjiangkou area of Cangshan District. This wholly owned project, with an aggregate site area of approximately 1.4 million square feet, is planned to yield a total GFA of approximately 3.5 million square feet. The pre-sale of the residential portion was launched in April 2020. As of 31 December 2020, 35% of the 639 units available for sale had been pre-sold.

Rivercity, Fuzhou*

Qinhuangdao

The Habitat in Haigang District is planned for development into residential and retail properties in two phases. Towers Two and Three of the Phase I development have been completed, with the sold units already delivered. The construction permit for Phase II with a GFA of approximately 3.2 million square feet was issued in January 2021. The Group holds a 60.00% interest in the project.

Hangzhou

In 2019, the Group won a bid for a residential and commercial site in Xiacheng District. With a site area of approximately 1 million square feet, this wholly owned project is planned to yield a GFA of approximately 2.7 million square feet. The Group's plan is to develop the site into a large-scale complex with office, residential and retail properties and a hotel.

**Artist's Impression*

Zhengzhou

The Group and Shangri-La Asia Limited ("**Shangri-La**") are collaborating on a development located in Jinshui District. The site will yield a GFA of approximately 2.1 million square feet for development into office, residential and retail properties and a hotel. The project is scheduled to be completed in phases from 2023 onwards with pre-sales of the residential portion commenced in the second half of 2020. The Group holds a 55.00% interest in this project.

Zhengzhou Development, Zhengzhou*

Tianjin

The Group has a 49.00% interest in this mixed-use project in the Hedong CBD. The site, with a GFA of approximately 5.1 million square feet, is planned to be developed in two phases. Phase I of the development has been completed and the construction of Phase II commenced in July 2020.

Tianjin Kerry Centre, Tianjin*

Kunming

The Group, together with Shangri-La, is developing two adjoining sites in Panlong District. The sites are designated for residential and hotel use, with a GFA of approximately 696,000 square feet. Pre-sale of the residential portion will commence in 2021. The Group holds a 55.00% interest in this project, which is slated for completion in 2023.

Nanchang

In Nanchang, the Group is developing a project through a joint venture with Shangri-La. This 80.00%-held project is situated on the west bank of the Ganjiang River in Honggutan Central District. The development includes office, residential and retail properties and a hotel. The hotel and residential portions of Phase I of the development have been completed. Phase II will deliver a GFA of approximately 640,000 square feet with basement excavation work in progress.

Nanchang Development, Nanchang

**Artist's Impression*

MANAGEMENT DISCUSSION & ANALYSIS
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Shanghai

On 23 February 2021, the Group, together with GIC (Realty) Pte. Ltd., was awarded a mixed-use development site in Shanghai's Pudong New Area. The site has an area of approximately 711,000 square feet and, subject to planning and construction approvals, is expected to yield a GFA of approximately 4.2 million square feet, with approximately 484,000 square feet being assigned for residential use, approximately 269,000 square feet for offices, approximately 2.4 million square feet for retail purpose and approximately 1.0 million square feet for carparks and others. The Group holds a 40.00% interest in this mixed-use project, which will feature offices, residential offerings and a mega shopping complex.

The site in Pudong New Area, Shanghai*

Properties under development in the Mainland

As of 31 December 2020:	Group's Attributable GFA Upon Completion#				
	Residential	Office	Retail	Hotel	Total
	('000 square feet)				
Wuhan	2,632	1,325	483	–	4,440
Fuzhou	2,033	685	800	–	3,518
Shenyang	1,995	461	482	–	2,938
Hangzhou	1,203	245	1,109	174	2,731
Qinhuangdao	1,819	–	77	–	1,896
Shenzhen	436	707	128	108	1,379
Zhengzhou	557	349	23	226	1,155
Tianjin	150	489	92	–	731
Nanchang	–	496	18	–	514
Kunming	125	–	–	258	383
Putian	–	–	21	200	221
Total	**10,950**	**4,757**	**3,233**	**966**	**19,906**

Note:

\# *Excluding Shanghai Pudong site which was awarded on 23 February 2021.*

**Artist's Impression*

HONG KONG PROPERTY DIVISION

During the year ended 31 December 2020, the Hong Kong Property Division recorded revenue of HK$4,571 million (2019: HK$6,286 million) and a gross profit of HK$2,342 million (2019: HK$3,333 million).

The Division's revenue for the year was mainly derived from recognised sales of completed residential properties at Mantin Heights, Mont Rouge and The Bloomsway.

The challenges of the pandemic were more pronounced in Hong Kong. Nevertheless, the Group posted a relatively stable sales performance despite slower activity in the luxury segment. Our investment portfolio also generated steady income streams across the residential and office segments. Results for the retail segment, on the other hand, were dampened by several waves of the pandemic and related social restriction measures.

Hong Kong Properties

5.78 million square feet in attributable GFA

Under development

1.3 million square feet in attributable GFA 22%

By usage

Residential	100%

By location

Hong Kong Island	44%
New Territories	30%
Kowloon	26%

Completed investment properties/ Hotel properties/ Properties held for sale

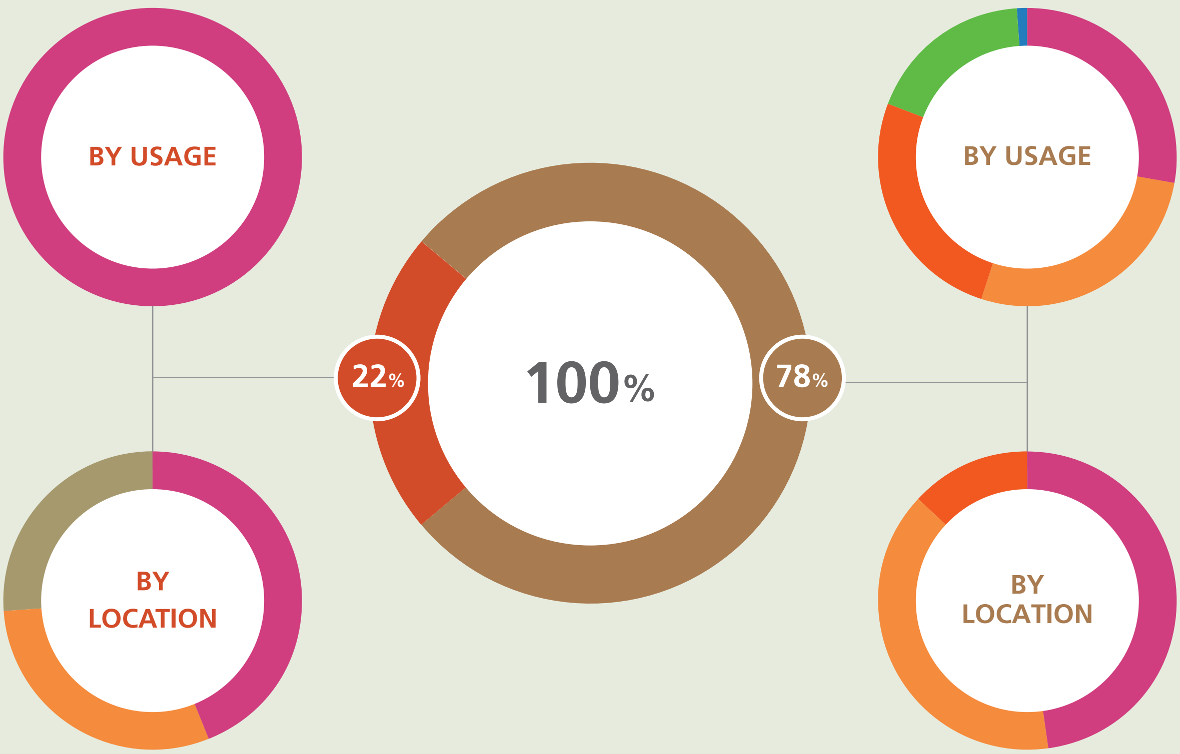
4.48 million square feet in attributable GFA 78%

By usage

Warehouse	28%
Retail	27%
Residential	26%
Office	18%
Hotel	1%

By location

Kowloon	48%
Hong Kong Island	39%
New Territories	13%



MANAGEMENT DISCUSSION & ANALYSIS
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Investment Properties

The rental performance of the Group's portfolio of residential, retail and office properties in Hong Kong remained stable and resilient in 2020. Revenue generated by our completed investment properties in Hong Kong totalled HK$1,307 million (2019: HK$1,275 million), producing a gross profit of HK$1,029 million for the year (2019: HK$999 million).

As the local economy was hit by several waves of COVID-19 infections and an unstable socio-political climate, the Group has taken proactive initiatives to support its tenants through challenging times. These included lease-restructuring arrangements, promotional programmes to boost retail footfall, and redoubled efforts to maintain a safe and hygienic environment for tenants.

The aggregate GFA of the completed investment property portfolio in Hong Kong amounted to 4.12 million square feet as of 31 December 2020 (2019: 4.20 million square feet). Set out below is a breakdown of the GFA and the respective occupancy rates, together with comparative figures:

	As of 31 December 2020		As of 31 December 2019	
	Group's attributable GFA ('000 square feet)	**Occupancy rate**	Group's attributable GFA ('000 square feet)	Occupancy rate
Residential	**871**	**83%**	871	81%
Retail	**1,213**	**100%**	1,224	100%
Office	**778**	**98%**	835	97%
Warehouse	**1,266**	**85%**	1,266	69%
	4,128		4,196	

Enterprise Square Five/MegaBox, Kowloon Bay

MegaBox, a retail mall at No. 38 Wang Chiu Road in Kowloon Bay, has a GFA of 1.1 million square feet. With a focus on local family consumers, MegaBox was able to maintain a stable performance amid the pandemic. As of 31 December 2020, this wholly owned project had an occupancy rate of 99.9% (2019: nearly 100%).

The mall's entertainment and F&B tenants were affected by several rounds of social gathering restrictions during the year. In view of this, MegaBox has worked with affected tenants to optimise their floor space usage through collaborative activities to generate footfall and consumption. For the longer term, the Group will explore options for aligning the mall's offerings with the future CBD2 development of Kowloon East.

The two Grade-A office towers of Enterprise Square Five, with a GFA of 519,000 square feet, recorded stable rental rates and were 97% leased as of 31 December 2020 (2019: 97%).

MegaBox, Hong Kong

Kerry Centre, Quarry Bay

Kerry Centre, situated at No. 683 King's Road, Quarry Bay, is the Group's 40.00%-held flagship office property in Hong Kong. This office tower has a GFA of approximately 511,000 square feet. Benefiting from the trend of office decentralisation, Kerry Centre continues to record high occupancy rates and stable rentals. As of 31 December 2020, 100% of the office space was leased (2019: 100%).

Kerry Centre, Hong Kong

Resiglow-Happy Valley

Resiglow-Happy Valley, the Group's wholly owned residential project, is located at No. 7A Shan Kwong Road, Happy Valley. It offers 106 units with a GFA of approximately 81,000 square feet. As of 31 December 2020, 88% of the units (2019: 87%) were leased.

Resiglow-Happy Valley, Hong Kong

Resiglow-Bonham, Sai Ying Pun

Resiglow-Bonham is situated at No. 8 Hing Hon Road, and has a GFA of approximately 68,000 square feet with 156 units. This wholly owned residential property was completed in 2019 with leasing commenced from August 2019. As of 31 December 2020, 75% of the units (2019: 59%) were leased.

Resiglow-Bonham, Hong Kong

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Sales of Properties

During the year, recognised sales of completed properties in Hong Kong contributed a revenue of HK$3,264 million (2019: HK$5,011 million) to the Group. A gross profit of HK$1,313 million (2019: HK$2,334 million) was generated, mainly from recognised sales of Mantin Heights, Mont Rouge and The Bloomsway.

The Hong Kong segment achieved contracted sales of HK$5,599 million during the year, which included HK$799 million from sales of non-core properties, exceeding the set target of HK$3,200 million. Out of the contracted sales of HK$5,599 million, approximately HK$3,200 million were unrecognised income available to be recognised in 2021 and subsequent years. The 2021 target of contracted sales in Hong Kong has been set at approximately HK$5,600 million, which is approximately 41% of the Group's total contracted sales target of HK$13,500 million.

Mantin Heights, Ho Man Tin

Mantin Heights, a residential project wholly owned by the Group, is situated at No. 28 Sheung Shing Street, Ho Man Tin. The project has a saleable area of approximately 992,000 square feet. As of 31 December 2020, 99.8% of the total of 1,429 units had been sold.

Mont Rouge, Beacon Hill

Mont Rouge, at No. 9 Lung Kui Road in Beacon Hill, has a saleable area of approximately 115,000 square feet. This wholly owned low-density residential project comprises two towers and 19 houses. As of 31 December 2020, 33% of the total 45 units had been sold.

The Bloomsway, So Kwun Wat

The Bloomsway is a wholly owned residential project at Nos. 18, 28 and 29 Tsing Ying Road, So Kwun Wat. This project has a saleable area of approximately 838,000 square feet. As of 31 December 2020, 99% of the total of 1,100 units had been sold.

10 LaSalle, Ho Man Tin

10 LaSalle, a wholly owned residential project, is located at No. 10 La Salle Road in Ho Man Tin, which is adjacent to the Group's another residential development, 8 LaSalle. With a saleable area of approximately 36,000 square feet, the project obtained its Certificate of Compliance in January 2021 with sales launched subsequently in February.

Properties Under Development

Lung Kui Road, Beacon Hill

The site, at No. 3 Lung Kui Road and occupying an area of 235,000 square feet, will be developed into a low-density residential property with a buildable GFA of approximately 343,000 square feet. This wholly owned project lies adjacent to Mont Rouge and is scheduled to be completed in the first half of 2021.

THE SOUTHSIDE Package Two Property Development, Wong Chuk Hang

Together with Sino Land, the Group is co-developing THE SOUTHSIDE Package Two Property Development at No. 11 Heung Yip Road in Wong Chuk Hang. The Group holds a 50.00% stake in this residential project. Located on the south-western segment of the Wong Chuk Hang Station property development, it occupies an area of approximately 92,000 square feet and will provide about 600 residential units over a buildable GFA of approximately 493,000 square feet. The project is scheduled for completion in 2023.

THE SOUTHSIDE Package Four Property Development, Wong Chuk Hang

In 2019, a consortium comprising the Group, Sino Land and Swire Properties Limited was awarded the tender for THE SOUTHSIDE Package Four Property Development project at No. 11 Heung Yip Road in Wong Chuk Hang. Located on the south-eastern segment of the Wong Chuk Hang Station property development, this residential project is expected to offer a total of about 800 units over a buildable GFA of approximately 638,000 square feet. The Group holds a 50.00% interest in this project, which is scheduled for completion in 2025.

LOHAS Park Package Thirteen Property Development, Tseung Kwan O

On 30 October 2020, a consortium comprising the Group, Sino Land, K. Wah International Holdings Limited and China Merchants Land Limited won the tender for the LOHAS Park Package Thirteen Property Development at No. 1 Lohas Park Road in Tseung Kwan O. Fronting Tseung Kwan O Bay, the parcel of land is the last one on offer across the entire lot, and will be connected to The LOHAS mall. This residential project is the largest waterfront development atop LOHAS Park Station, and is planned to yield a total GFA of approximately 1.55 million square feet over an estimated provision of 2,550 units. The Group holds a 25.00% interest in this project, which is scheduled for completion in 2026.

Properties under development in Hong Kong

As of 31 December 2020:	Group's attributable GFA upon completion ('000 square feet)
Residential	1,295
	1,295

Macau

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

In May 2018, the Macau SAR Government gazetted the expiry of the land lease of the Nam Van Lake project for the reason of non-development. All appeals filed by the Group seeking to overturn the decision of the Chief Executive of Macau SAR in declaring the expiry of the land lease were dismissed by the relevant courts including the Court of Final Appeal of Macau SAR. In July 2019, the Group also filed with the Administrative Court of Macau SAR a petition against the Macau SAR Government claiming, inter alia, due compensation for damages and loss of profits caused. The case is still under judicial proceedings.

As for the land exchange project, the Group was notified by the Macau SAR Government in July 2019 that the project would be considered together with all the land debt cases in Macau. In April 2020, the Group was further informed by the Macau SAR Government that in order for the government to handle all the land debt cases together, they have commenced a study and assessment of the land identified for exchange.

MANAGEMENT DISCUSSION & ANALYSIS
REVIEW OF PROPERTY BUSINESS

OVERSEAS PROPERTY DIVISION

The Philippines

The Group maintains a portfolio of upscale properties in the Philippines. These investments are held through Shang Properties, Inc. ("**SPI**"), in which the Division maintains a 34.61% equity interest and a 30.75% interest in its depository receipts. SPI wholly owns the Shangri-La Plaza Mall, Manila, and holds a 70.04% interest in The Enterprise Center, which is an office and retail property in Makati, Manila's financial district. As of 31 December 2020, the occupancy rates of Shangri-La Plaza Mall and The Enterprise Center were 90% and 96% respectively (2019: 94% and 98%, respectively).

Aurelia, The Philippines*

Overseas Properties

4.43 million square feet in attributable GFA

Under development

2.06 million square feet in attributable GFA 46%

By usage

Residential	94%
Retail	6%

By location

The Philippines	88%
Singapore	12%

Completed investment properties/Hotel properties/Properties held for sale

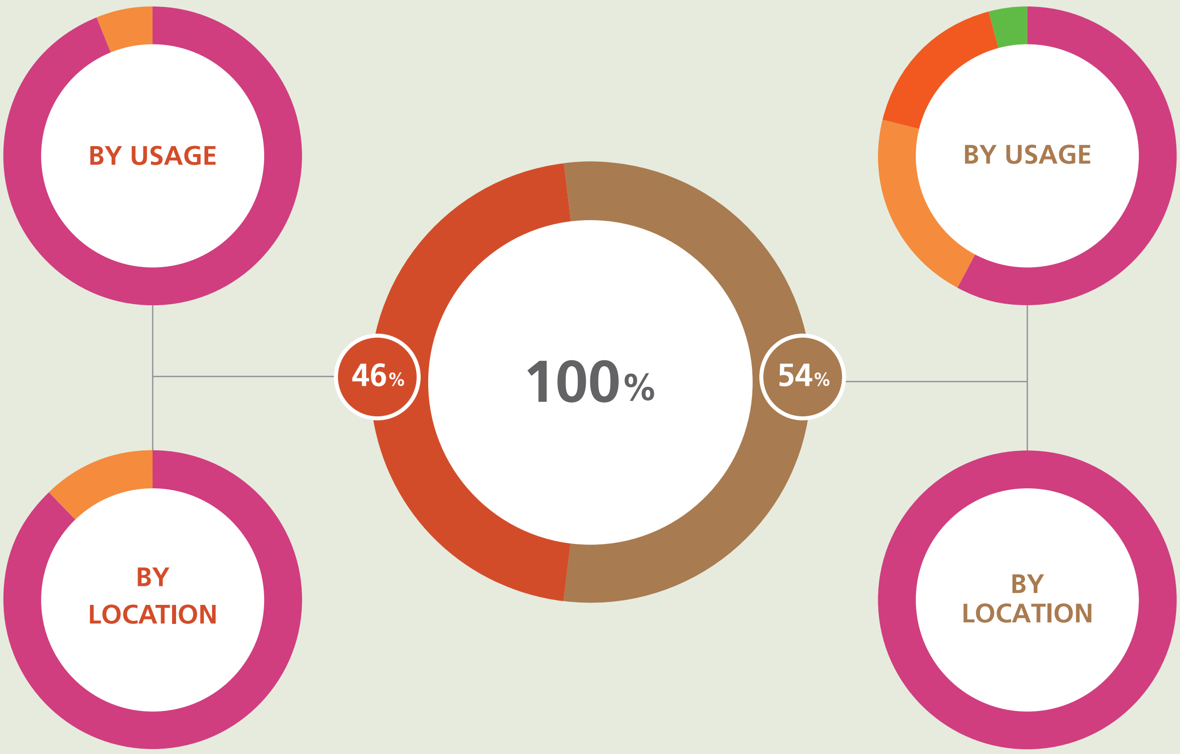
2.37 million square feet in attributable GFA 54%

By usage

Retail	58%
Hotel	21%
Office	17%
Residential	4%

By location

The Philippines	100%



Artist's Impression

SPI holds a 60.00% interest in a hotel and luxury residential development in Fort Bonifacio, Taguig, Manila. The development includes a hotel with a total area of more than 850,000 square feet, residential units covering 593,000 square feet, and retail space with a total area of 47,400 square feet. All 94 units available for sale have been sold, while four units, including two penthouse units, are being retained for long-term investment. The hotel operations were also affected by the COVID-19 pandemic and recorded an average occupancy rate of 21% during the year (2019: 71%).

Apart from these completed projects, SPI currently has three major projects under development:

The first is being developed on a site of more than 116,000 square feet located in Malugay Street, Makati City. This project, The Rise, will have a GFA of approximately 1.63 million square feet, comprising 3,044 residential units and approximately 96,000 square feet of retail space. Sales of The Rise have met with a strong market response. As of 31 December 2020, excluding 25 units held for long-term investment, 97% of the total of 3,019 units had been sold.

SPI launched another project in 2018, located at Wack Wack Road, Mandaluyong City, with a site area of more than 36,000 square feet. This project, Shang Residences at Wack Wack, will have a GFA of approximately 860,000 square feet, comprising 404 residential units. Sales of this project were launched in September 2018, and as of 31 December 2020, excluding four units to be held for long-term investment, 50% of the total of 400 units had been reserved and sold.

SPI also has a 50.00% interest in a joint venture to develop a site of more than 98,000 square feet in Fort Bonifacio Global City, Manila. Pre-sale of this residential development, Aurelia, commenced in September 2019, and 53% of the total of 279 units had been reserved and sold as of 31 December 2020.

Sri Lanka

The Group and SPI have formed a joint venture, Shang Properties (Pvt) Ltd, in Sri Lanka, to develop a mixed-use project strategically located in the heart of Colombo, the country's commercial capital and largest city. The site is situated on a six-acre parcel of leased land on Sir James Peiris Mawatha overlooking Beira Lake. The Group holds an 80.00% stake, while SPI holds a 20.00% interest in the joint venture.

The project will be developed in two phases. Phase I will include a high-rise residential tower, and Phase II will comprise residential and retail components. The development will be complemented by an integrated podium featuring jogging tracks, a clubhouse fully equipped with swimming pools and other facilities, a garden, and car-parking floors.

The original plan was to develop the entire project over a period of eight to nine years. However, the development is being postponed owing to the incidents that occurred in Sri Lanka in April 2019 and the COVID-19 pandemic in 2020. The schedule of the project will be reviewed at the end of 2021.

Shang Residences, Sri Lanka*

Singapore

The Group and Allgreen Properties Limited ("Allgreen") have formed a joint venture in which the Group holds a 30.00% interest. The joint venture won a tender for a land parcel located at Pasir Ris Central on 22 March 2019. With an area of approximately 409,000 square feet, the site is planned for residential and retail uses.

This joint development aligns with the business strategies of the Group in building up a prime property portfolio and pursuing sound investment opportunities. In addition, the co-operation between the Group and Allgreen will provide a synergistic effect for both parties and will allow them to share their management and strategic expertise in the project.

**Artist's Impression*

Overseas Property Portfolio

As of 31 December 2020:	Group's attributable GFA ('000 square feet)
Investment properties	
Office	406
Retail	1,362
Residential	99
Sub-total	**1,867**
Hotel properties	
Hotel	335
Hotel lease	169
Sub-total	**504**
Properties under development	
Residential	1,941
Retail	116
Sub-total	**2,057**
Total	**4,428**

OUTLOOK

Mainland Property Division

As one of the first countries to effectively manage the spread of COVID-19 mainland China's overall economy was able to recover and grow from the second quarter onwards. The Group was able to record encouraging growth in its contracted sales in 2020, as well as achieve positive growth for our gross profit margins.

On development properties, we expect the Mainland's residential property demand to remain robust, especially in tier-one cities and provincial capital cities where the Group has a strong pipeline of stock for sale in the coming years. In particular, we look forward to the new launches in the second half of 2021 of our Kunming and Qinhuangdao Phase II projects, together with the ongoing sales of our projects in Fuzhou, Qianhai, Shenyang and Zhengzhou.

Our investment properties performed reasonably well in 2020. Our revenue remained stable and we were able to maintain high gross profit margins. As the COVID-19 cases were increasingly brought under control, we saw foot traffic and retail sales growing to pre-COVID levels for our assets especially in key cities in the second half of 2020. We are cautiously optimistic that our office and retail leasing business will continue to be in demand as the country continues to grow through higher investments and growing domestic demand for goods and services.

As domestic travel restrictions eased across Mainland cities, business and leisure travelers supported the rebound of the Group's hotel operations. Specifically, we saw the second half and December 2020 record higher occupancies, while banqueting and conferencing revenues increased to encouraging levels. The Group is confident in this sector's long-term growth prospects, and as borders open, we look ahead to our growth trajectory continuing its steady path.

The Group has a number of projects in the pipeline that will eventually grow our recurring income base. Qianhai Kerry Centre Phase I is now handing over office and retail units to tenants, and we are pleased with the growing leasing demand and occupancy. In Wuhan, we have taken possession of our mixed-use site, and have commenced early stage construction works with good support from the local government. In Hangzhou, we are looking forward to infuse new elements into our mixed-use site that would include heritage preservation and district revitalisation elements.

In terms of land banking, our strategy is to continue to invest in and develop mixed-use developments by deep rooting in our core cities in Beijing, Shanghai, Hangzhou, and the Greater Bay Area. We see this as a key driver to add to our solid recurrent income pipeline to support our sustainable dividend policy. We will achieve this in part with the cash flow from our development property sales, and the strategic disposal of non-core assets to support capital recycling into new projects with higher growth prospects.

In line with our land banking strategy, in February of this year, the Group partnered with GIC (Realty) Pte. Ltd to win a site in Shanghai's Pudong New Area. With its prime location, and central accessibility by public and private transportation, Kerry Properties is confident of the site's strong development potential and we look forward to our first partnership with GIC. Shanghai is one of our key markets, and we expect the Jinqiao project to further fortify Kerry Properties' strategic focus in the city.

Hong Kong Property Division

The Hong Kong division enjoyed strong contracted sales in 2020 despite the challenging environment, while its investment properties portfolio demonstrated its resiliency by recording an increase in revenue, gross profit, and gross profit margins. As the vaccine roll-out continues, we are cautiously optimistic that the pace of recovery and growth will improve.

Hong Kong's development properties will have a busy year with the launch of three new and diversified projects - our single tower project in Ho Man Tin, 10 LaSalle; Phase II of our Beacon Hill ultra-luxury residential project, 3 Lung Kui Road, and our MTR-station JV project, THE SOUTHSIDE Package Two Property Development in Wong Chuk Hang. This is in addition to the ongoing sales of Mont Rouge, Mantin Heights and The Bloomsway. On this basis, we are cautiously optimistic for the year ahead, keeping in view the progress of the eventual border re-opening with the Mainland and improved business sentiment.

Investment properties in Hong Kong have provided steady results over the years, and in the coming year, we expect our office buildings in Quarry Bay and Kowloon East to provide stable returns. Similarly, MegaBox in Kowloon East has weathered the pandemic relatively well, given our mid-tier focus on consumer staples and popular anchor stores such as Aeon and Ikea, and we see this formula remaining resilient. Our luxury residential portfolio should see an improvement in occupancy as travel restrictions eventually ease, and global vaccine programmes continue.

In terms of land banking, the Hong Kong division will continue to proactively grow our land bank through both single and joint-venture land bids, while diversifying our project mix. Our successful bids for two attractive sea-view sites atop the Wong Chuk Hang MTR station anchors our mid-tier offering, while our winning bid for the waterfront LOHAS Park site will add a high-volume mass market position to our portfolio.

To support our land banking strategy in Hong Kong, the Group continues to review and divest its non-core asset disposals. Looking ahead, we remain confident in Hong Kong's long-term prospects, and towards actively participating in its residential property market and selective commercial development opportunities.

MANAGEMENT DISCUSSION & ANALYSIS
FINANCIAL REVIEW

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

The Group closely reviews and monitors its foreign exchange exposure. As of 31 December 2020, total foreign currency borrowings (excluding RMB bank loans) amounted to the equivalence of HK$6,002 million and RMB bank loans amounted to the equivalence of HK$7,106 million. Therefore, non-RMB total foreign currency borrowings and RMB bank loans represented approximately 13% and 16% respectively, of the Group's total borrowings of HK$44,534 million as of 31 December 2020.

The non-RMB total foreign currency borrowings of HK$6,002 million include US$300 million Fixed Rate Bonds (net of direct issue costs), JPY8,000 million bank loan and approximately AUD516 million bank loans. The Group has arranged cross currency swap contracts amounting to US$297 million, JPY8,000 million and approximately AUD516 million to hedge the exchange rate exposure between United States dollars and Hong Kong dollars, between Japanese Yen and Hong Kong dollars and between Australian dollars and Hong Kong dollars, respectively.

Out of the Group's total borrowings as of 31 December 2020, HK$6,912 million (representing approximately 15%) was repayable within one year, HK$8,998 million (representing approximately 20%) was repayable in the second year, HK$25,229 million (representing approximately 57%) was repayable in the third to fifth years and HK$3,395 million (representing approximately 8%) was repayable over five years. The Group continued to maintain most of its borrowings on an unsecured basis, with unsecured debt accounting for 100% of total borrowings as of 31 December 2020. The Group will continue to obtain financing on an unsecured basis whenever possible, and supplement such borrowings with secured project financing as and when the need arises.

As of 31 December 2020, the gearing ratio for the Group was 25.1% (2019: 26.8%), calculated based on net debt of HK$27,539 million and shareholders' equity of HK$109,873 million.

As of 31 December 2020, the Group had outstanding interest rate swap contracts which amounted to HK$2,500 million in total, enabling the Group to hedge its interest rate exposure and to have a more stable interest rate profile.

Despite the impact on leasing and hotel operations during the year amid the impact of COVID-19, the Group's financial resources remained strong. As of 31 December 2020, the Group had total undrawn bank loan facilities of HK$16,131 million and cash and bank deposits of HK$16,995 million. The Group's investment portfolio and hotel operations will continue to contribute strong recurrent cashflows to support its solid financial position, while providing opportunities for the Group to reap the benefits of asset value gains from the investment properties it holds as and when they arise.

Details of contingent liabilities and pledge of assets are set out in notes 41 and 42 to the financial statements of the Group.

PARTICULARS OF PROPERTIES HELD

Particulars of major properties held by the Group as at 31 December 2020 are as follows:

				Group's attributable interest			
	Property name	Location	Type	%	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Mainland Properties							
A.	**Completed and held for investment**						
1.	Shenzhen Qianhai Kerry Centre Phase I	1 Qianwan Road Nanshan District Shenzhen	Office Retail	100.00	1,287,198 222,908 **1,510,106**	720	Medium lease
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 **1,091,280**	557	Medium lease
3.	Beijing Kerry Centre	1 Guang Hua Road Chaoyang District Beijing	Office Residential Retail	71.25	711,121 277,330 98,406 **1,086,857**	423	Medium lease
4.	Hangzhou Kerry Centre	385 Yanan Road Xiacheng District Hangzhou	Retail Office	75.00	798,300 101,582 **899,882**	376	Medium lease
5.	Shenzhen Kerry Plaza Phase II	1 Zhong Xin Si Road Futian CBD Shenzhen	Office Retail	100.00	745,425 104,110 **849,535**	335	Medium lease
6.	Shenyang Kerry Centre Phase II	123, 125 and 125-1 Qingnian Avenue Shenhe District Shenyang	Retail Office	60.00	486,057 353,615 **839,672**	550	Medium lease
7.	Shenzhen Kerry Plaza Phase I	1 Zhong Xin Si Road Futian CBD Shenzhen	Office	100.00	**804,709**	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 **787,081**	475	Medium lease
9.	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 **554,910**	180	Medium lease
10.	Shanghai Central Residences Phase II Towers 1 and 3	166 and 168 Lane 1038 Huashan Road Changning District Shanghai	Residential	100.00	**478,286**	211	Long lease
11.	Tianjin Kerry Centre Riverview Place	238 Liuwei Road Hedong District Tianjin	Retail	49.00	**435,099**	387	Medium lease
12.	Kerry Everbright City Phase I	218 Tianmu Road West Jing An District Shanghai	Retail Office	74.25	330,141 16,052 **346,193**	179	Medium lease
13.	Jinan Enterprise Square	102 Luoyuan Street Lixia District Jinan	Office Retail	55.00	195,036 33,634 **228,670**	140	Medium lease
14.	Shenzhen Kerry Centre	2008 Renminnan Road Lowu District Shenzhen	Office	100.00	**1,641**	193	Medium lease
	Total Mainland completed investment properties				**9,913,921**	**5,032**	

PARTICULARS OF PROPERTIES HELD

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Mainland Properties							
B.	**Hotel properties**						
1.	Shangri-La Hotel, Nanchang	669 Cui Lin Road Honggutan New District Nanchang	Hotel	80.00	**642,735**	182	Medium lease
2.	Kerry Hotel Beijing	1 Guang Hua Road Chaoyang District Beijing	Hotel	71.25	**499,642**	–	Medium lease
3.	Midtown Shangri-La Hotel, Hangzhou	6 Changshou Road Xiacheng District Hangzhou	Hotel	75.00	**461,443**	12	Medium lease
4.	Jing An Shangri-La Hotel, West Shanghai	1218 Yanan Zhong Road Jing An District Shanghai	Hotel	51.00	**433,566**	–	Medium lease
5.	Shangri-La Hotel, Nanjing	329 Zhong Yang Road Gulou District Nanjing	Hotel	45.00	**412,798**	187	Medium lease
6.	Shangri-La Hotel, Shenyang	115 Qingnian Avenue Shenhe District Shenyang	Hotel	60.00	**394,524**	259	Medium lease
7.	Shangri-La Hotel, Tianjin	328 Haihe East Road Hedong District Tianjin	Hotel	49.00	**381,726**	96	Medium lease
8.	Shangri-La Hotel, Jinan	106 Luoyuan Street Lixia District Jinan	Hotel	55.00	**335,779**	101	Medium lease
9.	Kerry Hotel Pudong, Shanghai	1388 Hua Mu Road Pudong Shanghai	Hotel	40.80	**325,853**	–	Medium lease
10.	Shangri-La Hotel, Tangshan	889 Changhong West Road Lubei District Tangshan	Hotel	40.00	**237,881**	99	Medium lease
	Total Mainland hotel properties				**4,125,947**	**936**	

	Property name	Location	Type	Group's attributable interest %	Group's attributable interest Approximate gross floor area (square feet)	Approximate site area (square feet)	Stage of completion	Scheduled completion
Mainland Properties								
C.	**Under development**							
1.	Putian Hotel Development	88 Jiuhua West Road Chengxiang District Putian	Hotel Retail	60.00	199,558 20,951 **220,509**	324,589	Completion verification in progress	First half of 2021
2.	Shenzhen Qianhai Kerry Centre Phase I Towers A1 and A3	1 Qianwan Road Nanshan District Shenzhen	Residential	100.00	**436,051**	70,732	Interior decoration work in progress	In phases from second half of 2021 onwards
3.	Fuzhou Cangshan Mixed-Use Development	Land Parcel 2018-34 Zhanglan Village Block Cangshan District Fuzhou	Residential Retail Office	100.00	2,032,598 800,282 684,612 **3,517,492**	1,381,409	Superstructure, curtain wall installation, mechanical and engineering work in progress	2022
4.	Shenzhen Qianhai Kerry Centre Phase II	Site no. T102-0260 Land Parcel 2 & 4, Unit 7 Qianwan Area Qianhai District Shenzhen	Office Hotel Retail	25.00	166,842 107,640 48,348 **322,830**	51,835	Curtain wall installation work in progress	2022
5.	Shenyang Kerry Centre Phase III	Lot No. 2007-053 8 Golden Corridor East of Qingnian Avenue Shenhe District Shenyang	Residential Retail Office	60.00	1,995,529 481,338 461,433 **2,938,300**	428,900	Residential Superstructure work in progress	In phases from 2022 onwards
6.	Nanchang Development Phase II	667 Cui Lin Road Honggutan New District Nanchang	Office Retail	80.00	496,263 18,084 **514,347**	56,556	Basement excavation work in progress	2023
7.	Kunming Development	88-96 Dong Feng Road Panlong District Kunming	Hotel Residential	55.00	257,766 125,159 **382,925**	91,443	Basement structural work in progress	2023
8.	Qinhuangdao Habitat Phase II	160 Hebin Road Haigang District Qinhuangdao	Residential Retail	60.00	1,819,428 76,726 **1,896,154**	814,555	The construction permit was issued in January 2021	In phases from 2023 onwards
	Sub-total				**10,228,608**	**3,220,019**		

PARTICULARS OF PROPERTIES HELD

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate site area (square feet)	Stage of completion	Scheduled completion
Mainland Properties								
C.	**Under development (Continued)**							
9.	Zhengzhou Mixed-Use Development	East of Huayuan Road South of Weier Road Zhengzhou	Residential Office Hotel Retail	55.00	556,647 348,972 226,353 23,278 **1,155,250**	263,881	Residential Superstructure work in progress Hotel and office Excavation and lateral support work in progress	In phases from 2023 onwards
10.	Shenzhen Qianhai Kerry Centre Phase III	Site no. T102-0261 Land Parcel 3, Unit 7 Qianwan Area Qianhai District Shenzhen	Office Retail	70.00	540,245 79,869 **620,114**	128,689	Piling work in progress	2024
11.	Hangzhou Mixed-Use Development [(1) (2)]	East by Shengnan Road Wenhui Sub-district Plot XC0403-35 South by Wenhui Sub-district Plot XC0404-08 West by Dongxin Road, Guihua No. 9 Road North by Hangyang Street Xiacheng District Hangzhou	Residential Retail Office Hotel	100.00	1,202,306 1,108,638 244,881 174,603 **2,730,428**	1,055,442	Schematic design in progress	In phases from 2024 onwards
12.	Tianjin Kerry Centre Phase II	Junction of Liuwei Road and Liujin Road Hedong District Tianjin	Office Residential Retail	49.00	488,669 150,477 92,249 **731,395**	149,857	Piling work in progress	2025
13.	Wuhan Mixed-Use Development [(1) (2)]	Land Parcel P(2018)090 South of Minquan Road North of Taiyuan Street West of Hualou Street East of Minzu Road Jianghan District Wuhan	Residential Office Retail	100.00	2,632,186 1,324,704 483,390 **4,440,280**	695,742	Schematic design in progress	In phases from 2025 onwards
	Sub-total				**9,677,467**	**2,293,611**		
	Total Mainland properties under development				**19,906,075**	**5,513,630**		

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Mainland Properties							
D.	**Held for sale**						
1.	Shanghai Enterprise Centre	209 and 219 Gong He Road Jing An District Shanghai	Office Retail Residential	74.25	494,090 90,425 20,954 **605,469**	365	Medium lease
2.	Hangzhou Zhijiang Castalia Court Phases I to III	East of Longqi Road South of Hanxiu Road West of Shanhusha River North of Zhihan Road West Lake District Hangzhou	Retail	100.00	**251,958**	560	Long lease
3.	Qinhuangdao Habitat Phase I	160 Hebin Road Haigang District Qinhuangdao	Residential Retail	60.00	105,788 34,933 **140,721**	269	Long lease
4.	Shenyang Kerry Centre Enterprise Square	121 Qingnian Avenue Shenhe District Shenyang	Office	60.00	**134,094**	–	Medium lease
5.	Tangshan Parkside Place	889 Changhong West Road Lubei District Tangshan	Retail	40.00	**89,987**	–	Medium lease
6.	Hangzhou Kerry Centre Lake Grandeur	385 Yanan Road Xiacheng District Hangzhou	Residential	75.00	**62,370**	59	Medium lease
7.	Shenyang Kerry Centre Phase II Arcadia Height	4-1 and 6 Jian Yuan Street Shenhe District Shenyang	Residential	60.00	**42,438**	118	Medium lease
8.	Putian Arcadia Court	666 Jiuhua Road Chengxiang District Putian	Retail	60.00	**41,676**	337	Medium lease
9.	Shanghai Enterprise Square	216 and 228 Meiyuan Road Jing An District Shanghai	Retail	74.25	**20,903**	19	Medium lease
10.	Tianjin Arcadia Court Phase I	238 Liuwei Road Hedong District Tianjin	Residential	49.00	**13,700**	115	Long lease
	Sub-total				**1,403,316**	**1,842**	

PARTICULARS OF PROPERTIES HELD

			Group's attributable interest			
Property name	Location	Type	%	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Mainland Properties						
D. Held for sale (Continued)						
11. Shenzhen Arcadia Court	1008 Haitian Road Futian District Shenzhen	Retail	100.00	**4,608**	551	Long lease
12. Shenzhen Qianhai Kerry Centre Phase I Tower A2	1 Qianwan Road Nanshan District Shenzhen	Residential	100.00	**3,189**	–	Medium lease
13. Jinling Arcadia Court	99 Daguang Road Qinhuai District Nanjing	Retail	100.00	**2,253**	–	Medium lease
14. The Metropolis – Arcadia Court Phase I	299 Ronghua North Road Hi-Tech Industrial Development Zone Chengdu	Residential	55.00	**1,129**	481	Long lease
15. Shenyang Kerry Centre Arcadia Court Phase I	70 Wenhua Road Shenhe District Shenyang	Residential	60.00	**956**	190	Medium lease
Sub-total				**12,135**	**1,222**	
Total Mainland properties held for sale				**1,415,451**	**3,064**	
TOTAL MAINLAND PROPERTY PORTFOLIO				**35,361,394**		

Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Hong Kong Properties						
A. Completed and held for investment						
I. Residential						
1. Branksome Grande	3 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**257,372**	73	Medium lease
2. Aigburth	12 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**204,940**	63	Long lease
3. Branksome Crest	3A Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**153,375**	126	Medium lease
4. Tavistock	10 Tregunter Path Mid-Levels Hong Kong	Residential	100.00	**104,460**	24	Long lease
5. Resiglow-Happy Valley	7A Shan Kwong Road Happy Valley Hong Kong	Residential	100.00	**81,218**	13	Long lease
6. Resiglow-Bonham	8 Hing Hon Road Hong Kong	Residential	100.00	**67,573**	–	Long lease
7. Gladdon	3 May Road Mid-Levels Hong Kong	Residential	100.00	**2,300**	14	Long lease
Sub-total				**871,238**	**313**	
II. Retail/office						
1. Enterprise Square Five/ MegaBox	38 Wang Chiu Road Kowloon Bay Kowloon	Retail Office	100.00	1,145,537 [3] 519,316 **1,664,853**	748	Medium lease
2. Kerry Centre	683 King's Road Quarry Bay Hong Kong	Office Retail	40.00	193,252 10,952 **204,204**	74	Medium lease
3. Hollywood Centre	233 Hollywood Road Sheung Wan Hong Kong	Office Retail	47.37	31,126 16,400 **47,526**	–	Long lease
4. Harbour Centre	25 Harbour Road Wanchai Hong Kong	Office Retail	15.83	34,767 [4] 6,475 [5] **41,242**	45	Long lease
5. Island Crest	8 First Street Hong Kong	Retail	100.00	**15,891**	6	Medium lease
6. Enterprise Square Three	39 Wang Chiu Road Kowloon Bay Kowloon	Retail	100.00	**14,900**	–	Medium lease
7. Wing On Plaza	62 Mody Road Tsimshatsui Kowloon	Retail	10.00	**2,896**	–	Long lease
8. Sherwood Court Public Carpark	12-20 Kwai Sing Lane Happy Valley Hong Kong	Carpark	100.00	**–**	200	Long lease
Sub-total				**1,991,512**	**1,073**	

PARTICULARS OF PROPERTIES HELD

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Hong Kong Properties							
A.	**Completed and held for investment (Continued)**						
III.	**Warehouse**						
1	Kerry Warehouse (Chai Wan)	50 Ka Yip Street Chai Wan Hong Kong	Warehouse	100.00	**535,037**	53	Long lease
2.	Kerry Warehouse (Shatin)	36-42 Shan Mei Street Shatin New Territories	Warehouse	100.00	**431,530**	63	Medium lease
3.	Kerry Hung Kai Warehouse (Cheung Sha Wan)	3 Fat Tseung Street Cheung Sha Wan Kowloon	Warehouse	50.00	**299,115**	29	Medium lease
	Sub-total				**1,265,682**	**145**	
	Total Hong Kong completed investment properties				**4,128,432**	**1,531**	

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Hong Kong Properties							
B.	**Hotel property**						
1.	Hotel Jen Hong Kong	508 Queen's Road West Hong Kong	Hotel	30.00	**37,517**	–	Long lease
	Total Hong Kong hotel property				**37,517**	**–**	

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area[6] (square feet)	Approximate site area (square feet)	Stage of completion	Scheduled completion
Hong Kong Properties								
C.	**Under development (Hong Kong and Macau[8])**							
1.	Beacon Hill Project	3 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	**342,769**	235,183	Fitting-out work in progress	First half of 2021
2.	THE SOUTHSIDE Package Two Property Development Project	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 [7]	**246,496**	46,135	Superstructure work in progress	2023
3.	THE SOUTHSIDE Package Four Property Development Project	11 Heung Yip Road Wong Chuk Hang Hong Kong	Residential	50.00 [7]	**319,153**	32,508	Foundation work in progress	2025
4.	LOHAS Park Package Thirteen Property Development Project	1 Lohas Park Road Tseung Kwan O New Territories	Residential	25.00 [7]	**386,681**	32,669	Procurement of major consultants in progress	2026
	Total Hong Kong properties under development				**1,295,099 [8]**	**346,495**		

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Hong Kong Properties							
D.	**Held for sale**						
1.	The Bloomsway	18, 28 and 29 Tsing Ying Road So Kwun Wat New Territories	Residential	100.00	**122,343**[5]	151	Medium lease
2.	Mont Rouge	9 Lung Kui Road Beacon Hill Kowloon	Residential	100.00	**89,976**[5]	–	Medium lease
3.	Mantin Heights	28 Sheung Shing Street Ho Man Tin Kowloon	Residential	100.00	**58,455**[5]	218	Medium lease
4.	10 LaSalle	10 La Salle Road Ho Man Tin Kowloon	Residential	100.00	**36,444**[5]	19	Long lease
5.	Richwood Park	33 Lo Fai Road Tai Po New Territories	Retail	50.00	**7,893**	–	Medium lease
6.	Larvotto	8 Ap Lei Chau Praya Road Aberdeen and Ap Lei Chau Hong Kong	Residential/ Retail	35.00	**4,151**	20	Medium lease
	Total Hong Kong properties held for sale				**319,262**	**408**	
	TOTAL HONG KONG PROPERTY PORTFOLIO				**5,780,310**		

PARTICULARS OF PROPERTIES HELD

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Overseas Properties							
A.	**Completed and held for investment**						
1.	Shangri-La Plaza Mall	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Retail	65.36 (9)	**1,256,926**	786	Freehold
2.	The Enterprise Center	Ayala Avenue Cor. Paseo de Roxas Makati City Philippines	Office Retail	45.78 (10)	405,908 15,836 **421,744**	462	Freehold
3.	Shangri-La at the Fort, Manila	Fort Bonifacio Taguig Philippines	Residential Retail	39.22 (11)	74,104 18,596 **92,700**	303	Freehold
4.	Assembly Grounds	Fort Bonifacio Taguig Philippines	Retail	55.56 (12)	**53,735**	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 (9)	16,937 3,343 **20,280**	–	Freehold
6.	One Shangri-La Place	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Residential	65.36 (9)	**11,243**	–	Freehold
7.	Horizon Homes	Fort Bonifacio Taguig Philippines	Residential	39.22 (11) 65.36 (9)	5,629 2,944 **8,573**	–	Freehold
8.	Shang Salcedo Place	Sen. Gil Puyat Ave. Cor. Tordesillas St. and HV Dela Costa St. Makati City Philippines	Residential	65.36 (9)	**2,074**	–	Freehold
9.	Carpark Building	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Carpark building	65.36 (9)	**–**	324	Freehold
	Total overseas completed investment properties				**1,867,275**	**2,003**	

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate number of carpark spaces	Lease term
Overseas Properties							
B.	**Hotel properties**						
1.	Shangri-La at the Fort, Manila	Fort Bonifacio Taguig Philippines	Hotel	39.22 (11)	**334,715**	241	Freehold
2.	Land leased to EDSA Shangri-La Hotel	EDSA corner Shaw Blvd. Mandaluyong City Philippines	Hotel lease	65.36 (9)	**169,733** (13)	–	Freehold
	Total overseas hotel properties				**504,448**	**241**	

	Property name	Location	Type	Group's attributable interest %	Approximate gross floor area (square feet)	Approximate site area (square feet)	Stage of completion	Scheduled completion
Overseas Properties								
C.	**Under development**							
1.	The Rise	Malugay Street Makati City Philippines	Residential	58.18 (14)	**951,260**	67,854	Finishing works in progress	2021
2.	Shang Residences at Wack Wack	Wack Wack Road Mandaluyong City Philippines	Residential	65.36 (9)	**563,247**	23,647	Substructure work completed	2023
3.	Pasir Ris Project	Pasir Ris Drive 3/ Pasir Ris Drive 8/ Pasir Ris Central Singapore	Retail Residential	30.00	115,927 133,817 **249,744**	122,720	Tender of main contract in progress	2023 2024
4.	Aurelia	Fort Bonifacio Taguig Philippines	Residential	32.68 (15)	**292,530**	32,075	Substructure work in progress	2024
	Total overseas properties under development				**2,056,781**	**246,296**		
	TOTAL OVERSEAS PROPERTY PORTFOLIO				**4,428,504**			

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.*

SUSTAINABLE DEVELOPMENT AND CSR ACTIVITIES

OUR PROGRESS ON SUSTAINABILITY VISION 2030

Environment

- 100% of investment properties adopt wellness feature in building design
- 50% of new investment properties adopt biophilic design feature
- 100% of investment properties complete climate risk and vulnerability assessment and adopt climate adaptation plan

		UNSDGs Ref.
Energy intensity[1] - *GJ / 1,000 sq. ft. against baseline year FY2017*	-18.1%	11.6
Greenhouse gas intensity[1,2] *- tonnes of CO_2e / 1,000 sq. ft. against baseline year FY2017*	-15.7%	11.6
Water intensity[1] - *m^3 / sq. ft. against baseline year FY2017*	-17.4%	11.6
Waste intensity[1] - *tonnes / 1,000 sq. ft. against baseline year FY2017*	-10.7%	11.6
Sustainable buildings[3]		11.6
• *BEAM / BEAM Plus (Gold or above):*	8	
• *LEED (Gold or above):*	21	
• *RESET™ Air:*	7	
• *WELL:*	2	
Percentage of investment properties complete climate risk and vulnerability assessment	34.1%	13.1
Percentage of investment properties adopt climate-resilient building features	76.4%	13.1

People

- Reduce work-related injury rate to 10 per 1,000 employees
- 100% of employees receive labour rights, diversity and social inclusion training
- 100% of employees receive gender equality, anti-sexual harassment and related ethical training

		UNSDGs Ref.
Worked-related injury rate[4]	7.11 per 1,000 employees	3.4
Average training hours[5]	14.08 hours per employee	3.4
Ratio of basic salary and remuneration of female employees to male employees[6]	HK: 1: 1.05 Mainland: 1: 0.76	5.5

Community

- 100% of new mixed-use developments are planned and designed with cultural and heritage conservation consideration
- 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

		UNSDGs Ref.
Donation amount	Approximately HK$ 12 million	11.3
Charities supported[7]	100+	11.3
Percentage of new mixed-use developments planned and designed through a mandatory community engagement process[8]	10.2%	11.7

Value Chain

- 100% of contractors / suppliers governed by vendor code of conduct which forbids forced labour, slave labour and child labour
- 100% of operations governed by sustainable procurement guidelines which include use of sustainable resources throughout project development and operation
- 100% of construction projects implement waste recycling programme

		UNSDGs Ref.
Percentage of contractors / suppliers governed by vendor code of conduct which forbids forced labour, slave labour, and child labour	46.8%	8.5 8.7
Percentage of contractors / suppliers governed by sustainable procurement guidelines which include use of sustainable resources throughout project development and operation	46.5%	12.2 12.5
Percentage of construction projects that implement waste recycling programme	75.4%	12.5

Notes:

[1] Intensity calculated per 1,000 sq. ft of total GFA against baseline year of 2017.

[2] Calculation covers scope 1, 2 and 3 emissions from Hong Kong and the Mainland operations, excluding properties under development; and hotel properties, figures were adjusted with using the latest emission factor of local utility companies in Hong Kong and regional grid in the Mainland.

[3] For BEAM / BEAM Plus, LEED and RESET™ Air certification, counting pre-certified and certified projects as at 31 Dec 2020, number excludes expired pre-certificates.

[4] Injury rate (per 1,000 employees) = total number of injures / total workforce at the end of the reporting period x 1,000. Report injuries refer to work-related accidents happened to employee that resulted in incapacity for a period exceeding three days.

[5] Average training hours = total hours of training received by employees of the category / total workforce of the category at the end of the reporting period.

[6] Basic salary means fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses. Remuneration means basic salary plus allowances, bonuses, welfare, overtime pay and other subsidies. The ratio includes full-time employees only.

[7] Counting organisations that received our monetary donation or in-kind donation in Hong Kong and the Mainland.

[8] Counting engagement made with stakeholders during planning and construction stage of our mixed-use developments.

SIGNIFICANT SUSTAINABILITY ACCREDITATIONS

Global Real Estate Sustainability Benchmark
Ranked 4th in Eastern Asia
Diversified Listed Business

MSCI ESG Ratings
Rating: BBB

Sustainalytics
ESG Risk Rating: Ranked
6th in the Real Estate
Development Industry

Hang Seng Corporate
Sustainability Index
Since 2017
Rating: AA-

Carbon Disclosure Project
Since 2020

Vigeo Eiris ESG Assessment
Since 2018

Greater Bay Area Business
Sustainability Index 2019
Top 10 (Achiever)

IR Magazine Awards – Greater China 2020
Best ESG Materiality Reporting
(small to mid-cap)

Asia Sustainbility Reporting Awards 2019
Asia's Best Materailty Reporting –
Gold Award

Asia Sustainbility Reporting Awards 2019
Asia's Best Stakeholder Reporting –
Gold Award

MAJOR STEPS FORWARD

The above accreditations signify our solid progress made in 2020. As we continue our sustainability journey, we would like to share with you a few major steps we have taken to strengthen the foundation of our sustainable development.

- Addition of a Whistleblowing Complaints Policy and a Climate Risk Policy to strengthen our sustainability management policies
- Referenced with Task Force on Climate-related Financial Disclosures (TCFD) framework for enhancing our climate risk management and extended the coverage of Climate Risk and Vulnerability Assessment
- Kick-started work in support of our ambition of setting science-based targets (SBTs), as part of our commitment to battling climate change
- Stronger Board participation in our Vision 2030 progress monitoring and evaluation
- Sustainability Steering Committee performed data validation to raise accuracy and compliance standards

CSR HIGHLIGHTS

Once COVID-19 was declared a public health emergency in early 2020, Kerry Properties reacted promptly. While rolling out precautionary infection control measures, we also sought ways to ramp up our social outreach to assist those most impacted.

A range of strategies swiftly implemented with the establishment of a central task force to co-ordinate our relief efforts, including training frontline staff, and leveraging new technologies to ensure optimal hygiene at properties within our portfolio. The team also ensured timely dissemination of health information and updates to stakeholders.

Our increased donation to approximately HK$12 million in 2020 meant that we were able to support more than 100 charities in Hong Kong and mainland China, engaging staff and the community in a rolling programme of initiatives launched throughout the year. Direct contributions to food relief and organisations caring for the less fortunate helped to ensure their daily needs were met.

Through this collaborative rapid response, we are heartened to have had a positive impact on the lives of those most affected by the pandemic, while helping to keep everyone safe.

Donation Increased to approximately
HK$12 million

Supported 100+ charities
(HK & mainland China)

Created Shared Value in Communities
- Night markets
- Support the needy

Staff Engagement
- Step Challenge
- Matching Fund
- Due diligence visits

Swift Response to COVID-19

Comprehensive Precautionary Measures

- Set up a central task force
- Developed guidelines and SOPs on infection control practice
- Temperature checks at entrances, contactless sanitiser dispensers and ultra UV handrails
- Staff training and drills
- Timely dissemination of information and news to stakeholders

New Technologies

- Contactless elevator buttons
- Cleaning and disinfection robots
- Photoplasma air disinfection system
- Intelligent takeaway storage cabinets with UV sterilisation

Making a Positive Impact on the Lives of those Less Fortunate

- Supporting food banks
- Provision of rice, oil and daily necessities to the needy
- Donation of hot meals and clothes to street sleepers
- Purchased meal vouchers from our tenants to support the underprivileged
- Donation of learning aids to children in need

SUSTAINABLE DEVELOPMENT AND CSR ACTIVITIES

CSR ACTIVITIES

Under the circumstances of an exceptionally challenging year, we are proud that our teams have continued to stand by our commitment to our corporate social responsibility ("**CSR**") and community goals. Through digital channels and many innovative ideas, Kerry Properties Limited ("**KPL**") continues to maintain active engagement with our stakeholders.

Community

Community caring activity,
Jing An Kerry Centre, Shanghai

GREEN ESCAPE[ST],
Hangzhou Kerry Centre, Hangzhou

GREEN ESCAPE[ST],
Jing An Kerry Centre, Shanghai

KPL is seriously concerned about the spread of the pandemic, and is committed to assisting the people most in need. With this in mind, we have pledged our immediate CSR efforts and a donation of approximately HK$12 million towards relief efforts. We therefore wish to begin this section with a reflection on our pandemic-support initiatives over the past year. In particular, we wish to highlight the following aspects of our work.

A Battle Against Time

At the onset of the COVID-19 outbreak, a crisis management Central Taskforce was formed to co-ordinate our immediate response to the developing situation. Our teams swiftly enforced preventative measures, and worked around the clock throughout the Chinese New Year holidays to ensure that our employees, residents, tenants and customers were best protected. One of the key duties of the Central Taskforce was to establish a set of pandemic-related standard operating procedures, which have now been fully and strictly adopted at all our managed properties to enable timely response to any suspected and confirmed COVID-19 cases.

At a time when there were inadequate medical, protective and disinfection resources, it was critical that supplies reached the people most in need in a timely manner. Donations were made and supplies were solicited on behalf of the medical teams and residents of places under lockdown.

Nothing is more important than health, and first and foremost we are committed to protecting our employees as best we can. With this in mind, a specific range of workplace measures was quickly planned and implemented in time for work resumption after the spring break. These included flexible work arrangements, online solution support and distribution of protective supplies to all teams, as well as office disinfections.

The COVID-19 pandemic has posed tremendous health risks in particular in public areas. Apart from intensive cleaning and disinfection measures in our properties, we promptly introduced disinfection robots to autonomously patrol and spray disinfectants on shopping mall and office floor surfaces. Our handrails are irradiated with continuous germicidal UVC light, while lift interiors have also been sprayed with a photocatalyst coating for additional protection. Intelligent takeaway storage cabinets with UV sterilisation functions are available at all our properties, offering occupants a contactless delivery experience during the pandemic.

In This Together

At a time of great need, the entire company pulled together to collectively achieve many positive outcomes in the communities where we operate. Our management was much encouraged by our staff members' enthusiasm in volunteering their time and money. Mindful of how the resources of aid organisations have been stretched thin during the pandemic, the idea to engaging all levels of the Company collaboratively gave rise to a dollar-for-dollar Matching Fund Scheme. Under this initiative, staff donations to an approved Hong Kong charity are being matched by KPL.

Charities are selected in accordance with the Group's Donation Policy and our focus on supporting: (1) the elderly and needy; (2) children's education; (3) academic activities; (4) disaster relief; (5) arts and culture; (6) environmental conservation; and (7) entrepreneurship and social enterprises.

Meeting immediate needs in a practical way, we also partnered with external charitable organisations and social enterprises to offer support, in terms of food and daily essentials, to the underprivileged and those at the greatest risk. As the pandemic impacted many sectors and levels of society, our assistance was offered in an all-inclusive way. Be they the elderly, the homeless, single parents, ethnic minorities, street cleaners or the mobility-challenged, anyone in need was and is welcomed with open arms.

At the start of the COVID-19 outbreak in Hong Kong in early 2020, we took prompt action in partnership with various charities to distribute daily essentials, food and infection prevention items to the most vulnerable in society. As the health crisis lingered on, we expanded our collaboration with more social service organisations to help meet a broader range of needs. As regards food support, we backed a food bank in Tai Kok Tsui, The Boys' and Girls' Clubs Association of Hong Kong, Feeding Hong Kong, and ImpactHK.

Our Mainland teams combine healthy practices with community contributions. In the 66-day Step Challenge programme operating from October to December 2020, our colleagues received a reward for every 10,000 steps they took during a day, the reward being a donation made by the Group to the colleague's designated charity. Local teams also planned a range of events to motivate colleagues to join this meaningful initiative.

We also endeavour to create value for communities through business innovation. Night markets have proven to be a sustainable and scalable business model in the Mainland, boosting consumption and stimulating overall economic revival in cities amid and after the pandemic. Following the night market in Jing An Kerry Centre in 2019, the launch of GREEN ESCAPE$^{ST.}$ in Hangzhou and the staging of the XMT Night Market in Shenyang created further enthusiasm for the night-market economy. Apart from savoury food and music, an array of lifestyle activities and arts booths also helped attract a significant footfall and pulled the community together in tough times.

We Help from the Heart

To strengthen the impacts of our community investments, our staff members arranged on-site visits to the beneficiaries in order to listen to and collect feedback from them. Through direct communication, we are able to target our donations to better respond to community needs.

We are particularly proud of the way our colleagues put in extra effort when working for a good cause. Through their visits, they made meaningful connections with the organisations receiving Group's support and got a better understanding of their work and future needs. Through personal encounters with the beneficiaries, the hearts of our staff were greatly touched. They learned that even a small deed could mean timely intervention for the most needy and neglected amongst us.

Feedback from our colleagues indicated that they were impressed by the perseverance and determination of the beneficiaries. While crisis aid is important, it is only short-term relief, and we recognise the need to help people achieve self-reliance.

Recognising the difficulties faced by students from low-income families during school closures, we donated SIM cards to help them adapt to online learning. We strongly believe equal opportunity in learning is vital to nurturing the younger generation.

Certain sectors have been more seriously affected by the pandemic, and the catering industry is one of them. To help reskill unemployed catering workers, we have introduced a Work Experience Programme to provide training and internship opportunities in property management. Subsidies were provided during the training period, enabling the candidates to experience different work aspects of property management. Candidates who completed the training were offered full-time positions with us.

We hope the upheaval of 2020 will result in a reawakening of human compassion and the neighbourhood spirit. As we restructure our priorities after this crisis, we look forward to extending our care to others throughout 2021 and beyond.

Contactless installation, Kerry Everbright City, Shanghai

SUSTAINABLE DEVELOPMENT AND CSR ACTIVITIES

Environment

Solar panels, Kerry Centre, Hong Kong

Rooftop garden, Kerry Everbright City, Shanghai

The year 2020 may have been an anomaly in terms of our environmental footprint, but we cannot expect the carbon emission reductions to hold as economies reopen and rebound in the years to come. We should therefore spare no effort in charting our green way forward, following the direction of the United Nations Sustainable Development Goals ("**UNSDGs**").

Combating Climate Risks

Recognising the threat of global climate change, we are actively shouldering our responsibility to decarbonise our operations and value chain. We support UNSDG Goal 13: Climate Action and have been working on a long-term mitigation plan to combat climate risks. We have therefore formulated a Climate Risk Policy to guide the identification and mitigation of climate risks in the Group's operations, so as to enhance our adaptability and resilience in the face of climate change. By incorporating climate-related risks into our management and internal control systems, we can systematically assess the exposure of our operations and properties to climate change.

We implemented this policy by conducting Climate Risk and Vulnerability Assessments for our major mixed-use properties to review potential risks, and to explore climate-resilient building measures whenever practicable. Such assessments have already been carried out at Kerry Centre in Hong Kong, as well as at Jing An Kerry Centre, Kerry Parkside, Enterprise Centre at Kerry Everbright City Phase III and Central Residences II in Shanghai. Beijing Kerry Centre is currently under assessment, and plans are under way to include more investment properties in the review scope.

Seeking to reduce our carbon footprint, we have been exploring the adoption of renewable energy resources. In August 2020, 80 panels were installed on the rooftop of Kerry Centre in Hong Kong and are expected to generate 16,000 kWh of electricity per year.

Driving Behavioural Change

Decarbonisation is often linked with our everyday routines. We therefore launched a programme in June 2020, encouraging our Mainland team members to record their daily carbon emissions so as to raise their awareness and stimulate behavioural change. Carbon-reduction tips are also shared on this platform.

As a second step, a range of initiatives has been developed under this theme, including a waste separation competition for our staff members and tenants at Shenzhen Kerry Plaza. In line with the implementation of the waste separation management regulations in Shenzhen, our office in the city began compulsory workplace waste classification in September 2020. Rubbish bins at workstations were all replaced by centralised and categorised collection points. Fun games and talks were staged to add appeal to the campaign and raise the sustainability awareness of our office workers.

Enterprise Square Five in Hong Kong held a food waste collection and recycling programme during 2020. In 10 months, more than 145 kg of food waste was collected and converted into 108 kg of organic fertiliser for use at MegaBox.

Recycling is an important part of going green. Uniforms worn by property management staff of Enterprise Centre at Kerry Everbright City III in Shanghai could not be greener as they are made from recycled polyester. Polyester is a common textile option, and recycled polyester is obtained by melting down plastic bottles for re-spinning into a durable twill after blending it with other natural and recycled materials. The uniforms are thus not only sustainable, but also durable and wrinkle-resistant.

Our tenants and residents are important stakeholders for us. We have in place a Sustainability Sponsorship Programme to help raise green awareness among them. In 2020, some 21 properties under our management in Hong Kong received

Recycling zone, Jing An Kerry Centre, Shanghai


Urban farm, MegaBox, Hong Kong

Herb garden, Shenzhen Kerry Plaza, Shenzhen

sponsorship from this programme to hold events under the theme of 'Green and Sustainable Living'. Many creative activities were held, such as a wine bottle upcycling workshop and the setting up of a self-sufficient farm with the use of hydroponics. MegaBox has been utilising social media to pass on green tips to the public. Working together with its tenants, MegaBox launched a sustainability promotion campaign incorporating mini quizzes.

From growing plants in pots, MegaBox has gone one step further by establishing Sky Herbs Garden on its terraces, where various types of herbs have now been planted in upcycled wine crates. The herbs harvested are being used by MegaBox tenants for the preparation of food and drink. In Shanghai, Kerry Parkside and Kerry Everbright City also refurbished their terraces into rooftop gardens where office tenants can relax and reconnect with nature. In addition, an entire floor at Kerry Parkside and the podium of Shenzhen Kerry Plaza were turned into organic vegetable farms.

We have also gone to greater lengths to enhance the indoor environment of our premises. Over the years, we have taken measures to improve the indoor air quality for our occupants. During the past year, RESET™ Air certification was obtained for Enterprise Centre in Shanghai, while Kerry Centre in Hong Kong achieved Indoor Air Quality Certificate – Excellent Class.

People

Staff gallery, Jing An Kerry Centre, Shanghai


Step Challenge, Hangzhou Kerry Centre, Hangzhou

Holistic Approach to Health and Safety

It is our responsibility to maintain the holistic health and safety ("**H&S**") of our employees. To ensure that our staff members have suitable H&S skills, resources and knowledge, we are constantly providing training and education in different aspects of wellbeing.

To raise overall awareness, a health and safety week was held in November 2020 during which webinars and competitions were staged. Topics ranging from occupational H&S to food therapy through traditional Chinese medicine were included. Mindfulness training was also arranged to help team members manage their stress and improve overall wellbeing.

Train-the-trainers courses are key to equipping our colleagues with knowledge in different areas so that they can make a positive difference to their teams. As UNSDGs are important guides to our sustainability work, we have hosted 10 training sessions with a total audience of about 200 members of staff, covering our Group's sustainability strategy and newest trends. A webinar on diversity and inclusion was organised for the

SUSTAINABLE DEVELOPMENT AND CSR ACTIVITIES

Green Wrap Day, Kerry Centre, Hong Kong

Hong Kong team of Kerry Property Management Services Limited. At the event, trainers from TreeholeHK helped our colleagues learn how to approach these themes empathetically.

Promotion of Staff Wellbeing

We are what we eat and our health is largely affected by our diet. A Green Wrap Day was thus designed to get across the message of healthy eating through the creation of delicious Mexican wraps. Our department heads formed a green team to serve our colleagues, who 'bought' the wraps by donating to Food Grace in support of its work to build a low-waste, low-carbon-footprint, local network.

Goal 3 of UNSDGs is about ensuring healthy lives and promoting wellbeing. With this in mind, we aim through various means to maintain a pleasant workplace and experience for our staff members. One example was the very successful competition, My Plant, held at our Hong Kong corporate office. More than 90 colleagues participated by bringing their own plants to the office to compete for 'best in show'. After the competition the plants were placed on display at our office.

Staying physically active is undoubtedly crucial to staying fit and healthy. In the past our various Mainland business units have organised a series of sports events and tournaments. During the pandemic period, we have found a way to keep 'UP' this positive spirit and healthy lifestyle while upholding strict safety measures. Our North District teams together organised 'UPs', a regional sports competition conducted in the real-time interactive way.

A number of matches were held online from May to July 2020 between our Beijing, Tianjin, Shenyang, Qinhuangdao and Tangshan offices. Some fun-filled individual exercises, such as rope skipping and sit-ups, were included to help create a connection between the various project teams. With the pandemic under control in the Mainland, a 'physical' badminton tournament was held in December. More than 200 players, including our tenants, took part in this regional competition.

Our corporate culture is defined by a set of values, goals, attitudes and practices shared by all staff members. Each of the small moves we make in our everyday work counts and contributes to our culture. To embrace these important moments, we have set aside floor space at Jing An Kerry Centre in Shanghai to establish a staff gallery. It will also serve as an area where our major milestones can be exhibited.

My Plant, Kerry Centre, Hong Kong

Staff sports event, Shenzhen

'UPs' sports competition, North District in China

Badminton tournament, Beijing Kerry Centre, Beijing

Value Chain and Stakeholder Engagement

Charity Gallery, Beijing Kerry Centre, Beijing

Kinetic Space, Jing An Kerry Centre, Shanghai

Launch of the Sustainable Procurement Manual

The past year saw the launch of our Sustainable Procurement Manual, which is an important symbol of our efforts to extend ESG considerations along our value chain. Covering new projects associated with Kerry Project Management (H.K.) Limited, the manual was designed to align with ISO 20400:2017 Sustainable Procurement - Guidance, the first ISO standard in this area.

Working Hand in Hand with Supply Chain Partners

Working hand in hand with our supply chain partners, we have worked to respond to societal needs, in particular during the health crisis. The project team at Resiglow-Bonham and their building contractors, which together received a Platinum Award for excellence in green leadership in our '6th Green Construction Site Award 2019', decided to allot their prize funds to acquiring 7,000 surgical masks for low-income families in Hong Kong.

The Wong Chuk Hang Station Package Two project team and their building contractors won a Gold Award under the same category. Their prize was donated to Rhys, a social enterprise, to co-ordinate the hand-crafting of 50 winter jackets by women from the grassroots. These garments were then presented to seniors served by the Lutheran's elderly service centre.

Engaging Stakeholders in Society Care Programmes

Apart from donations, our team members and contractors' representatives also participate in volunteer work. They have helped with sewing bibs for the elderly residing in nursing homes, packaging of masks for distribution to social service centres for the elderly and under-privileged. Through volunteering, they acquired a better understanding of their beneficiaries' concerns and needs.

In Hangzhou, our colleagues supported children with autism in collaboration with tenants of Hangzhou Kerry Centre. Initiated in December 2020, this programme aims to provide real-life scenarios to help train children with special needs to adapt to daily social life. Apart from helping the children, this initiative has also been well received by the parents who were able to enjoy a break from the highly demanding role of being care providers.

Nestled in a national resort in Hangzhou, the Group's Castalia Court development affords a picturesque surrounding for its occupants. Our on-site management team aimed to go one step further. They organised a Little West Lake educational walking tour for the residents and their children, during which they explored the architecture, history, geography and literary backgrounds of the place they call home. During the walk, stories about the West Lake were shared among the participants.

The World of Art Brut Culture is a charity dedicated to helping autistic children explore the world through art. Beijing Kerry Centre sponsored a series of events, including a charity gallery, to showcase the art pieces of these special young talents. In December 2020, a Different Socks Day was organised, motivating us to find inspiration in the smallest of everyday objects such as our own socks. In the spirit of 'Daring to be Different', the event helped increase public awareness of people with autism and other neurological conditions, and the ways in which their lives are different.

In Shanghai, our colleagues organised a Future Smile Charity Festival at Jing An Kerry Centre. The festival is a blend of philanthropic and educational activities, including charity sale, stage performances and handcrafting workshops, to raise awareness for a cause among the stakeholders. We also created a relaxed and stylish Kinetic Space in Jing An Kerry Centre to promote ideas exchange among tenants and other stakeholders. This space would serve as a common hub for hosting a wide range of networking and socialising events that can help build a more cohesive community.

AWARDS AND CITATIONS

This has been a year unlike any other. Understanding that our stakeholders all face unprecedented challenges, we are working even harder on our responsibilities as a good global citizen, employer, neighbour, business partner, and property developer and manager. We are delighted that our efforts have been recognised by many award programmes over the past year.

GREEN

On our way to achieve progress towards the goals outlined in our Vision 2030, we are honoured to have received many prestigious awards. These recognitions will inspire and motivate us to make further progress in sustaining a harmonious environment.

BEAM Plus New Buildings (NB) Version 1.2

- Final Silver Rating: Mont Rouge, Hong Kong
- Final Silver Rating: Resiglow-Bonham, Hong Kong
- Provisional Gold Rating: Wong Chuk Hang Station Package Two Property Development, Hong Kong

We have adopted a life-cycle management approach in the development of our properties, aiming to reduce environmental impact of buildings and to enhance health and wellbeing of building occupants.

Hong Kong Green Building Council's Building Environmental Assessment Method Plus ("**BEAM Plus**") New Buildings certification covers the demolition, planning, design, construction and commissioning of new building projects. The holistic assessment covers different aspects of a building's performance, including site, material, energy use, water use, indoor environmental quality, and innovations and additions. During 2020, the Group's various development projects were graded under BEAM Plus.

Environmental Management System – ISO 14001:2015

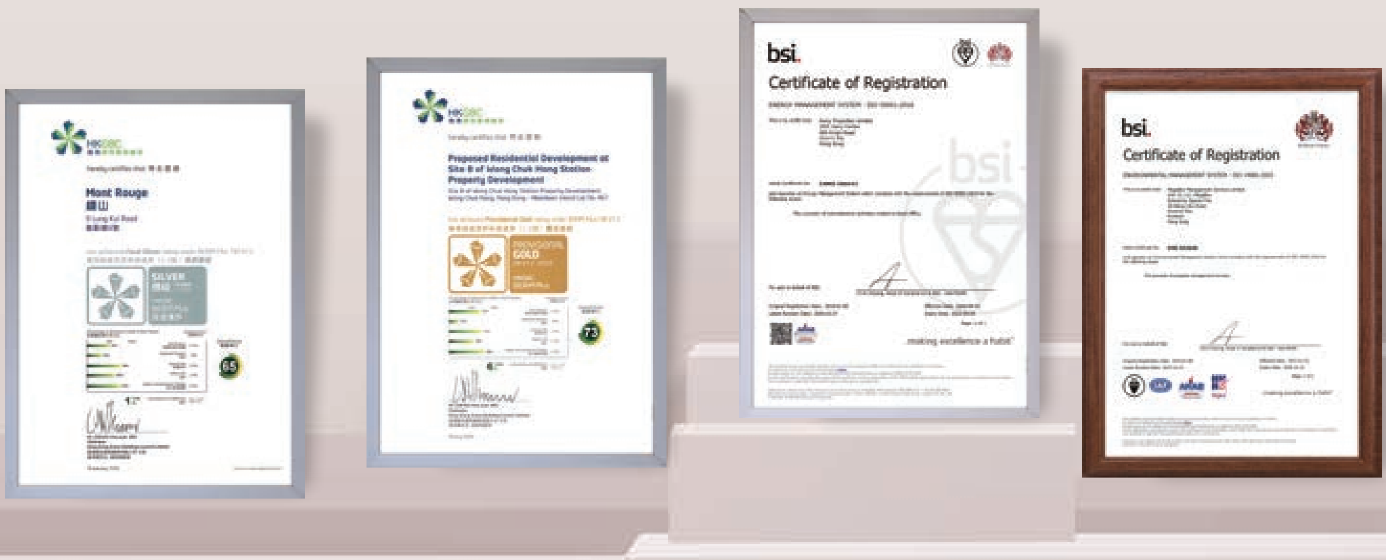
The Group maintains ISO 14001:2015 certification for its Environmental Management System. The system is applied to property development and management activities to ensure high service standards.

The certification covers Kerry Properties Limited ("**KPL**"), MegaBox Management Services Limited ("**MMSL**") and Kerry Property Management Services Limited ("**KPMSL**"). Since their first certifications as early as 2011, they have undertaken continuous revision and enhancement work to meet the new 2015 version requirements.

Energy Management System – ISO 50001:2018

The Group's Energy Management System is premised on our Energy Policy, and covers the administrative activities in the Hong Kong head office and the property management activities of Kerry Properties Development Management (Shanghai) Co., Ltd. ("**KPDMSL**").

Energy Management System of the Hong Kong Division achieved transition of to the ISO 50001:2018 version, with certification renewed in September 2020.



Global Real Estate Sustainability Benchmark – 4-Star Rating

Recognising that the real estate investment industry plays a critical role in creating a sustainable world, Global Real Estate Sustainability Benchmark ("**GRESB**") carries out assessments of the environmental, social and governance ("**ESG**") performance of listed property companies, private funds and assets worldwide. This internationally recognised benchmark provides reference for the equity capital market, facilitating institutional investment decision making.

In 2020, KPL participated in GRESB Assessment for the first time and attained an encouraging 4-star rating, achieving a higher-than-average score comparable to industry leaders. This was from among more than 1,200 assessment participants covering 96,000 assets across 64 countries. In addition to benchmarking our ESG performance, this assessment will also help us identify areas for improvement and engage with investors.

LEED Certification

- Existing Buildings (Platinum): Enterprise Centre Tower I & II at Kerry Everbright City Phase III, Shanghai
- Core & Shell (Platinum): Qianhai Kerry Centre Office T1 & T2, Shenzhen
- Core & Shell (Gold): Qianhai Kerry Centre Apartments A1, A2 & A3, Shenzhen
- Core & Shell (Pre-certification Gold): Kerry Nanchang Phase 2 Office
- Core & Shell (Pre-certification Gold): Zhengzhou Kerry Mixed-use Development (Office)
- Core & Shell (Pre-certification Gold): Fuzhou Rivercity Office T1 & T2

The LEED rating system was developed by the U.S. Green Building Council. It is one of the green building rating systems most widely used to verify that a building or community is designed and built in a sustainable way. Rating is based on performance metrics that matter most to the environment, including energy savings, water efficiency, carbon emissions, indoor environmental quality, and stewardship of resources.

As one of the goals under our Vision 2030, we target green building certification for all our new developments.

Hong Kong Green Awards 2020 – Green Management Award (Corporate – Large Corporation) – Gold Award and Sustained Performance (11 Years+)

In December 2020, KPL received a Gold Award under the 'Green Management Award – Corporate (Large Corporation)' category. This is the fourth consecutive gold award for KPL. A 'Sustained Performance (11 Years+)' certificate was also presented to us for our consistent and exceptional green performance contributing to various United Nations Sustainable Development Goals.

This award scheme was organised by the Green Council to identify and recognise companies with achievements in green purchasing and management, environmental, health and safety management and governance. It aims to encourage participants to increase environmental considerations and responsibility in their management and operational processes.

RESET™ Air for Core & Shell

RESET™ Air for Core & Shell is a continuous monitoring and communication standard for indoor air quality. The certification defines monitor deployment, installation, performance, maintenance and reporting requirements, placing particular focus on the wellbeing of the building occupants.

Following the successful certification of Beijing Kerry Centre, Hangzhou Kerry Centre, Jing An Kerry Centre and Kerry Parkside (Shanghai), Kerry Centre (Hong Kong), as well as Shenzhen Kerry Plaza in 2019, Enterprise Centre at Kerry Everbright City Phase III (Shanghai) also became RESET™ Air certified in 2020. This marks the second year that KPL projects received certification under this scheme.

AWARDS AND CITATIONS

Award/Citation	Issuing Authority
4T Charter • Participation Certificate: 1&3 Ede Road, Bayview, Branksome Grande & Branksome Crest, Century Towers, Head Office of Kerry Properties Limited, Kerry Centre, Lions Rise, May Towers, MegaBox, Ocean Pointe, SOHO 38, Tavistock, Tavistock II & Aigburth, The Altitude and Valverde (all in Hong Kong)	Environment Bureau and Electrical and Mechanical Services Department
CarbonCare® Label and CarbonCare® Star Label 2020 • Kerry Properties Limited	CarbonCare InnoLab
Charter on External Lighting 2019 • Platinum Award: 8 LaSalle, 15 Homantin Hill, Bayview, Elm Tree Towers, Enterprise Square, Enterprise Square Two, Island Crest, Kerry Centre, May Towers, MegaBox, Primrose Hill, Tavistock, Tavistock II & Aigburth, The Altitude and Valverde (all in Hong Kong) • Gold Award: 1 & 3 Ede Road, Belgravia, Lions Rise, Ocean Pointe, SOHO 189 and The Summa (all in Hong Kong)	Environment Bureau
CLP Smart Energy Award 2019 • 1 & 3 Ede Road, 15 Homantin Hill, 8 LaSalle, Bayview, Camellia Court, Constellation Cove, Dragons Range, Enterprise Square, Enterprise Square Two, Enterprise Square Three, Lions Rise, Ocean Pointe, Primrose Hill and Regency Park (all in Hong Kong)	CLP Power Hong Kong Limited
Corporate Environmental Leadership Awards 2019 – EcoPartner • Kerry Centre, Hong Kong	Bank of China (Hong Kong) Limited and Federation of Hong Kong Industries
Energy Saving Charter 2020 • Participation Certificate: 1&3 Ede Road, 8 LaSalle, 15 Homantin Hill, Bayview, Branksome Grande & Branksome Crest, Century Towers, Elm Tree Towers, Head Office of Kerry Properties Limited, Jupiter Terrace, Kerry Centre, Lions Rise, May Towers, MegaBox, Ocean Pointe, SOHO 38, Tavistock, Tavistock II & Aigburth, The Altitude, Valverde (all in Hong Kong)	Environment Bureau and Electrical and Mechanical Services Department
Green Office Awards Labelling Scheme (GOALS) – Green Office Label and Eco-Healthy Workplace Label • Kerry Properties Limited	World Green Organisation
Hong Kong Awards for Environmental Excellence 2019 • Certificate of Merit: Lions Rise, Hong Kong • Certificate of Appreciation: 1 & 3 Ede Road, 8 LaSalle, 15 Homantin Hill, Bayview, Belgravia, Branksome Grande & Branksome Crest, Camellia Court, Century Towers, Constellation Cove, Dragons Range, Elm Tree Towers, Enterprise Square, Enterprise Square Two, Enterprise Square Three, Heng Fa Villa, Island Crest, Jupiter Terrace, Kerry Centre, May Towers, Ocean Pointe, Primrose Hill, Regency Park, SOHO 189, SOHO 38, Tavistock, Tavistock II & Aigburth, The Altitude, The Summa and Valverde (all in Hong Kong)	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies

Award/Citation	Issuing Authority
Hong Kong Green Organisation • Kerry Properties Limited, alongside 28 managed properties in Hong Kong	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
Hong Kong Green Organisation Certification – Energywi$e Certificate • Excellence Level: The Altitude, Hong Kong • Basic Level: Belgravia, Branksome Grande & Branksome Crest, Camellia Court, Constellation Cove, MegaBox, Enterprise Square, Enterprise Square Two, Heng Fa Villa, Island Crest, Jupiter Terrace, Lions Rise, May Towers, Regency Park, Resiglow-Happy Valley, Tavistock, Tavistock II & Aigburth, The Altitude and The Summa (all in Hong Kong)	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
Hong Kong Green Organisation Certification – Wastewi$e Certificate • Excellence Level: Kerry Properties Limited, alongside 27 managed properties in Hong Kong • Basic Level: Belgravia, Constellation Cove, Dragons Range and Resiglow-Happy Valley (all in Hong Kong)	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
Hong Kong Green Organisation Certification – Carbon Reduction Certificate • Kerry Properties Limited	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
Hong Kong Green Organisation Certification – IAQwi$e Certificate • Excellence Level: Head Office of Kerry Properties Limited and common areas of Kerry Centre, Hong Kong	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
Indoor Air Quality Certificate • Excellent Class: Head Office of Kerry Properties Limited and common areas of Kerry Centre, Hong Kong • Good Class: Common areas of Enterprise Square and Enterprise Square Three, Hong Kong	Environmental Protection Department
Outstanding Unit for Greening in Jing'an District • Jing An Kerry Centre, Shanghai	Jing'an District Landscaping and City Appearance Administration Bureau
Shanghai Municipal Green Building Label – 2-Star • Jing An Kerry Centre, Shanghai	Shanghai Green Building Council
Sustainable Procurement Charter • Kerry Properties Limited	Green Council

PROPERTY DEVELOPMENT AND MANAGEMENT

As a property developer and manager, we are particularly encouraged by the many awards received in our core business domain.

Autodesk Hong Kong BIM Awards 2020 – Honorable Mention

Our residential property development project at 3 Lung Kui Road, Beacon Hill, received an Honorable Mention at the 'Autodesk Hong Kong BIM Awards 2020'. KPL was commended for the adoption of building information modelling ("BIM") and advanced application of the latest CAVE technology at the design stage to overcome project challenges. Efficiency improvement was also achieved for the design review process, while an exciting touch was added to this development with this encouraging result.

The award scheme is organised by Autodesk to recognise architectural professionals who take the lead in applying BIM in implementing sustainable and efficient design and construction concepts, thus driving transformation in the building industry. This is the second consecutive year that we have received a commendation from Autodesk under this prestigious programme, after our Wong Chuk Hang Station Package Two Property Development was recognised in 2019.

BCI Asia Awards 2020 – Top 10 Developers – Hong Kong

'BCI Asia Awards' is one of the highly coveted architectural awards in Asia. Organised by BCI Media Group, the leading provider of building and construction information across Asia Pacific, 'BCI Asia awards' is a prestigious label of excellence that provides an international overview of developers with the most significant contributions towards sustainable architecture by weighing the extent of their sustainability and confirmed green building ratings in the seven regional markets across Asia. The Group is delighted to have once again been named in 2020 as one of the 'Top 10 Developers' of Hong Kong.

CIC Sustainable Construction Award 2020 – Silver Award

Sustainable construction is an essential topic for addressing concerns about the economic, social, and environmental impacts of the built environment. The Construction Industry Council ("CIC") has therefore created the 'Sustainable Construction Award' scheme to recognise sustainability best practices among organisations and practitioners.

We are delighted that our Wong Chuk Hang Station Package Two Property Development has been commended with a Silver Award in the Developer (Private Sector) sub-category in the second year of CIC's award presentation. The judging criteria stressed the collaborative relationship among industry stakeholders in implementing sustainable construction.

Construction Safety Promotional Campaign 2020 – The 21st Construction Safety Award

In the 'Construction Safety Promotional Campaign 2020', Wong Chuk Hang Station Package Two Property Development was granted multiple awards, including a Silver Award for Outstanding Metal Scaffolder in Occupational Safety and Health, as well as two Bronze Awards for Best Method Statement and Best Safety Enhancement Programme for Working at Height.

The campaign was organised by the Occupational Safety and Health Council in collaboration with relevant government departments and stakeholders, with the aim of enhancing safety standards in the construction industry.

ISO 9001:2015 Quality Management System Certificate

KPDMSL retained its certification under ISO 9001:2015, covering our branches in Beijing, Hangzhou, Shanghai, Shenyang, Shenzhen and Tianjin. This programme specifies requirements for an organisation to consistently provide products and services that meet customer and applicable statutory and regulatory requirements. The system is embedded with processes for self-improvement and assurance of conformity, which helps enhance customer satisfaction.

ISO 45001:2018 Occupational Health and Safety Management Systems

ISO 45001:2018 is the world's first international standard for occupational health and safety ("**OH&S**"). It specifies the requirements for an OH&S management system, and gives guidance for its use, to enable organisations to provide safe and healthy workplaces by preventing work-related injuries and ill health, as well as by proactively improving their OH&S performance. The Occupational Health & Safety Management System of construction sites managed by Kerry Project Management (H.K.) Limited, along with Branksome Grande & Branksome Crest, Enterprise Square Five, Kerry Centre, MegaBox, Resiglow-Happy Valley, Tavistock, Tavistock II and Aigburth, managed by KPMSL & MMSL; Central Residences II, Jing An Kerry Centre, Kerry Parkside, Enterprise Square at Kerry Everbright City Phase II and Enterprise Centre at Kerry Everbright City Phase III in Shanghai, as well as Shenzhen Kerry Plaza managed by KPDMSL, were certified to the latest version of ISO 45001:2018 in 2020.

OHSAS 18001:2007 Occupational Health and Safety Management System Certificate

KPDMSL maintained OHSAS 18001:2007 certification for Beijing Kerry Centre, Beijing Kerry Residence, Hangzhou Kerry Centre and Castalia Court in Hangzhou, Shenyang Arcadia Court, Shenyang Enterprise Square and Tianjin Arcadia Court.

This certification programme acts as a framework for creating and maintaining the best possible working conditions for OH&S, and is aligned with internationally recognised best practices.

Top 100 Chinese Real Estate Companies and Top 100 China Commercial Real Estate

The Group was included in the 'Non-Mainland Real Estate Enterprises Excellence List 2020' under the 'Top 100 Chinese Real Estate Companies' and 'Top 100 China Commercial Real Estate' rankings, respectively in March and November 2020. Compiled by *Guandian*, the 'Non-Mainland Real Estate Enterprises Excellence List' was developed based on an assessment of all non-Mainland developers in terms of their financial performance, investment scale, geographical coverage, projects under development and land bank.

The 'Top 100 China Commercial Real Estate List' ranks companies with a focus on commercial properties in major Mainland cities by weighing their operational, management, branding and innovative performances. Our iconic mixed-use projects have positioned us prominently in many key Mainland cities.

AWARDS AND CITATIONS

Award/Citation	Issuing Authority
119 FS Award in Shanghai – Advanced Group • Jing An Kerry Centre, Shanghai	Shanghai Municipal Fire and Rescue Brigade
6th China Real Estate & Design Award – Gold Award • Habitat, Qinhuangdao	DJSER.com
19th Hong Kong Occupational Safety and Health Award – OSH Annual Report Award - Silver Award • Kerry Project Management (H.K.) Limited	Occupational Safety and Health Council
Advanced Group for Combating Pandemic in Trade, Commerce and Service Sectors of Shanghai Municipal 2020 • Jing An Kerry Centre, Shanghai	Shanghai Commercial Association
Advanced Unit for Micro Fire Station Establishment 2020 • Hangzhou Kerry Centre	Hangzhou Municipal Fire and Rescue Detachment
Advanced Unit in Fire Safety in Futian 2019 • Shenzhen Kerry Plaza	Shenzhen Municipal Futian District Fire Safety Committee
Anti-terrorism Model Organisation 2019 • Hangzhou Kerry Centre	Hangzhou Municipal Anti-terrorist Working Group
Best Practices in Operation and Management • Beijing Kerry Centre	Construction's Operation and Management Institute
Enhancement of Cityscape Campaign in Wong Tai Sin 2019/20 – Commendation for Cleanliness – Second Place • Lions Rise, Hong Kong	Food and Environmental Hygiene Committee, Wong Tai Sin District Council
Excellent Anti-pandemic Enterprise • Tangshan Arcadia Court	Tangshan Property Management Industry Association
Excellent Asset Management 2019 – Best Commercial Complex in Shenyang • Shenyang Kerry Centre	Institute of Real Estate Management China
Excellent Model Project in Property Management in Shanghai • Enterprise Centre at Kerry Everbright City Phase III, Shanghai • Jing An Kerry Centre, Shanghai	The Trade Association of Shanghai Property Management
Fire Fighting Advanced Unit in Pudong New Area 2020 • Kerry Parkside, Shanghai	Shanghai Municipal Pudong New Area Fire Safety Committee
First Batch of Provincial Level Model Companies in Anti-terrorism • Hangzhou Kerry Centre	Zhejiang Provincial Office for Anti-terrorist Leading Group
Integrity Commitment in the Property Management Industry in Shanghai - AAA Enterprise • Jing An Kerry Centre, Shanghai	The Trade Association of Shanghai Property Management
ISHP Outstanding Health Awards 2020 – Platinum Award • Kerry Project Management (H.K.) Limited	Institute of Safety & Health Practitioners (ISHP)
Micro Fire Station • Hangzhou Kerry Centre	Hangzhou Municipal Xiacheng District Fire and Rescue Brigade
Micro Fire Station Competition in Xiacheng District 2020 – Second Place • Hangzhou Kerry Centre	Hangzhou Municipal Xiacheng District Fire and Rescue Brigade
Model Neighborhood for Property Management in Putian • Putian Arcadia Court	Putian Municipal Housing and Urban-Rural Development Bureau and Putian Municipal Urban Management Bureau
Multi-format Fire Brigade 2020 • Jing An Kerry Centre, Shanghai	Shanghai Municipal Fire and Rescue General Brigade
Nanjing West Road's Golden Key Prize • Jing An Kerry Centre, Shanghai	Nanjing West Road Sub-district Office

Award/Citation	Issuing Authority
National Comprehensive Disaster Reduction Model Community 2019 • Central Residences and Central Residences II, Shanghai	National Committee for Disaster Reduction, China Meteorological Administration and China Earthquake Administration
National Trustworthy Property Manager • Shenyang Kerry Centre	*China Property Manager* Magazine
Neighborhood Demonstrating Excellence in Waste Separation • Shenzhen Arcadia Court	Shenzhen Municipal Futian District Lianhua Sub-district Office
Outstanding Anti-pandemic Corporation • Enterprise Square at Kerry Everbright City Phase II, Shanghai	CCP Shanghai Municipal Jing'an District Nanjing West Road Sub-district Work Committee
Outstanding Anti-terrorism Unit in Hangzhou 2019 • Hangzhou Kerry Centre	Hangzhou Municipal Anti-terrorist Working Group
Outstanding Member Unit • Jing An Kerry Centre, Shanghai	The Trade Association of Shanghai Property Management
Outstanding Serviced Premises • Kerry Parkside, Shanghai	China (Shanghai) Pilot Free Trade Zone Lujiazui Administration Bureau
Pandemic-Free Model Neighborhood • Shenzhen Kerry Centre	Shenzhen Municipal Luohu District Leading Group for Coronavirus Pandemic Control
Participation of Property Services Enterprises in Excellent Neighborhood Maintenance • Shenzhen Kerry Centre	Shenzhen Municipal Luohu District Nanhu Sub-district Office
Public Parking Lot (Carpark) Quality Credit Assessment (AAA) in Shanghai • Enterprise Centre at Kerry Everbright City Phase III, Shanghai	Shanghai Parking Service Industry Association
Safety Model Unit in Shanghai • Jing An Kerry Centre, Shanghai	Shanghai Municipal Committee for Comprehensive Treatment of Public Security
Safe Production Advanced Unit 2020 • Beijing Kerry Centre	Beijing Municipal Chaoyang District Hujialou Sub-district Safe Production Committee
Safe Property Community in Putian 2020 • Putian Arcadia Court	Putian Municipal Urban Management Bureau
Security Services Best Training Award 2019 – Gold Award • MegaBox Management Services Limited	Vocational Training Council and Hong Kong Police Force
The Greater Bay Navigation Scheme – Remarkable Developer Award for the Greater Bay Area • Kerry Properties Limited	Hong Kong Ta Kung Wen Wei Media Group
Three-star Micro Fire Station 2019 • Hangzhou Kerry Centre	Xiacheng District Fire Safety Committee
Top 10 Malls and Supermarkets for Domestic Waste Separation in Shenyang 2020 • Shenyang Kerry Parkside	Shenyang Municipal Office for Domestic Waste Separation Leading Group
Top 100 Commercial Office Buildings Investment and Operation in China • Beijing Kerry Centre	The Committee of Top 100 Commercial Office Buildings Investment and Operation in China
Top 10 Micro Fire Stations • Jing An Kerry Centre, Shanghai	Fire Corps of Shanghai, Jing'an Unit

CORPORATE GOVERNANCE AND CITIZENSHIP

In a year that has posed unprecedented challenges, it has never been more vital that we fulfil our obligations as a responsible community builder and corporate citizen. The commendations we have received throughout the year bear testimony to the integrity and diligence that our team members demonstrate day in and day out.

Caring Company

The Group and its member companies have been longstanding supporters of the 'Caring Company' scheme. Driven by The Hong Kong Council of Social Service, this well recognised programme has successfully helped build a cohesive society by promoting strategic partnerships among business and social service partners. The Group's holistic approach to caring for the environment, community and our employees reflects the depth of our commitment to corporate social responsibility ("**CSR**").

In 2020, MMSL and MegaBox Development Company Limited ('**MDCL**') were again awarded the '10 Years Plus Caring Company' logo, while KPL continues to be a '15 Years Plus Caring Company'. In addition, we have maintained our Coral membership of the Caring Company Patron's Club.

ERB Manpower Developer Scheme – Super MD

KPL has been named a 'Manpower Developer' for 10 consecutive years since the launch of the scheme in 2010, and qualified as a 'Super Manpower Developer' in 2020 for another five years. Established by the Employees Retraining Board with the aim of enhancing the quality of human resources in Hong Kong, the award recognises our continuous efforts and resources devoted in manpower training and development, particularly in terms of leading a learning culture and establishing resources planning, training and development systems, performance management and CSR in manpower development.

As a 'Super MD', we will continue to strive for excellence in our manpower strategies and practices, by regularly reviewing and enhancing our learning and development initiatives.

Greater Bay Area Business Sustainability Index ("GBABSI") 2019 – Top 10 (Achiever)

The year 2020 saw the first edition of the GBABSI results published by the Centre for Business Sustainability at the Chinese University of Hong Kong. It aims to support and encourage companies in the Greater Bay Area to thrive responsibly and sustainably. Companies were rated according to their performances in several key areas: CSR values, CSR Process (comprising responsibility management and practices) and CSR Impact, as well as their contributions to economic, social and environmental sustainability. Proudly finishing among the top 10 achievers, we will proactively seek continuous improvement in our CSR practices.

Hang Seng Corporate Sustainability Index Series

The Group has retained its listing in the 'Hang Seng Corporate Sustainability Benchmark Index' for six years in a row. The Group is one of the 30 top-performing listed companies, among 500 others, and by virtue of this is included in the 'Hang Seng Corporate Sustainability Index' with an enhanced grading from A+ to AA-, alongside a listing under the 'Hang Seng (Mainland and HK) Corporate Sustainability Index'. This is the third year that the Group has been included in both indexes.

Compiled and maintained by Hang Seng Index Company Limited, the index series include Hong Kong-listed companies that perform well with respect to corporate sustainability, on metrics such as organisational governance, human rights, labour practices, environment, fair operating practices, consumer issues and community involvement and development. Constituent selection is based on a robust process that includes consideration of the results from a sustainability assessment undertaken by the Hong Kong Quality Assurance Agency and an independent and professional assessment body, using its proprietary sustainability assessment and rating framework.

Social Capital Builder Award 2020 – Logo Awards

In recognition of the Group and its member companies' contribution to the development of social capital in Hong Kong, the Community Investment and Inclusion Fund of the Labour and Welfare Bureau has conferred on KPL and MMSL its Logo Awards under the 'Social Capital Builder Award 2020' programme. Run on a biennial basis, the programme appraises applicants based on six core social capital dimensions, namely social networks, social participation, information and communication, trust and solidarity, mutual-help and reciprocity and social cohesion and inclusion.

Sustainable Business Award 2020

'Sustainable Business Award', organised by the World Green Organisation, is widely supported by many listed and non-listed enterprises. KPL won the award and were recognised as sustainable businesses by a reputable and professional judging panel. This year we continue to receive the 'Sustainable Leadership Award' for recognising our consecutive wins. This achievement showcases our long-term efforts to upholding high standards of workplace quality, environmental protection, operational practices and community involvement.

WELL Health-Safety Rating

The WELL Health-Safety Rating was introduced by the International WELL Building Institute™ in response to the COVID-19 pandemic. Developed to ensure health and safety in indoor spaces, the rating was granted to our Central Residences II in Shanghai in early 2021 after a thorough inspection of its establishment of operational policies, maintenance protocols, occupant management and emergency plans in building management. The rating is subject to annual reviews, and focuses on six main health-safety themes, including cleaning and sanitisation procedures, emergency preparedness, health service resources, air and water quality management, stakeholder engagement and communication and innovation.

Hang Seng Corporate Sustainability Index Series Member 2020-2021

AWARDS AND CITATIONS

Award/Citation	Issuing Authority
2020 Happy Company • Kerry Centre, Hong Kong	Promoting Happiness Index Foundation
Achievers of Harmonious Labor Relations in Shanghai • Kerry Parkside, Shanghai	Shanghai Municipal Human Resources and Social Security Bureau, Shanghai Municipal General Labor Union, Shanghai Enterprise Confederation / Shanghai Entrepreneurs Association and Shanghai Federation of Industry and Commerce
Advanced Group • Shenzhen Kerry Centre	4th National Economic Census Leading Group (Shenzhen Municipal Luohu District)
Advanced Group for Volunteer Service in Shanghai • Jing An Kerry Centre, Shanghai	Shanghai Municipal Committee for Cultural and Ethical Progress
CAPITAL Corporate Social Responsibility Awards 2020 • Kerry Properties Limited	*CAPITAL*
Charity Enterprise • Shenyang Kerry Centre	Huayi Foundation
Corporate Sustainability Awards for Greater Bay Area 2020 – Sustainable City and Community Award • Kerry Properties Limited	Metro Finance Radio
Excellent Unit in Innovation and Culture – Honorary Certificate • Shenzhen Kerry Centre	CCP Shenzhen Municipal Luohu District Committee
Give Blood Alliance – Silver Award • Enterprise Square, Hong Kong	Hong Kong Red Cross Blood Transfusion Service
Green Development Pioneer Top 100 – ESG Reporting Assessment of China's Listed Companies – First Place in the Real Estate Industry • Kerry Properties Limited	Shanghai Minhang District Qingyue Environmental Protection IT Service Center
HKQAA – Sustainability Rating AA- • Kerry Properties Limited	Hong Kong Quality Assurance Agency

Award/Citation	Issuing Authority
HKQAA CSR Index Plus – CSR Advocate Mark • Kerry Properties Limited	Hong Kong Quality Assurance Agency
HSBC Living Business – Sustainable Supply Chain Leaders • Kerry Properties Limited	Business Environment Council Limited, the Hong Kong Council of Social Service and Policy for Sustainability Lab of the Centre for Civil Society and Governance, the University of Hong Kong
Mom's Loving Room • Jing An Kerry Centre, Shanghai	Shanghai Federation of Trade Unions Women's Committee
Small Basketball League (Liaoning) China 2019 – Outstanding Contribution Award • Shenyang Kerry Centre	China Small Basketball Association Organising Committee
That's 2020 Hospitality Awards • Award for Excellent Service Residence: Beijing Kerry Residence • The Most Popular Serviced Apartment for Business Travelers: Jing An Kerry Residences, Shanghai • Family-Friendly Serviced Apartment of the Year: Residences at Kerry Parkside, Shanghai	*That's* Magazine

AWARDS AND CITATIONS

COMMUNICATIONS AND PROMOTIONS

As we coped with social distancing over most of the past year, the task of communication became exceedingly challenging. To tackle the problem of the lack of face-to-face connection, our communications team has utilised innovative solutions to get our message across to our customers, shareholders and other stakeholders.

Asia Sustainability Reporting Awards 2019

- Asia's Best Materiality Reporting – Gold Award
- Asia's Best Stakeholder Reporting – Gold Award
- Asia's Best Sustainability Report (Standalone) – Finalist
- Asia's Best Sustainability Report (Design) – Finalist

Sustainability reporting is an essential tool for communicating how the company manages its material economic, environmental and social impacts, and risks and opportunities to build a sustainable business. Our Sustainability Report 2018 received multiple awards from 'Asia Sustainability Reporting Awards ("**ASRA**") 2019', in recognition of our leadership in sustainability reporting, transparency and commitment to creating long-term value for stakeholders.

Organised by Singapore-based CSRWorks International, ASRA is one of the most prestigious accolades recognising sustainability reporting. The ASRA 2019 winners were selected from among more than 460 entries from 16 countries in Asia, following a multi-tier evaluation process involving assessments and due diligence work. This rigorous judging process helps to continually raise the bar for reporting quality and authenticity.

IR Magazine Awards – Greater China 2020 – Best ESG Materiality Reporting (small to mid-cap)

KPL's Sustainability Report 2019 was selected as the Best ESG Materiality Reporting (small to mid-cap) winner in 'IR Magazine Awards – Greater China 2020'.

'IR Magazine Awards' recognise individuals and companies that excel in investor communication and reporting. It is one of the most influential investor relations award programmes in the capital market. This is a major recognition of our efforts in sustainability reporting, improved disclosure and transparency by the global investment community.

International Annual Report Design Awards 2020

- Online Version – Real Estate Development – Silver Award: Sustainability Report 2019
- Printed Version – Real Estate Development: Cover Design – Silver Award: Annual Report 2019
- Printed Version – Real Estate Development: Integrated Presentation – Silver Award: Annual Report 2019

'The International Annual Report Design Awards ("**IADA**")' appraise the best in annual report design work. IADA judges are highly respected experts from renowned design institutes and design houses. They form an independent judging panel to evaluate and recognise the most creative works from around the world. We are honoured that our Sustainability Report 2019 and Annual Report 2019 together received three Silver Awards in the 2020 event.

LinkedIn Transformation Award

KPL was honoured with a Transformation Award in 2020 for our continuous efforts in pursing new approaches to attract and engage talents. The judging criteria are based on the number of followers of the award candidates' official LinkedIn pages. Increments in different areas, including the number of followers, engagement rates and influenced hire rates are recorded and assessed. After a comparison with industry peers, six winners have been selected and KPL outcompeted our peers to become the only developer to receive this accolade.

MERCURY Excellence Awards 2019-2020

- Annual Reports – Overall Presentation – Sustainability Report – Gold Award: Sustainability Report 2018
- Annual Reports – Online: Sustainability Report – Silver Award: Sustainability Report 2018
- Promotion/Marketing: Christmas Campaign – Gold & Grand Awards: MegaBox x Little Twin Stars X'mas Dreamland

The 'Mercury Excellence Awards' honour outstanding achievement in professional communications. The scheme is hosted by MerComm, Inc., an independent global awards organisation, with the aim of promoting excellence, quality and performance in various fields of public relations. We were pleased to see that our Sustainability Report 2018 captured a high rating in the programme, clinching a Gold and a Silver Award, from among 533 entries received from 17 countries. MegaBox's crossover Christmas campaign in 2018 was also presented a Gold and a Grand Award for its use of imaginative and original solutions.

MIPIM Asia Awards 2020 – Gold and Silver Awards

- Best Mixed-use Development – Gold Award: Qianhai Kerry Centre, Shenzhen
- Best Green Development – Silver Award: Qianhai Kerry Centre, Shenzhen

The 'MIPIM Asia Awards' celebrate excellence and innovation among the very best of the Asian real estate industry, honouring the most accomplished projects, completed or yet to be built, in Asia Pacific.

We are particularly encouraged that our Qianhai Kerry Centre development garnered a Gold Award in the 'Best Mixed-use Development' and a Silver Award in the 'Best Green Development' categories. Qianhai Kerry Centre was commended for being an environmentally-sound and resource-efficient building that was constructed with a progressive and innovative design meeting strict sustainability criteria. Our efforts in improving the life cycle of the building to positively shape the future were also recognised.

AWARDS AND CITATIONS

Award/Citation	Issuing Authority
ASTRID Awards 2020 • Calendars – Silver Award: Calendar 2020 • Excellence in Design – Promotion – Silver Award: MegaBox · MY MELODY Sparkling Christmas Town of MegaBox Development Company Limited	MerComm, Inc.
Best Innovative Practices Awards 2020 – Innovation in Branding and Communications • Jing An Kerry Centre, Shanghai	China Business Network
Citylife Most Popular Shopping Centers of the Year 2020 • Jing An Kerry Centre, Shanghai	Shanghai People's Radio
CR Reporting Awards 2020 – Top 8 in Creativity in Communications • Sustainability Report 2018	Corporate Register Ltd.
GALAXY Awards 2020 – Honors • Sustainability Report 2019 • Annual Report 2019	MerComm, Inc.
Hangzhou Great Project • Hangzhou Urban Star	Hangzhou Municipal Investment Promotion Bureau
Home Journal – Best Brand Awards 2020 – Best Commitment to Quality • Kerry Properties Limited	*Home Journal*
iDEAL Shanghai Awards – Best Serviced Apartment Brand • Central Residences II, Shanghai	*Shanghai Daily*
Innovative Marketing Project of the Year 2019 • Green Escape[ST.] of Jing An Kerry Centre, Shanghai	2020 Linkshop Conference
iNOVA Awards 2020 – Online Annual Reports – Sustainability Report – Silver Award • Sustainability Report 2019	MerComm, Inc.
International ARC Awards 2020 • Online Annual Report (Overall Presentation) – Hong Kong – Silver Award: Sustainability Report 2019 • Real Estate Integrated Development & Investment – Print Annual Report (Cover) – Honors: Annual Report 2019	MerComm, Inc.
LACP Vision Awards 2018/19 – Real Estate – Silver Award • Annual Report 2019	LACP LLC

Award/Citation	Issuing Authority
Luxury Living • Most Anticipated Renovation of the Year – Serviced Apartment: Central Residences II, Shanghai • Outstanding Environment – Serviced Apartment: Central Residences II, Shanghai	*HuMaNiuWa*, *Shanghai Family* and *Parents & Kids*
Must-Shop List 2020 • Hangzhou Kerry Centre	Meituan Dianping APP
Parents' Choice Awards – Best Loved Shopping Mall for Parents and Kids • MegaBox Development Company Limited	*Mommy's / Whiz-kids Express Weekly*
Properties Desired by Consumers in Qinhuangdao 2020 • Habitat, Qinhuangdao	Qinhuangdao Municipal Real Estate Association
The Best BANG! Awards 2020-21 Shanghai • Best City Symbol Shopping Center: Jing An Kerry Centre, Shanghai • Best Family Shopping Center: Kerry Parkside, Shanghai	BANG Media
TimeOut Hospitality Awards, Shanghai 2020 – Luxury Serviced Apartments of the Year • Central Residences II, Shanghai	*TimeOut*
Yangtze River Delta Night Culture and Consumer Model Block • Hangzhou Kerry Centre	Zhejiang Provincial Tourism Association, Shanghai Tourism Industry Association, Jiangsu Provincial Tourism Association and Anhui Provincial Tourism Association

CORPORATE GOVERNANCE REPORT

During the financial year ended 31 December 2020, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The following sections set out how the principles of good governance and code provisions under the Listing Rules have been complied with by the Company during the financial year ended 31 December 2020.

A. DIRECTORS

A.1 The Board of Directors of the Company (the "Board")

1. The Board is responsible for:–
   (i) the leadership and control of the Company;
   (ii) overseeing the Group's businesses, strategic directions and financial performance;
   (iii) setting the Company's values and standards;
   (iv) ensuring that its obligations to the Company's shareholders (the "**Shareholders**") are understood and met; and
   (v) strategy formulation, corporate governance and performance monitoring.

2. Proposed Board meeting dates for a financial year are agreed in the final Board meeting of the preceding year. The Board has four scheduled meetings a year at approximately quarterly interval and meets more frequently as and when required. Notice of more than 14 days was given to all the Directors of the Company (the "**Directors**") to attend a regular Board meeting. For all other Board meetings, reasonable notice will be given to the Directors. During the financial year ended 31 December 2020, the Board held four meetings and the attendance record, on a named basis, is set out in the table below.

Directors		Attendance/Number of Board Meetings during the Directors' tenure of office
Executive Directors:	Wong Siu Kong	4/4
	Kuok Khoon Hua	4/4
	Bryan Pallop Gaw	4/4
	Wong Chi Kong, Louis	4/4
Independent Non-executive Directors:	Ku Moon Lun *(retired on 20 May 2020)*	1/1
	Wong Yu Pok, Marina, JP	4/4
	Chang Tso Tung, Stephen	4/4
	Hui Chun Yue, David *(appointed on 20 May 2020)*	3/3

3. Board and Board Committees minutes kept by the Company Secretary are sent to the Directors for records and are open for inspection by the Directors.

4. The Company has arranged appropriate insurance cover for the Directors.

A.2 Division of Responsibilities

1. Mr Wong Siu Kong, the Chairman of the Company, is responsible for providing leadership to the Board in terms of establishing policies and business directions. He ensures that the Board discharges its responsibilities effectively and all key issues are discussed by the Board timely.

2. Mr Kuok Khoon Hua, the Vice Chairman and the Chief Executive Officer ("**CEO**") of the Company, is responsible for the overall operation and the executive responsibilities of the Group and the full implementation of the directions and policies established by the Board.

3. The other Executive Directors of the Company ("**ED**") are delegated with responsibility to oversee and monitor the operations of specific business areas and to implement the strategies and policies set by the Board.

4. The Independent Non-executive Directors of the Company ("**INED**") bring strong independent judgement, knowledge and experience to the Board. Apart from their appointments as INED, none of them has any form of service contract with the Company or any of its subsidiaries. The INED are able to give the Board and/or any committees they served the benefit of their skills, expertise and knowledge through their regular attendance and active participation of the Company's businesses.

5. The Chairman has encouraged all Directors to make a full and active contribution to the Board's affairs and takes the lead to ensure that the Board acts in the best interest of the Company. He has promoted a culture of openness and debate by facilitating the effective contribution of INED and ensuring constructive relations between ED and INED. Accordingly, the Board operates in a functional manner with clearly defined objectives, strategies and responsibilities.

6. During the financial year ended 31 December 2020, the Chairman has held two meetings with the INED without the other ED present.

A.3 Board Composition

1. The composition of the Board is stated in the section headed "Corporate Information & Key Dates" of this annual report. The Board has a balanced composition and strong independent element. The biographies of the Directors are set out in the section headed "Directors and Senior Management" of this annual report, which demonstrate a diversity of skills, expertise, experience and qualifications.

2. The Company has complied with Rules 3.10 and 3.10A of the Listing Rules in the following manner:–

   (i) the Board includes three INED;

   (ii) two of the INED have appropriate professional qualifications, accounting and related financial management expertise; and

   (iii) INED represent more than one-third of the Board.

3. The Company has received annual confirmation of independence from all the INED in accordance with Rule 3.13 of the Listing Rules. The Nomination Committee has assessed their independence and concluded that all the INED are independent within the definition of the Listing Rules.

4. A list of all the Directors identifying their roles, functions and titles is available on the websites of the Stock Exchange and the Company. The names of the INED have been identified in all corporate communications that disclosed the names of the Directors.

A.4 Directors' Appointment, Re-election and Removal

1. Pursuant to the Company's bye-laws and the code provisions of the Listing Rules, each Director shall retire from office no later than the third annual general meeting of the Company after he/she was last elected or re-elected (i.e. the term of appointment of all Directors, including the INED, is effectively three years) and each Director appointed to fill a casual vacancy or as an additional Director is subject to re-election at the next general meeting following his/her appointment.

2. For INED who has served the Company for more than nine years, his/her further appointment will be subject to a separate resolution to be approved by the Shareholders at the general meeting and the papers to the Shareholders accompanying that resolution will include the reasons why the Board believes he/she is still independent and should be re-elected.

A.5 Nomination Committee

1. The Company established a Nomination Committee ("**NC**") in 2012. Details of the NC and the work performed by it during the year are set out in the section headed "Nomination Committee Report" of this annual report. During the financial year ended 31 December 2020, a NC meeting was held on 8 January 2020 and the attendance record, on a named basis, is set out in the table below.

Directors		**Attendance/Number of NC Meeting during the NC members' tenure of office**
ED:	Wong Siu Kong	1/1
	Kuok Khoon Hua	1/1
INED:	Ku Moon Lun *(retired on 20 May 2020)*	1/1
	Wong Yu Pok, Marina, JP	1/1
	Chang Tso Tung, Stephen	1/1
	Hui Chun Yue, David *(a member of NC since 20 May 2020)*	N/A

2. A summary of each of the board diversity policy and the nomination policy adopted by the Board is set out in the section headed "Nomination Committee Report" of this annual report.

A.6 Responsibilities of Directors

1. Every newly appointed Director will be given a comprehensive, formal and tailored induction on appointment and continually updated with legal and regulatory requirements, business and market changes and development of the Company to facilitate him/her in discharging his/her responsibilities.

2. The INED take an active role in Board meetings, contribute to the development of strategies and policies and make sound judgement in various aspects. They will take lead when potential conflicts of interest arise. Independent Board Committee comprising all INED will be formed to advise the independent Shareholders on those connected transactions to be approved by the independent Shareholders at the special general meeting of the Company. The INED are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

3. The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code for securities transactions by Directors of the Company (the "**Model Code**"). The Directors have confirmed compliance with the required standards set out in the Model Code throughout the financial year ended 31 December 2020. Employees of the Company, who are likely to be in possession of unpublished inside information, have been requested to comply with provisions similar to those terms in the Model Code.

4. In order to ensure the Directors' contribution to the Board remains informed and relevant and to develop and refresh knowledge and skills of the Directors, the Company has encouraged and funded suitable trainings for Directors to participate in continuous professional developments. During the financial year ended 31 December 2020, the record of the trainings of the Directors, on a named basis, is set out in the table below.

Directors		Reading journals, written training materials and/or updates	Attending courses, seminars, conferences, webcast training and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
ED:	Wong Siu Kong	✓	✓	✓
	Kuok Khoon Hua	✓	✓	✓
	Bryan Pallop Gaw	✓	✓	✓
	Wong Chi Kong, Louis	✓	✓	✓
INED:	Ku Moon Lun *(retired on 20 May 2020)*	✓	✓	✓
	Wong Yu Pok, Marina, JP	✓	✓	✓
	Chang Tso Tung, Stephen	✓	✓	✓
	Hui Chun Yue, David *(appointed on 20 May 2020)*	✓	✓	✓

Note: All of the abovementioned trainings are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

A.7 Supply of and Access to Information

1. The Board members are supplied with comprehensive board papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event no less than 3 days before the date of the meeting). All Directors are given opportunity to include matters in the agenda for regular Board meetings. To facilitate the decision-making process, the Directors are free to have access to the management for enquiries and to obtain further information, when required.

2. All Directors have unrestricted 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 Board procedures, and all applicable rules and regulations, are being followed. The Directors can obtain independent professional advice at the Company's expense.

B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

B.1 Remuneration Committee

Details of the Remuneration Committee ("**RC**") and the work performed by it during the year are set out in the section headed "Remuneration Committee Report" of this annual report. During the financial year ended 31 December 2020, a RC meeting was held on 8 January 2020 and the attendance record, on a named basis, is set out in the table below.

Directors		Attendance/Number of RC Meeting during the RC members' tenure of office
ED:	Wong Siu Kong	1/1
	Kuok Khoon Hua	1/1
INED:	Ku Moon Lun *(retired on 20 May 2020)*	1/1
	Wong Yu Pok, Marina, JP	1/1
	Chang Tso Tung, Stephen	1/1
	Hui Chun Yue, David *(a member of RC since 20 May 2020)*	N/A

B.2 Remuneration of Directors and Senior Management

Details of the amount of the Directors' emoluments (including the ED who are members of senior management of the Group) during the financial year ended 31 December 2020 are set out in notes 13(a) and 13(b) to the financial statements of this annual report. Details of the Company's share option scheme are set out in the Report of Directors and note 35 to the financial statements of this annual report.

B.3 Board Evaluation

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

C. ACCOUNTABILITY AND AUDIT

C.1 Financial Reporting

1. The Board is responsible for the preparation of the financial statements. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. The external auditor has a primary responsibility for auditing and reporting on the financial statements and the Auditor's Report to the Shareholders is included in this annual report.

2. Towards the end of 2020, the Board has reviewed the financial projections of the Group in respect of the five financial years ending 31 December 2025. 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 the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

3. During the financial year ended 31 December 2020, all members of the Board have been provided with monthly updates to enable them to discharge their duties.

C.2 Risk Management and Internal Controls

Details on the Group's risk management and internal controls framework and the Board's process to evaluate the Group's system of risk management and internal controls are set out in the section headed "Risk Management and Internal Controls Report" of this annual report.

C.3 Audit and Corporate Governance Committee

1. Details of the Audit and Corporate Governance Committee ("**ACGC**") and the works performed by it during the year are set out in the section headed "Audit and Corporate Governance Committee Report" of this annual report. The ACGC met four times during the financial year ended 31 December 2020 and the attendance record, on a named basis, is set out in the table below.

Directors		Attendance/Number of ACGC Meetings during the ACGC members' tenure of office
INED:	Ku Moon Lun *(retired on 20 May 2020)*	1/1
	Wong Yu Pok, Marina, JP	4/4
	Chang Tso Tung, Stephen	4/4
	Hui Chun Yue, David *(a member of ACGC since 20 May 2020)*	3/3

2. The Board has delegated duties regarding the corporate governance to the ACGC as set out in the code provisions of the Listing Rules.

C.4 Auditors' Remuneration

1. The Company's external auditor is PricewaterhouseCoopers, Hong Kong ("**PwC**"). During the financial year ended 31 December 2020, the fees paid/payable to PwC and other firms of the worldwide network of PricewaterhouseCoopers in respect of the audit of the Group's consolidated financial statements and non-audit services provided to the Group were as follows:–

Nature of services	HK$'000
Audit services	9,801
Non-audit services: Tax consultancy services and others	22,898

2. The ACGC had developed and implemented policy on engaging PwC to supply non-audit services. Non-audit services from PwC include, but not limited to, provision of tax consultancy services and system related advisory services. Services which may be considered to be in conflict with PwC's role as auditor have to be submitted to the ACGC for approval.

3. During the year, the ACGC had reviewed PwC's independence and objectivity in relation to both audit and non-audit services provided to the Group by PwC.

D. DELEGATION BY THE BOARD

D.1 Management Functions

The responsibilities, accountabilities and contributions of the Chairman, the CEO and ED of the Company are set out in A.2 of this Corporate Governance Report. The day-to-day running of the Company is delegated to the management, with divisional heads responsible for different aspects of the Group's businesses.

D.2 Finance Committee

In addition to delegating specific responsibilities to the ACGC, the NC and the RC, the Board has established a Finance Committee with delegated authority for reviewing and approving certain financial matters of the Group. Currently, the Finance Committee comprises Mr Wong Siu Kong and Mr Wong Chi Kong, Louis. The Board has approved and adopted a written terms of reference of the Finance Committee for it to deal with matters such as the 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. The decisions or recommendations of the Finance Committee were reported back to the Board at the Board meetings.

D.3 Executive Committee

The Executive Committee of the Board meets from time to time as determined by the Executive Committee members and operates as a general management committee. The Board has approved and adopted a written terms of reference of the Executive Committee for it to (i) discuss the corporate and development strategies of the Company; (ii) evaluate and determine the nature and extent of the risks the Company is willing to take in achieving its strategic objectives; and (iii) consider and assess the potential adverse impact on the Company's business caused by prevailing internal and external risks and formulate corrective or mitigating actions required. The decisions or recommendations of the Executive Committee will be reported back to the Board. The members of the Executive Committee comprise all ED.

E. INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

E.1 Communication Channels

In order to develop and maintain a continuing investors' relationship programme, the Company has established various channels of communication with the Shareholders and the investor community:–

(i) Shareholders can raise any comments on the performance and future directions of the Company with the Directors at the annual general meeting of the Company ("**AGM**").

(ii) Press and analysts' conferences are held twice a year in relation to the interim and final results announcements, at which ED are available to answer questions regarding the Group's operational and financial performances.

(iii) The Company also avails itself of opportunities to communicate and explain its strategies to Shareholders and the investor community, through active participation in investors' conferences and regular meetings with financial analysts, fund managers and potential investors. The Group had participated in a number of roadshows and investors' conferences during the year ended 31 December 2020 and some of them are set out below:–

Event	Venue
Citi's Asia Pacific Property Conference 2020	Hong Kong
UBS HK/China Property Conference 2020	Hong Kong
15th Citi China Investor Conference 2020	Hong Kong
BofA Securities 2020 Global Real Estate Conference	Hong Kong
Goldman Sachs China Conference 2020	Hong Kong

The Group plans to enhance its investors' relationship by participating in future roadshows and conferences.

(iv) The Company's website at www.kerryprops.com contains important corporate information, annual and interim reports, as well as announcements and circulars issued by the Company to enable the Shareholders and the investor community to have timely access to updated information about the Group.

(v) The Board has established a shareholders' communication policy since 2012 and will review it on a regular basis to ensure its effectiveness.

E.2 Dividend Policy

1. The Board has approved and adopted a dividend policy for the Company (the "**Dividend Policy**") with effect from 1 January 2019. The Board targets to distribute not less than 30% of the Group's core net profit for each financial year to the Shareholders. In proposing any distribution of dividend, the Board will take into consideration of the following factors:–

   (i) the long-term interest of the Group;

   (ii) the general interest of all the Shareholders;

   (iii) the sustainable development of the Group;

   (iv) the earnings, cash flow, financial condition, capital requirement and distributable reserves of the Group; and

   (v) any other factors that the Board deems relevant.

2. The Board will review the Dividend Policy regularly.

E.3 Shareholders' Rights

1. Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch registrar and transfer office, namely, Tricor Abacus Limited, whose contact details are stated in the section headed "Corporate Information & Key Dates" of this annual report.

2. Shareholders and members of the investor community are welcome to send their enquiries to the Company's Corporate Communication and Investor Relations Departments, whose contact details are stated in the section headed "Corporate Information & Key Dates" of this annual report.

3. Shareholders who wish to put enquiries to the Board can send their enquiries to the Company Secretary at the Company's Head Office and Principal Place of Business as stated in the section headed "Corporate Information & Key Dates" of this annual report. The Company Secretary will ensure these enquiries to be properly directed to the Board.

4. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

5. Corporate communication of the Company will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

6. Shareholders holding not less than one-tenth of the paid-up capital of the Company may deposit a requisition to convene a special general meeting and state the purpose therefor at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

7. Shareholders who wish to put forward proposals for the Company's consideration at the general meetings can send their proposals to the Company Secretary.

E.4 General Meetings

1. The general meeting provides a forum for the Board to communicate with the Shareholders. To facilitate enforcement of Shareholders' rights, significant issues, including the election of Directors, are dealt with under separate resolutions at general meetings.

2. The members of the Board, including the chairman of the Board Committees and any other committees of the Company or their duly appointed delegates, are available at AGM to answer questions raised by the Shareholders. The chairman of the independent board committee is also present to answer questions at any general meeting which is convened to approve a connected transaction or any other transaction that requires independent Shareholders' approval.

3. The Board will ensure the external auditor attends the AGM to answer questions relating to the conduct of the audit, the preparation and content of the auditor's report, the accounting policy and auditor independence.

4. Relevant resolutions were passed by way of poll at the AGM held in 2020. Shareholders who are unable to attend the AGM can appoint proxies to attend and vote at the AGM. The chairman of the AGM had provided explanation of the detailed procedures for conducting a poll and then answered questions (if any) from the Shareholders regarding voting by way of poll. The Company had sent the AGM notice to Shareholders more than 20 clear business days before the AGM.

5. During the financial year ended 31 December 2020, the Company held an AGM on 20 May 2020 and the attendance record of the Directors, on a named basis, is set out in the table below.

Directors		Attendance/Number of General Meeting during the Directors' tenure of office
ED:	Wong Siu Kong	1/1
	Kuok Khoon Hua	1/1
	Bryan Pallop Gaw	1/1
	Wong Chi Kong, Louis	1/1
INED:	Ku Moon Lun *(retired on 20 May 2020)*	1/1
	Wong Yu Pok, Marina, JP	1/1
	Chang Tso Tung, Stephen	1/1
	Hui Chun Yue, David *(appointed on 20 May 2020)*	N/A

F. COMPANY SECRETARY

1. The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. She is reporting to the Chairman.

2. All Directors have access to the advice and services of the Company Secretary to ensure the Board procedures, and all applicable law, rules and regulations, are followed.

3. For the financial year ended 31 December 2020, the Company Secretary has complied with paragraph 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT

The Audit Committee of the Board was established in 1998 and renamed as Audit and Corporate Governance Committee ("**ACGC**") in 2012 to also monitor and carry out the corporate governance duties as set out in the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Currently, the ACGC comprises three Independent Non-executive Directors of the Company, who among themselves possess a wealth of experience in the accounting profession, finance and commercial sectors.

The ACGC operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company. Set out below is a summary of the audit work and related tasks performed by the ACGC during the financial year ended 31 December 2020:–

(i) The ACGC reviewed the draft annual and interim financial statements and the draft results announcements of the Company, 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.

(ii) The ACGC reviewed, in conjunction with the external auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements.

(iii) The ACGC reviewed and monitored the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards.

(iv) The ACGC assessed the independence of the Company's external auditor, prior to formally engaging the external auditor to carry out the audit for the Company's financial statements for the year ended 31 December 2020.

(v) Prior to the actual commencement of the audit, the ACGC discussed the proposed scope of work and approach of the audit with the external auditor. 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.

(vi) The ACGC recommended to the Board regarding the appointment and remuneration of the external auditor.

(vii) The ACGC reviewed and approved the internal audit programme, reviewed the internal audit reports and discussed any significant issues with the Company's Internal Audit Department and the Group's senior management.

(viii) The ACGC 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.

(ix) The ACGC reviewed the adequacy and effectiveness of the Group's systems of risk management and internal controls through a review of the work undertaken by the Group's internal and external auditor, written representations by the senior management of each of the Group's business divisions and discussions with the Board.

(x) The ACGC 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.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE REPORT

Set out below is a summary of the corporate governance work performed by the ACGC during the financial year ended 31 December 2020:–

(a) The ACGC reviewed the Company's policies and practices on corporate governance and made recommendations to the Board.

(b) The ACGC reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

(c) The ACGC reviewed the Company's compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report issued by the Stock Exchange.

(d) The ACGC reviewed reports on the Company's continuing connected transactions and connected transactions with the connected persons.

(e) The ACGC ensured that good corporate governance practices and procedures are established.

During the financial year ended 31 December 2020, the ACGC met four times and the ACGC also conducted meetings with the Group's senior management, the external auditor and the Internal Audit Department from time to time. Minutes of the ACGC Meetings were documented and circulated to the Board for information. The ACGC also reported and presented its findings and made recommendations for consideration and discussion at Board Meetings.

On 9 March 2021, the ACGC also reviewed the financial statements of the Group for the year ended 31 December 2020 prior to recommending them to the Board for approval.

MEMBERS OF THE AUDIT AND CORPORATE GOVERNANCE COMMITTEE
Wong Yu Pok, Marina, JP (Chairman)
Chang Tso Tung, Stephen
Hui Chun Yue, David

Hong Kong, 18 March 2021

REMUNERATION COMMITTEE REPORT

The Company established the Remuneration Committee ("**RC**") in 1997 with the Independent Non-executive Directors of the Company ("**INEDs**") constituting the majority of the RC. The chairman of the RC is an INED and the other members comprise two INEDs, the Chairman and the Chief Executive Officer of the Company.

The RC operates pursuant to the written terms of reference which are available on the websites of the Stock Exchange and the Company. The primary responsibilities of the RC are, *inter alia*, the recommendations on the Company's policy and structure for the remuneration of all Directors and the determination, with delegated responsibility, the remuneration packages of Executive Directors of the Company ("**ED**"). The RC also administers and makes determinations with respect to the Company's share option scheme. When the remuneration package of an individual Director is under review, such Director will abstain from voting.

The RC adopted a Directors' Remuneration Policy (the "**Policy**") for the Company in 2012. The Policy aims to provide remuneration levels which shall be sufficient to attract and retain Directors to run the Company successfully. Pursuant to the Policy, the following key principles have been established for the ED remuneration and non-executive directors' ("**NED**") fees:–

(a) ED's salaries shall be reviewed annually by the RC;

(b) revision to the ED's salaries shall be made to reflect the performance, contribution and responsibilities of each ED and/or by reference to market/sector trends;

(c) ED shall be eligible to receive a discretionary bonus taking into consideration factors such as market conditions as well as corporate and individual performances;

(d) the RC shall annually review and recommend (if appropriate) to the Board for approval the grant of share options to the ED under the Company's share option scheme;

(e) the NED's fees shall be reviewed annually by the Board; and

(f) recommendations shall be made by the Board to the Company's shareholders (the "**Shareholders**") to approve at the Shareholders' meeting any revision (if appropriate) to the NED's fees according to their responsibilities and/or by reference to market/sector trends.

During the financial year ended 31 December 2020, the RC held a meeting on 8 January 2020 and the following matters were reviewed and approved at the meeting:–

(i) the salaries and pension contributions of the ED for the financial year ended 31 December 2020; and

(ii) the payment of bonuses to the ED, which amounted to HK$42,210,000 in respect of the financial year ended 31 December 2019.

MEMBERS OF THE REMUNERATION COMMITTEE
Wong Yu Pok, Marina, JP (Chairman)
Wong Siu Kong
Kuok Khoon Hua
Chang Tso Tung, Stephen
Hui Chun Yue, David

Hong Kong, 18 March 2021

NOMINATION COMMITTEE REPORT

The Company established the Nomination Committee ("**NC**") in 2012 with the Independent Non-executive Directors of the Company ("**INEDs**") constituting the majority of the NC. The chairman of the NC is the Chairman of the Company and the other members comprise three INEDs and the Chief Executive Officer of the Company.

The NC operates pursuant to the written terms of reference which are available on the websites of the Stock Exchange and the Company. The primary responsibilities of the NC are, *inter alia*, the review of the structure, size and composition of the Board, the recommendation to the Board on any proposed changes to the Board, the identification of individuals suitably qualified to become Board members and the assessment of the independence of the INEDs.

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which is summarized as below:–

(a) In reviewing the Board's composition, the NC will consider a number of aspects of the Board diversity, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services (the "**Board Diversity Criteria**") and consider the appropriate balance of skills, experience and knowledge of the Board members that are required to complement the Company's corporate strategy.

(b) In identifying qualified individuals to become Board members, the NC will consider the Board Diversity Criteria according to the circumstances of the Company and take into account factors based on the Company's own business model and specific needs.

(c) Selection of the Board members to ensure 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.

(d) The ultimate decision on the appointment of the Board members will be made by the Board after consideration of the recommendation made by the NC.

(e) The NC will consider measurable objectives (if any) for implementing Board diversity and recommend them to the Board for adoption.

Pursuant to the requirement of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Company has adopted a nomination policy which is summarized as below:–

Selection criteria:–

(a) the perspective, skill and experience that the candidate can bring to the Board;

(b) the merit and contribution which the candidate is expected to bring to the Board;

(c) the accomplishment and experience of the candidate in relation to similar nature of business of the Company;

(d) the expected commitment of time of the candidate;

(e) how the candidate contributes to diversity of the Board;

(f) a number of aspects of the Board diversity as stated in the Board Diversity Policy; and

(g) any other factors that the Board deems relevant.

Nomination procedures:–

(a) A meeting of the NC will be called or a written resolution of the NC will be circulated to NC members to consider the candidate(s) to be nominated before a meeting of the Board to be held or a written resolution of the Board to be circulated to Board members to approve the appointment of the candidate(s) as Board member(s).

(b) Each proposed new appointment, election or re-election of a Director of the Company will be evaluated, assessed and/or considered against the factors as stated in the selection criteria above. The NC will recommend its views to the Board and/or the shareholders of the Company for consideration and determination.

(c) The ultimate decision of appointment will be made by the Board after consideration of the recommendation made by the NC.

During the financial year ended 31 December 2020, the NC held a meeting on 8 January 2020 and the following matters were reviewed and approved:–

(i) after review of the structure, size and composition of the Board, it was 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 the Company; and

(ii) after taking into consideration of the fact that the INEDs have not been engaged in any executive management positions of the Group since their appointment and each of them has confirmed his/her independence by issuing an annual confirmation to the Company pursuant to the requirements of the Listing Rules, it was agreed that each of the INEDs is considered to be independent under the Listing Rules.

During the year, the NC has approved the recommendation to the Board for the appointment of Mr Hui Chun Yue, David as an INED and a member of each of the NC, the Audit and Corporate Governance Committee and the Remuneration Committee of the Company.

MEMBERS OF THE NOMINATION COMMITTEE
Wong Siu Kong (Chairman)
Kuok Khoon Hua
Wong Yu Pok, Marina, JP
Chang Tso Tung, Stephen
Hui Chun Yue, David

Hong Kong, 18 March 2021

RISK MANAGEMENT AND INTERNAL CONTROLS REPORT

The Board is responsible for maintaining and reviewing the effectiveness of the Group's systems of risk management and internal controls (the "**Systems**"). The Systems are designed to meet the Group's particular needs and to minimize the risks to which the Group is exposed, and are designed to manage rather than eliminate the risks of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatements or losses.

Each business unit of the Group ("**BU**") is responsible for managing and maintenance of its own appropriate and effective Systems.

The Board has authorized the Audit and Corporate Governance Committee ("**ACGC**") to review the Systems annually with the assistance of the Company's Internal Audit ("**IA**") Department and/or delegated party.

Main Features of the Systems

The framework of the Systems covers (i) the setting of objectives, budgets and targets; (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations between actual performances and budgets/targets; (iii) the delegation of authority and the establishment of clear lines of accountability; and (iv) the review, evaluation and disclosure of the Systems annually.

(i) Setting of Objectives, Budgets and Targets

Strategies and objectives of the Group as a whole are determined by the Board. Budgets are prepared annually and financial projections of the Group for the next five years are also prepared and reviewed by the Board. In implementing these strategies and achieving these objectives, each Executive Director has specific responsibilities for monitoring the conduct and operations of individual BU. 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.

(ii) Establishment of Regular Reporting of Financial Information

Monthly financial information is provided to the Directors. Variance analysis between actual performances and targets are prepared and documented in the Board paper, for discussions at Board Meetings with explanations noted for any material variances and deviations between actual performances and budgets/targets. This helps the Board and the Group's management (the "**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 prepared for the Board and its various committees, to ensure that the Directors are supplied with all the requested information in a timely and appropriate manner.

(iii) Delegation of Authority and Establishment of Clear Lines of Accountability

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organizational structure exists which details different levels of authority and control responsibilities within each BU. Certain specific matters are reserved for the Board's decision and are not delegated. These include, amongst others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditure, Board structure and its composition and succession.

(iv) Review and Evaluation of the Systems

In order to better review and evaluate the adequacy and effectiveness of the Group's existing Systems, an internal self-assessment process was formulated during the financial year ended 31 December 2020. Under this process, individual BU was requested to assess the effectiveness of its operations including financial controls, operating controls, risk management and other contingency measures. Each BU then submitted to the Board the confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of its risk management and controls system, which were discussed at the ACGC Meeting of 17 November 2020.

Process Used to Identify, Evaluate and Manage Risks

The Board monitors the Group's business risks, operating risk management and internal controls. The Group has established an IA function. The IA Department assists to review the major operational, financial and risk management controls of the Group's businesses on a continuing basis. The scope of review and the audit programme of the IA Department, which are formulated based on a risk assessment approach and focuses on areas with relatively higher perceived risks, are approved by the ACGC at the end of the preceding financial year in conjunction with the Management.

The IA function reports directly to the ACGC. Accordingly, IA reports are quarterly circulated to the Chairman, the ACGC members and the Chief Financial Officer (the "**CFO**") for their review in accordance with the approved IA programme. Such reports are also circulated to the external auditor on a quarterly basis.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

The Board has approved and adopted an Inside Information Disclosure Policy (the "**Policy**") for the Company since 2013 for monitoring inside information to ensure compliance with the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Exchange**") and the Securities and Futures Ordinance. The procedures and internal controls for handling and dissemination of inside information as set out in the Policy are summarized below:–

(i) Handling of Inside Information

(a) Inside information shall be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board. In cases where a decision by the Board is pending or in cases of incomplete negotiations, the Group shall implement the procedures set out in the Policy to maintain the confidentiality of information. Until an announcement is made, the Directors and the Management should ensure that such information is kept strictly confidential. If the confidentiality cannot be maintained, an announcement shall be made as soon as practicable.

(b) BU shall keep inside information on transactions confidential. If there is a leakage of inside information, they shall inform the Directors, the CFO and/or the Company Secretary immediately so that remedial actions, including making an inside information announcement, can be taken at the earliest opportunity.

(c) The Group's Finance Department shall keep track of the Group's threshold levels for disclosure pursuant to the size tests under the Listing Rules, so that an announcement can be made as soon as practicable should a notifiable transaction arise.

(ii) Dissemination of Inside Information

(a) Inside information is announced promptly through the websites of the Exchange and the Company. The electronic publication system of the Exchange is the first channel of dissemination of the Group's information before any other channel.

(b) Briefing sessions on the Group's performance and results are organized for the analysts and the media in the afternoon on the same day after the interim/final results have been announced. Presentation materials shall be reviewed in advance before they are released at the briefing sessions.

Annual Review

A review of the adequacy of resources, qualifications and experience of staff of the Group's accounting, IA and financial reporting functions and their training programmes and budget was conducted during the financial year ended 31 December 2020. Under this review process, each of the Group's IA and Divisional Finance Head was requested to assess such adequacy at its own level by submission of an internal questionnaire report to the Group, which was discussed at the ACGC Meeting of 17 November 2020.

During the year, the Board has received a written confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness of the Systems from each BU. An annual review of the effectiveness of the Systems (including business, operational and functional risks) and material controls of the Group (including financial, operational and compliance controls) has been conducted by the IA which was also discussed at the ACGC meeting on 17 November 2020. Based on the results of the annual review by the ACGC and IA, the Board considered that the Systems are effective and adequate. There is no significant change in the nature and extent of risks and the Company's ability to respond to changes in its business and the external environment since the last annual review.

Based on the quarterly financial reporting by the CFO, the quarterly Listing Rules compliance reporting by the Company Secretary and the quarterly IA reports submitted by the IA Director to the ACGC, the Group's processes for financial reporting and Listing Rules compliance and the Group's IA function are considered by the ACGC and the Board as effective.

During the financial year ended 31 December 2020, there were no significant control failings or weaknesses identified which might have a material impact on the Company's financial performance or condition.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr Wong Siu Kong

Aged 69, is the Chairman of the Company, the chairman of the Company's Nomination Committee and a member of the Company's Remuneration Committee, Finance Committee and Executive Committee. He has been an Executive Director of the Company since 1996 and the Chairman of the Board of the Company since 2013. Mr Wong was a Joint Managing Director of the Company from 1999 to 2003, the Deputy Chairman of the Board and the Managing Director of the Company from 2003 to 2008, the President and Chief Executive Officer of the Company from 2008 to 2013 and the Chairman and Chief Executive Officer of the Company from September 2015 to January 2018 and from December 2018 to May 2019. Mr Wong is also a director of Kerry Holdings Limited (the controlling shareholder of the Company) and a director of China World Trade Center Co., Ltd. (a listed company in Shanghai). Mr Wong graduated from the South China Normal University in the PRC.

Mr Kuok Khoon Hua

Aged 42, is the Vice Chairman and Chief Executive Officer of the Company. He is also a member of the Company's Remuneration Committee, Nomination Committee and Executive Committee. Prior to his appointment as the Vice Chairman and the Chief Executive Officer, Mr Kuok was 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. He is the executive chairman of Kerry Logistics Network Limited (a listed company in Hong Kong), a non-independent non-executive director of Wilmar International Limited (a listed company in Singapore) and a director of Sea Limited (a listed company in New York). Mr Kuok holds a Bachelor's degree in Economics from Harvard University. He is the brother-in-law of Mr Bryan Pallop Gaw, an Executive Director of the Company.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (Continued)

Executive Directors (Continued)

Mr Bryan Pallop Gaw

Aged 44, has been an Executive Director of the Company since 2012 and is a member of the Company's Executive Committee. Mr Gaw has previous experience in private equity, management consulting, strategic planning and business development. He holds a Bachelor of Arts in Political Science from Princeton University and a Master of Business Administration from Stanford's Graduate School of Business. Mr Gaw is the brother-in-law of Mr Kuok Khoon Hua, the Vice Chairman and Chief Executive Officer of the Company.

Mr Wong Chi Kong, Louis

Aged 59, has been an Executive Director of the Company since 2018. He is the Senior Vice President of the CEO office of the Company and a member of the Company's Finance Committee and Executive Committee. He was the Chief Financial Officer of the Company from May 2007 to August 2020. He was trained and qualified as Chartered Accountant with KPMG Peat Marwick, London, England. He had about 10 years of experience in auditing in the United Kingdom and Hong Kong before joining Kerry Group in 1994. Prior to taking up the position of the Chief Financial Officer of the Company, he was involved in the Coca-Cola beverage business in which Kerry Group was a franchised bottler of Coca-Cola products in China. He was formerly a director of Shang Properties, Inc. (a listed company in the Philippines). He is a graduate of University of Cambridge, England.

DIRECTORS (Continued)

Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP

Aged 72, 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 specializing 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 Chang Tso Tung, Stephen

Aged 72, has been an Independent Non-executive Director of the Company since 2012. He is now a member of the Company's Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee. He has been practising as a certified public accountant in Hong Kong for around 30 years and has extensive experience in accounting, auditing and financial management. He was the deputy chairman of Ernst & Young Hong Kong and China until his retirement in 2004. He is a member of the Investment Committee of Shanghai Fudan University Education Development Foundation and Shanghai Fudan University Overseas Education Development Foundation. Mr Chang is an independent non-executive director of Hua Hong Semiconductor Limited (a listed company in Hong Kong) and China Life Insurance Company Limited (a listed company in Hong Kong and Shanghai). He was formerly an independent non-executive director of China Cinda Asset Management Co., Ltd. (a listed company in Hong Kong). Mr Chang holds a Bachelor of Science degree from the University of London.

DIRECTORS (Continued)

Independent Non-executive Directors (Continued)

Mr Hui Chun Yue, David

Aged 49, 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 practice 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 a Master of Business Administration from Kellogg-HKUST Executive MBA program in Hong Kong.

SENIOR MANAGEMENT

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

CHIEF FINANCIAL OFFICER

Ms Serene Nah

Aged 41, has been the Chief Financial Officer of the Company since September 2020. She was the Chief Strategy Officer of the Company from October 2019 to August 2020. Prior to joining the Company, Ms Nah was Head of Portfolio Management, Asia of SilverLake Partners, where she worked closely with portfolio company executives on value creation and Asian expansion initiatives. Prior to SilverLake Partners, she has spent ten years at General Electric in finance, M&A and various transformation teams. In her last role as Chief Financial Officer of GE Capital Greater China, she spearheaded the build out of GE's commercial and consumer finance businesses in mainland China, Hong Kong and Taiwan. Ms Nah graduated from The Nanyang Technological University, Singapore with a Bachelor degree in Business Studies, and also holds an EMBA from Kellogg-HKUST EMBA Program.

REPORT OF DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2020.

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 turnover 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 an analysis of the Group's performance using financial key performance indicators during the year are provided in the Chairman's Statement, CEO's Message, Management Discussion & Analysis and Financial Highlights of this annual report. In addition, discussions on the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the section headed "Sustainable Development and CSR Activities" of this annual report and the Company's Sustainability Report to be published in accordance with The Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the financial year ended 31 December 2020, the Company has complied with the requirements under the Listing Rules, the Securities and Futures Ordinance (the "**SFO**") and the Bermuda Companies Act. Details of the Company's compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in the Listing Rules are provided in the Corporate Governance Report of this annual report.

During the financial year ended 31 December 2020, 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 2020.

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$11,572,000.

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 2020, the reserves of the Company available for distribution amounted to approximately HK$18,752,396,000 (2019: HK$18,665,070,000).

Share Capital

The movements in the share capital of the Company during the year are set out in note 34 to the financial statements.

Bonds

Details of the bonds of the Group are set out in note 30 to the financial statements.

Subsidiaries, Associates and Joint Ventures

Particulars of the Group's principal subsidiaries, associates and joint ventures as at 31 December 2020 are set out in note 46 to the financial statements.

Particulars of Bank Loans

Particulars of bank loans of the Group as at 31 December 2020 are set out in notes 29 and 42 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.

Directors

The Directors who held office as at the date of this report of Directors are:

Executive Directors

Mr Wong Siu Kong (Chairman)
Mr Kuok Khoon Hua (Vice Chairman and Chief Executive Officer)
Mr Bryan Pallop Gaw
Mr Wong Chi Kong, Louis (Senior Vice President of the CEO Office)

Independent Non-executive Directors

Ms Wong Yu Pok, Marina, JP
Mr Chang Tso Tung, Stephen
Mr Hui Chun Yue, David

Mr Bryan Pallop Gaw and Ms Wong Yu Pok, Marina will retire from the Board by rotation in accordance with bye-law 99 of the Company's bye-laws ("**Bye-laws**") and Mr Hui Chun Yue, David will retire from the Board in accordance with Bye-law 102 at the Company's forthcoming annual general meeting to be held on 27 May 2021 (the "**2021 AGM**"). All the retiring Directors, being eligible, offer themselves for re-election.

The changes in the information of the Directors since last interim report of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

With effect from 1 September 2020, Mr Wong Chi Kong, Louis has been appointed to the position of Senior Vice President of the CEO Office and has ceased to be the Chief Financial Officer of the Company.

Biography of Directors and Senior Management

Biography 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 2020, 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 (the "**Model Code**") as set out in Appendix 10 of the Listing Rules were as follows:

(i) Company

	Number of ordinary shares				
Directors	Personal interests[1]	Family interests[2]	Other interests[4]	Total	Approximate % of shareholding[6]
Wong Siu Kong	–	–	50,000	50,000	0.00
Kuok Khoon Hua	2,199,413	–	3,297,763	5,497,176	0.38
Bryan Pallop Gaw	–	3,324,763	1,202,048	4,526,811	0.31
Wong Chi Kong, Louis	140	–	50,000	50,140	0.00

(ii) Associated Corporations

		Number of ordinary shares						
Associated Corporations	Directors	Personal interests[1]	Family interests[2]	Corporate interests[3]	Other interests[4]	Number of underlying ordinary shares held under equity derivatives[5]	Total	Approximate % of shareholding
Kerry Group Limited	Wong Siu Kong	4,617,263	–	8,504,300	–	3,000,000	16,121,563	1.06[7]
	Kuok Khoon Hua	5,000	–	–	226,968,573	1,995,000	228,968,573	15.11[7]
	Bryan Pallop Gaw	1,500,000	180,188,586	–	46,399,988	2,000,000	230,088,574	15.18[7]
	Wong Chi Kong, Louis	1,271,725	–	–	–	500,000	1,771,725	0.12[7]
Kerry Logistics Network Limited	Wong Siu Kong	–	–	–	1,300,000	–	1,300,000	0.07[8]
	Kuok Khoon Hua	301,000	–	–	3,018,492	800,000	4,119,492	0.23[8]
	Bryan Pallop Gaw	–	1,493,382	–	1,891,024	–	3,384,406	0.19[8]
	Wong Chi Kong, Louis	–	–	–	1,300,000	–	1,300,000	0.07[8]
	Wong Yu Pok, Marina	–	–	–	–	200,000	200,000	0.01[8]
Hopemore Ventures Limited	Kuok Khoon Hua	50	–	–	–	–	50	3.57[9]
Kerry Mining (Mongolia) Limited	Kuok Khoon Hua	–	–	–	500	–	500	0.46[10]
	Bryan Pallop Gaw	–	–	–	500	–	500	0.46[10]
Majestic Tulip Limited	Kuok Khoon Hua	10	–	–	–	–	10	3.33[11]
Medallion Corporate Limited	Kuok Khoon Hua	48	–	–	–	–	48	4.80[12]
	Bryan Pallop Gaw	26	26	–	–	–	52	5.20[12]
Ocean Fortune Enterprises Limited	Kuok Khoon Hua	1,000	–	–	–	–	1,000	6.67[13]
	Bryan Pallop Gaw	200	–	–	500	–	700	4.67[13]
Rubyhill Global Limited	Kuok Khoon Hua	1	–	–	–	–	1	10.00[14]
Shang Properties, Inc.	Bryan Pallop Gaw	–	40,532	–	248,482	–	289,014	0.01[15]
United Beauty Limited	Kuok Khoon Hua	–	–	–	15	–	15	15.00[16]
	Bryan Pallop Gaw	–	10	–	5	–	15	15.00[16]
Vencedor Investments Limited	Kuok Khoon Hua	5	–	–	–	–	5	5.00[17]
	Bryan Pallop Gaw	5	5	–	–	–	10	10.00[17]

Directors' Interests in Shares, Underlying Shares and Debentures (Continued)

Notes:

1. *This represents interests held by the relevant Director as beneficial owner.*
2. *This represents interests held and/or deemed to be held by the spouse of the relevant Director.*
3. *This represents interests deemed to be held by the relevant Director through his controlled corporation(s).*
4. *This represents interests deemed to be held by the relevant Director through discretionary trust(s) of which the relevant Director is a discretionary beneficiary.*
5. *This represents interests in options held by the relevant Director and/or his spouse as a beneficial owner to subscribe for the relevant underlying ordinary shares in respect of the option shares granted by Kerry Group Limited ("KGL") and Kerry Logistics Network Limited ("KLN").*
6. *The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2020 (i.e. 1,456,501,228 ordinary shares).*
7. *The percentage has been compiled based on the total number of ordinary shares of KGL in issue as at 31 December 2020 (i.e. 1,515,671,258 ordinary shares).*
8. *The percentage has been compiled based on the total number of ordinary shares of KLN in issue as at 31 December 2020 (i.e. 1,797,200,042 ordinary shares).*
9. *The percentage has been compiled based on the total number of ordinary shares of Hopemore Ventures Limited in issue as at 31 December 2020 (i.e. 1,400 ordinary shares).*
10. *The percentage has been compiled based on the total number of ordinary shares of Kerry Mining (Mongolia) Limited in issue as at 31 December 2020 (i.e. 108,655 ordinary shares).*
11. *The percentage has been compiled based on the total number of ordinary shares of Majestic Tulip Limited in issue as at 31 December 2020 (i.e. 300 ordinary shares).*
12. *The percentage has been compiled based on the total number of ordinary shares of Medallion Corporate Limited in issue as at 31 December 2020 (i.e. 1,000 ordinary shares).*
13. *The percentage has been compiled based on the total number of ordinary shares of Ocean Fortune Enterprises Limited in issue as at 31 December 2020 (i.e. 15,000 ordinary shares).*
14. *The percentage has been compiled based on the total number of ordinary shares of Rubyhill Global Limited in issue as at 31 December 2020 (i.e. 10 ordinary shares).*
15. *The percentage has been compiled based on the total number of common shares of Shang Properties, Inc. in issue as at 31 December 2020 (i.e. 4,764,056,287 common shares).*
16. *The percentage has been compiled based on the total number of ordinary shares of United Beauty Limited in issue as at 31 December 2020 (i.e. 100 ordinary shares).*
17. *The percentage has been compiled based on the total number of ordinary shares of Vencedor Investments Limited in issue as at 31 December 2020 (i.e. 100 ordinary shares).*

Details of the share options of the Company (the "**Share Options**"), duly granted to the Directors pursuant to the share options schemes, which constitute interests in underlying ordinary shares of equity derivatives of the Company under the SFO are set out in the section headed "Share Options" of this report.

All the interests disclosed in sections (i) and (ii) above represent long positions in the shares of the Company or the Associated Corporations.

Save as aforesaid, as at 31 December 2020, none of the Directors had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered 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.

Permitted Indemnity Provision

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

Directors' Material Interests in Transactions, Arrangements or Contracts

No 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.

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2020, the number of outstanding Share Options granted by the Company to the Directors to subscribe for shares of the Company (the "**Shares**"), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code is set out in the section headed "Share Options" of this report of Directors.

Apart from the aforesaid, at no time during the year ended 31 December 2020 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.

Substantial Interests in the Share Capital of the Company

As at 31 December 2020, the interests of those persons (other than the Directors) in the Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[ii]
Kerry Group Limited	Interest of controlled corporations	874,090,494[i]	Long position	60.01
Kerry Holdings Limited	Interest of controlled corporations	746,230,656[i]	Long position	51.23
Caninco Investments Limited	Beneficial owner	312,248,193[i]	Long position	21.44
Darmex Holdings Limited	Beneficial owner	256,899,261[i]	Long position	17.64
Schroders Plc	Investment Manager	87,393,500	Long position	6.00
Moslane Limited	Beneficial owner	73,821,498[i]	Long position	5.07

Notes:

i. *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 KGL and, accordingly, the shares in which Caninco, Darmex and Moslane are shown to be interested are also included in the shares in which KHL and KGL are shown to be interested.*

ii. *The percentage has been compiled based on the total number of Shares in issue as at 31 December 2020 (i.e. 1,456,501,228 ordinary shares).*

Apart from the aforesaid, as at 31 December 2020, the Company had not been notified of any interests and short positions in the Shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

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.

Staff

As at 31 December 2020, the Company and its subsidiaries had approximately 7,800 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover, subsidised educational and training programmes as well as share option schemes. Details of employee benefit expense are set out in note 12 to the financial statements.

Share Options

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 a share option scheme adopted in 2011 (the "**2011 Share Option Scheme**") to the effect that no further share options of the Company (the "**Share Options**") shall be offered under the 2011 Share Option Scheme but the Share Options which had been granted during the life of the 2011 Share Option Scheme should continue to be valid and exercisable.

A summary of those terms applicable to the outstanding Share Options of the 2011 Share Option Scheme has been disclosed in the Company's 2019 Annual Report.

The 2020 Share Option Scheme is designed to motivate executives and key employees and other persons who may make a contribution to the Group, and enables the Group to attract and retain individuals with experience and ability and to reward them for their contributions.

The maximum number of 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 Shareholders to refresh such limit. Moreover, the maximum number of Shares which may be issued upon exercise of all outstanding Share Options granted and yet to be exercised under the 2020 Share Option Scheme (and under any other scheme of the Company) shall not exceed 30% of the Shares in issue from time to time. As at 18 March 2021 (the date of this annual report), a total of 145,650,122 Shares (representing 10% of the number of issued shares of the Company as at 18 March 2021) are available for issue under the 2020 Share Option Scheme. The maximum entitlement of each participant under the 2020 Share Option Scheme in any 12-month period is 1% of the Shares in issue from time to time.

The period within which a Share Option may be exercised will be determined by the Board at its absolute discretion but no Share Option may be exercised later than 10 years from the date on which the Share Option is granted. The minimum period for which a Share Option must be held before it can be exercised is determined by the Board upon the grant of a Share Option. The amount payable on acceptance of a Share Option is HK$1.

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 was granted under the 2020 Share Option Scheme since its adoption on 20 May 2020.

Share Options (Continued)

Movement of the Share Options granted under the 2011 Share Option Scheme during the year ended 31 December 2020 are listed below in accordance with Rule 17.07 of the Listing Rules:

	Date of grant	Tranche	Number of Share Options: As at 01/01/2020	Transfer to other category during the year	Transfer from other category during the year	Lapsed	As at 31/12/2020	Exercise Price HK$	Exercise Period
1. Directors									
Wong Siu Kong	30/04/2012	I	1,500,000	–	–	–	1,500,000	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	1,500,000	–	–	–	1,500,000	35.45	31/10/2013 – 29/04/2022
	08/01/2014	II	784,000	–	–	–	784,000	26.88	08/01/2015 – 07/01/2024
Bryan Pallop Gaw	30/04/2012	I	100,000	–	–	–	100,000	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	150,000	–	–	–	150,000	35.45	31/10/2013 – 29/04/2022
	08/01/2014	II	100,000	–	–	–	100,000	26.88	08/01/2015 – 07/01/2024
Wong Chi Kong, Louis	30/04/2012	I	250,000	–	–	–	250,000	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	250,000	–	–	–	250,000	35.45	31/10/2013 – 29/04/2022
	08/01/2014	I	400,000	–	–	–	400,000	26.88	08/07/2014 – 07/01/2024
	08/01/2014	II	400,000	–	–	–	400,000	26.88	08/01/2015 – 07/01/2024
2. Continuous Contract Employees	30/04/2012	I	1,886,500	(100,000)	–	–	1,786,500	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	2,415,000	(140,000)	–	–	2,275,000	35.45	31/10/2013 – 29/04/2022
	08/01/2014	I	817,000	–	–	–	817,000	26.88	08/07/2014 – 07/01/2024
	08/01/2014	II	1,394,000	(10,000)	–	–	1,384,000	26.88	08/01/2015 – 07/01/2024
3. Others	30/04/2012	I	2,608,000	–	100,000	(100,000)	2,608,000	35.45	31/10/2012 – 29/04/2022
	30/04/2012	II	3,021,000	–	140,000	(100,000)	3,061,000	35.45	31/10/2013 – 29/04/2022
	08/01/2014	I	738,000	–	–	–	738,000	26.88	08/07/2014 – 07/01/2024
	08/01/2014	II	840,000	–	10,000	–	850,000	26.88	08/01/2015 – 07/01/2024
Total:			**19,153,500**	**(250,000)**	**250,000**	**(200,000)**	**18,953,500**		

Note: During the year, no Share Option was granted, granted for adjustment, exercised or cancelled under the 2011 Share Option Scheme. The vesting period of the Share Options is from the date of grant until the commencement of the exercise period.

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 2021 AGM.

Management Contract

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

Major Customers and Suppliers

The percentages of the five largest customers combined and the five largest suppliers combined are less than 30% of the Group's total turnover and purchases, respectively.

Director’s Interests in Competing Business

Pursuant to Rule 8.10 of the Listing Rules, the following Directors have disclosed that during the year ended 31 December 2020, they are considered to have interests in the following businesses (“**Excluded Businesses**”), being businesses which competed or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors’ only interests are as directors appointed to represent the interests of the Group.

During the year ended 31 December 2020, Messrs Wong Siu Kong, Kuok Khoon Hua, Bryan Pallop Gaw and Wong Chi Kong, Louis were directors of subsidiaries of Shangri-La Asia Limited (“**SA**”) and Mr Wong Siu Kong, Mr Kuok and Mr Gaw had interests in shares of SA, the businesses of which consisted of hotel ownership and operation. The Directors believed that as the size of that part of these Excluded Businesses in the Mainland, where the Group has hotel businesses, is not insignificant when compared with the hotel business of the Group in the Mainland, it is likely that these Excluded Businesses may compete with the hotel business of the Group in the Mainland.

During the year ended 31 December 2020, Mr Wong Siu Kong was a director of China World Trade Center Co., Ltd. (“**CWTC**”) but he did not have any interests in shares of CWTC, the businesses of which consisted of property and hotel business in the Mainland. The Directors believed that as the size of these Excluded Businesses is not insignificant when compared with the property and hotel businesses of the Group in the Mainland, it is likely that these Excluded Businesses may compete with the property and hotel businesses of the Group in the Mainland.

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

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

Continuing Connected Transactions

(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. 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 are treated as 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 financial year ended 31 December 2020 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 2020 amount to approximately HK$10,446,000 which is within Cap A.

Continuing Connected Transactions (Continued)

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

(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 is treated as 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 financial year ended 31 December 2020 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 2020 amount to approximately HK$25,402,000 which is within Cap B.

(c) Midtown Shangri-La Hotel, Hangzhou

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

KREH, being the owner of the Hangzhou Hotel, is owned as to 75% by the Group and 25% by the SA group. SA, SLIM-HK and SLIM-PRC are connected persons of the Company. Accordingly, the provision of the HM Services by SLIM-HK and SLIM-PRC to KREH are treated as 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 financial year ended 31 December 2020 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 2020 amount to approximately HK$11,872,000 which is within Cap C.

(ii) Framework Agreement

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

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

KLN is a subsidiary of the controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the transactions between the Group and the KLN Group from time to time in relation to the lease of the Leased Premises by the Group to the KLN Group and the provision of the KLN Services by the KLN Group to the Group constitute continuing connected transactions of the Company under the Listing Rules.

The maximum aggregate annual rental income receivable by the Group for the lease of the Leased Premises and the maximum aggregate annual service fees payable by the Group for the KLN Services for the financial year ended 31 December 2020 are not expected to exceed HK$70,000,000 ("**Cap D**") and HK$35,000,000 ("**Cap E**") respectively. The rental income and service fees under the Framework Agreement for the year ended 31 December 2020 amount to approximately HK$36,864,000 and HK$16,571,000 which are within Cap D and Cap E respectively.

Continuing Connected Transactions (Continued)

(iii) Review by Independent Non-executive Directors and the auditor of the Company

The continuing connected transactions mentioned above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions have been entered into:

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

2. either on normal commercial terms or better; and

3. in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "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 his unqualified letter containing his findings and conclusions in respect of the abovementioned continuing connected transactions in accordance with rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Auditor

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

On behalf of the Board
Wong Siu Kong
Chairman

Hong Kong, 18 March 2021

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") set out on pages 115 to 211, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 2020, 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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INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

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

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

- Valuation of investment properties;
- Recoverability of properties under development and completed properties held for sale; and
- Assessment of carrying amounts of hotels properties in mainland China.

Key Audit Matter	How our audit addressed the Key Audit Matter

Valuation of investment properties
Refer to notes 15 and 20 to the consolidated financial statements.
The Group had investment properties held by subsidiaries and associates as at 31 December 2020 of which a revaluation gain or loss was recognised and presented as an "increase in fair value of investment properties" and "share of results of associates and joint ventures" respectively in the consolidated income statement. The Group's investment property portfolio comprises of 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 and associates as at 31 December 2020. 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.
The valuation of investment properties and investment properties under development is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuation of investment properties is considered significant. For investment properties, key assumptions included capitalisation rates and prevailing market rents. For investment properties under development, key assumptions included development costs and developer's profit 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.
	Our procedures in relation to the key assumptions used in management's valuation of investment properties held by the Group's subsidiaries and associates 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;
	• Obtaining the valuation reports and meeting with the independent valuers to discuss the valuation methodologies and key assumptions;
	• Involving our in-house valuation experts and assessing the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties;
	• Checking the accuracy of the input data, on a sample basis, used by the independent valuers including rental income, estimated development cost and developer's profit and risk margins by agreeing them back to management's records, invoices received or other supporting documentations including:
	  • key terms of lease agreements;
	  • rental income schedules; and
	  • construction cost schedules and approved budgets.
	• Comparing the key assumptions used by the independent valuers against our own expectations using evidence from comparable market transactions, historical records and approved budgets by comparing:
	  • capitalisation rates to published market yields;
	  • prevailing market rents to leasing transactions of comparable properties; and
	  • estimated development cost, developer's profit and risk margins for the investment properties under development to invoices and approved budgets.
	• 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 risk assessment of valuation of investment properties remained appropriate, and the methods, key assumptions and data used in management's valuation of investment properties were supported by the available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter

Recoverability of properties under development and completed properties held for sale
 	
Refer to notes 17, 20 and 25 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 2020.
 	
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 considerable analyses of estimated costs to completion, 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.
 	
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 impairment losses on 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 because the estimation of net realisable value is subject to high degree of estimation uncertainty and the related inherent risk is considered significant. The estimation uncertainty and management judgement, as mentioned in note 4(a)(ii) to the consolidated financial statements, led us to consider this a 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 process for assessing the recoverability of properties under development and completed properties held for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
	
	• 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, on a sample basis to contracted sales prices of the underlying properties or current market prices of properties of comparable standards and locations, where applicable; and
	
	  • anticipated costs to completion and committed contracts that we compared to latest approved budgets on total construction costs and checked, on a sample basis to supporting documentations such as quantity surveyor reports and signed contracts.
	
	• 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 risk assessment of recoverability of properties under development and completed properties held for sale remained appropriate, and the methods, significant assumptions and data used by management are supported by the available evidence.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of carrying amounts of hotels properties in mainland China Refer to notes 14, 16 and 20 to the consolidated financial statements. The Group had hotel operations in mainland China, and the major assets were held as property, plant and equipment and right-of-use assets through its subsidiaries and associates as at 31 December 2020. Given the impact of COVID-19 pandemic and the different region where the Group's hotels operate in mainland China, there existed impairment indicators at some of the hotels as at 31 December 2020. Management has carried out impairment assessments which involved estimating the recoverable amount, using the value in use method and considered that no further provision for impairment loss or no write back of provision for hotel operations was necessary as at 31 December 2020. The key assumptions and judgements adopted by management in the relevant discounted cash flow method included discount rates, estimated occupancy rates and room rates. As mentioned in note 4(b)(v) to the consolidated financial statements, the analysis to identify the hotels properties with indicators of impairment is subject to management judgement. For those subject to a more detailed impairment assessment, the estimation of recoverable amount is dependent on certain key assumptions that are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment is considered significant. Due to the estimation uncertainty and management judgement involved, we considered this a key audit matter.	Our procedures in relation to management's assessments of impairment of property, plant and equipment and right-of-use assets held by the Group's subsidiaries and associates for the hotel operations in mainland China included: • Understanding and testing management's assessments based on respective hotel performance as to which property, plant and equipment and right-of-use assets demonstrated indicators of impairment; • Understanding management's control and process for determining the carrying amounts of hotels properties in mainland China and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • Evaluating management's discounted cash flow method to estimate the recoverable amount based on value in use, including testing the underlying calculations and comparing them to the latest approved budgets and the actual results of the prior period; • Checking, on a sample basis, the accuracy of the input data used by management in their discounted cash flow method including occupancy rates and room rates, by agreeing to management's records, historical actual information or other supporting documentations; • Involving our in-house valuation experts and assessing the reasonableness of the discount rates, terminal capitalisation rates, estimated occupancy rates and room rates adopted with reference to the published industry benchmarks, comparable market transactions and our experience in this industry; • Evaluating the sensitivity analysis completed by the management on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts; and • Assessing the adequacy of the disclosures related to the assessment of carrying amounts of hotels properties in mainland China held for sale in the context of HKFRSs disclosure requirements. Based on the procedures performed, we considered that the risk assessment of carrying amounts of hotels properties in mainland China remained appropriate. The methods, significant assumptions and data used by management in relation to the impairment of property, plant and equipment and right-of-use assets held by the Group's subsidiaries and associates for the hotel operations in mainland China 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 is 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 HKSAs 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 HKSAs, we exercise professional judgement 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 the 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 the 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 the 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 Cho Kin Lun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 March 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Revenue	5	**14,526,102**	18,025,422
Cost of sales and direct expenses		**(6,139,239)**	(9,041,440)
Gross profit	5	**8,386,863**	8,983,982
Other income and net gains	6	**801,128**	696,712
Selling, administrative and other operating expenses		**(1,613,699)**	(1,602,120)
Increase in fair value of investment properties		**1,087,762**	1,185,018
Operating profit before finance costs	7	**8,662,054**	9,263,592
Finance costs	8	**(1,089,726)**	(812,565)
Operating profit		**7,572,328**	8,451,027
Share of results of associates and joint ventures	20(d)	**1,597,010**	1,584,917
Profit before taxation		**9,169,338**	10,035,944
Taxation	9	**(3,240,982)**	(2,342,856)
Profit for the year		**5,928,356**	7,693,088
Profit attributable to:			
Company's shareholders		**5,403,203**	6,897,450
Non-controlling interests		**525,153**	795,638
		5,928,356	7,693,088
Earnings per share			
– Basic	11	**HK$3.71**	HK$4.74
– Diluted	11	**HK$3.71**	HK$4.74

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Profit for the year		**5,928,356**	7,693,088
Other comprehensive income			
Items that may be reclassified to profit or loss			
Cash flow hedges	37	**(188,759)**	(23,899)
Share of other comprehensive income of associates and joint ventures	37	**680,355**	49,056
Net translation differences on foreign operations		**5,056,530**	(1,391,680)
Items that will not be reclassified to profit or loss			
Fair value gains on financial assets at fair value through other comprehensive income	37	**124,165**	127,482
Other comprehensive income for the year, net of tax		**5,672,291**	(1,239,041)
Total comprehensive income for the year		**11,600,647**	6,454,047
Total comprehensive income attributable to:			
Company's shareholders		**10,134,304**	6,079,120
Non-controlling interests		**1,466,343**	374,927
		11,600,647	6,454,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**5,224,126**	5,250,030
Investment properties	15	**83,823,976**	80,209,689
Right-of-use assets	16	**2,010,595**	2,004,077
Properties under development	17	**8,306,893**	17,693,616
Land deposits	18	**14,304,249**	7,981,265
Associates and joint ventures	20	**30,598,430**	28,426,306
Derivative financial instruments	21	**293,496**	42,550
Financial assets at fair value through other comprehensive income	22	**1,577,918**	1,453,753
Financial assets at fair value through profit or loss	23	**737,532**	1,095,300
Mortgage loans receivable	24	**1,944,669**	3,062,327
Intangible assets		**122,504**	122,504
		148,944,388	147,341,417
Current assets			
Properties under development	17	**18,015,885**	5,346,346
Completed properties held for sale	25	**9,731,371**	10,881,168
Accounts receivable, prepayments and deposits	26	**1,616,939**	1,503,907
Current portion of mortgage loans receivable	24	**98,301**	33,838
Tax recoverable		**176,984**	325,346
Tax reserve certificates		**189,255**	189,598
Financial assets at fair value through profit or loss	23	**–**	6,863
Derivative financial instruments	21	**779**	–
Restricted bank deposits	27	**565,770**	511,687
Cash and bank balances	27	**16,429,494**	11,743,843
		46,824,778	30,542,596
Current liabilities			
Accounts payable, deposits received and accrued charges	28	**6,608,922**	6,290,259
Contract liabilities	28	**4,962,150**	2,549,048
Current portion of lease liabilities	16	**52,555**	50,461
Taxation		**2,080,298**	2,451,597
Short-term bank loans and current portion of long-term bank loans	29	**4,587,085**	8,494,117
Fixed rate bonds	30	**2,325,147**	–
Derivative financial instruments	21	**843**	–
		20,617,000	19,835,482
Net current assets		**26,207,778**	10,707,114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Total assets less current liabilities		**175,152,166**	158,048,531
Non-current liabilities			
Long-term bank loans	29	**37,622,263**	28,712,976
Fixed rate bonds	30	**–**	2,334,345
Amounts due to non-controlling interests	31	**2,749,035**	2,772,606
Lease liabilities	16	**48,444**	99,958
Derivative financial instruments	21	**261,349**	114,228
Deferred taxation	32	**9,814,735**	8,631,391
		50,495,826	42,665,504
ASSETS LESS LIABILITIES		**124,656,340**	115,383,027
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	34	**1,456,501**	1,456,501
Share premium	36	**13,062,999**	13,061,007
Other reserves	37	**13,310,301**	8,526,697
Retained profits		**82,042,736**	78,660,305
		109,872,537	101,704,510
Non-controlling interests		**14,783,803**	13,678,517
TOTAL EQUITY		**124,656,340**	115,383,027

The financial statements on pages 115 to 211 were approved by the Board of Directors on 18 March 2021 and were signed on its behalf.

Wong Siu Kong
Director

Kuok Khoon Hua
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Operating activities			
Net cash generated from operations	38(a)	**9,917,414**	6,715,552
Interest paid		**(1,123,222)**	(1,130,566)
Income tax paid		**(2,839,755)**	(1,765,249)
Net cash generated from operating activities		**5,954,437**	3,819,737
Investing activities			
Additions of property, plant and equipment		**(58,221)**	(48,497)
Additions of investment properties		**(886,320)**	(2,107,681)
Increase in land deposits		**(5,548,584)**	(4,235,520)
Acquisition of subsidiaries	38(b)	**–**	(3,547,614)
Proceeds from disposal of partial interest in a subsidiary		**–**	12,253
Increase in investments in associates and joint ventures		**–**	(50,212)
Dividends received from associates		**590,257**	859,253
Additional loans to associates and joint ventures		**(1,922,079)**	(5,015,345)
Repayment of loans by associates and joint ventures		**1,905,559**	330,282
Additional loans from associates and joint ventures		**53,182**	165,263
Repayment of loans to associates and joint ventures		**(277)**	(222)
Decrease in mortgage loans receivable		**1,034,016**	896,164
Interest received		**384,417**	447,374
Return of investment from financial assets at fair value through profit or loss		**285,768**	1,326,479
(Increase)/decrease in restricted bank deposits		**(20,772)**	1,532
(Increase)/decrease in short-term bank deposits maturing after more than three months		**(512,868)**	416,301
Dividends received from listed and unlisted investments		**57,267**	63,002
Proceeds from sale of property, plant and equipment		**544**	1,524
Proceeds from sale of investment properties		**451,407**	117,743
Proceeds from sale of financial assets at fair value through profit or loss		**7,405**	–
Net cash used in investing activities		**(4,179,299)**	(10,367,921)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Financing activities			
Proceeds from issue of shares		**–**	32,849
Repayment of bank loans	38(c)	**(33,000,670)**	(26,638,004)
Drawdown of bank loans	38(c)	**37,243,625**	33,159,414
Principal elements of lease payments	38(c)	**(55,048)**	(6,400)
Dividends paid	10(a)	**(1,966,277)**	(1,965,289)
Capital injection from non-controlling interests		**–**	31,780
Return of capital to non-controlling interests		**(96,578)**	(272,025)
Dividends of subsidiaries paid to non-controlling interests		**(264,479)**	(217,601)
Additional loans from non-controlling interests	38(c)	**15,745**	937,800
Repayment of loans to non-controlling interests	38(c)	**(61,243)**	(3,621)
Net cash generated from financing activities		**1,815,075**	5,058,903
Increase/(decrease) in cash and cash equivalents		**3,590,213**	(1,489,281)
Effect of exchange rate changes		**583,604**	(210,452)
Cash and cash equivalents at 1 January		**11,701,131**	13,400,864
Cash and cash equivalents at 31 December	27(b)	**15,874,948**	11,701,131

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to the shareholders of the Company						
	Note	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1 January 2020		1,456,501	13,061,007	8,526,697	78,660,305	101,704,510	13,678,517	115,383,027
Profit for the year		–	–	–	5,403,203	5,403,203	525,153	5,928,356
Cash flow hedges	37	–	–	(188,759)	–	(188,759)	–	(188,759)
Share of reserves of associates and joint ventures	37	–	–	680,355	–	680,355	–	680,355
Net translation differences on foreign operations	37	–	–	4,115,340	–	4,115,340	941,190	5,056,530
Fair value gains on financial assets at fair value through other comprehensive income	37	–	–	124,165	–	124,165	–	124,165
Total comprehensive income for the year ended 31 December 2020		–	–	4,731,101	5,403,203	10,134,304	1,466,343	11,600,647
Lapse of share options		–	1,992	(1,992)	–	–	–	–
Dividends paid		–	–	–	(1,966,277)	(1,966,277)	(264,479)	(2,230,756)
Transfer	37	–	–	54,495	(54,495)	–	–	–
Capital reduction of subsidiaries		–	–	–	–	–	(96,578)	(96,578)
Total transactions with owners		–	1,992	52,503	(2,020,772)	(1,966,277)	(361,057)	(2,327,334)
Balance at 31 December 2020		1,456,501	13,062,999	13,310,301	82,042,736	109,872,537	14,783,803	124,656,340

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to the shareholders of the Company						
	Note	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance as at 1 January 2019		1,455,208	13,019,604	9,192,306	73,873,846	97,540,964	13,400,709	110,941,673
Profit for the year		–	–	–	6,897,450	6,897,450	795,638	7,693,088
Cash flow hedges	37	–	–	(23,899)	–	(23,899)	–	(23,899)
Share of reserves of associates and joint ventures	37	–	–	49,056	–	49,056	–	49,056
Net translation differences on foreign operations	37	–	–	(970,969)	–	(970,969)	(420,711)	(1,391,680)
Fair value gains on financial assets at fair value through other comprehensive income	37	–	–	127,482	–	127,482	–	127,482
Total comprehensive income for the year ended 31 December 2019		–	–	(818,330)	6,897,450	6,079,120	374,927	6,454,047
Issue of share capital – exercise of share options		1,293	38,813	(7,257)	–	32,849	–	32,849
Lapse of share options		–	2,590	(2,590)	–	–	–	–
Dividends paid		–	–	–	(1,965,289)	(1,965,289)	(217,601)	(2,182,890)
Transfer	37	–	–	145,702	(145,702)	–	365,340	365,340
Capital injection from non-controlling interests		–	–	–	–	–	31,780	31,780
Capital reduction of a subsidiary		–	–	–	–	–	(272,025)	(272,025)
Disposal of partial interest in a subsidiary	37	–	–	16,866	–	16,866	(4,613)	12,253
Total transactions with owners		1,293	41,403	152,721	(2,110,991)	(1,915,574)	(97,119)	(2,012,693)
Balance at 31 December 2019		1,456,501	13,061,007	8,526,697	78,660,305	101,704,510	13,678,517	115,383,027

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 18 March 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

(i) Adoption of amendments to existing standards and framework

The following amendments to existing standards and framework have been published that are effective for the accounting period of the Group beginning on 1 January 2020:

- Amendments to HKAS 1 and HKAS 8, 'Definition of material'
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, 'Hedge accounting'
- Conceptual Framework for Financial Reporting 2018

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

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

The following standard, amendments to existing standards, interpretation and accounting guideline, which are relevant to the operations of the Group, have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2021, but the Group has not early adopted them:

	Applicable for accounting periods beginning on/after
Amendments to HKFRS 16, 'Covid-19-related rent concessions'	1 June 2020
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, 'Interest rate benchmark reform – Phase 2'	1 January 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37, 'Narrow-scope amendments'	1 January 2022
Annual improvements to HKFRSs 2018 – 2020 cycle	1 January 2022
Revised Accounting Guideline 5, 'Merger accounting for common control combinations'	1 January 2022
HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKFRS 17, 'Insurance contracts'	1 January 2023
Amendments to HKAS 1, 'Classification of liabilities as current or non-current'	1 January 2023
Hong Kong Interpretation 5 (2020), 'Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause'	1 January 2023
Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation

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

(i) Subsidiaries

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(ii) Transactions with non-controlling interests

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

(iii) Associates

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

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

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

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

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

(iv) Joint arrangements

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

Joint ventures

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation (Continued)

(iv) Joint arrangements (Continued)

Joint ventures (Continued)

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

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

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

(v) Disposal of subsidiaries

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

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances (Continued)

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

(iii) Group companies

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

– assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;

– income and expenses for each income statement of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

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

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

(e) Property, plant and equipment

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

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

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

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

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

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

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

(f) Investment properties

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investment properties (Continued)

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

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

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

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

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

(g) Properties under development

Properties under development comprise leasehold land, land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. Costs of leasehold land and land use rights are amortised over the lease term in accordance with the pattern of benefit provided or on a straight-line basis over the lease term. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. Properties under development are stated at cost less accumulated impairment losses where applicable.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Completed properties held for sale

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

(i) Intangible assets – goodwill

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Investments and financial assets

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Investments and financial assets (Continued)

(iii) Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income and net gains. Interest income from these financial assets is included in other income and net gains using the effective interest rate method. Foreign exchange gains and losses are presented in other income and net gains and impairment losses, if material, are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in consolidated income statement.

Equity instruments

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

(l) Impairment of financial assets

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Derivative financial instruments and hedging activities

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

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

The fair values of various derivative financial instruments are disclosed in note 21. Movements on the hedging reserve in shareholders' equity are shown in note 37. 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. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

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

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

(ii) Cash flow hedge

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iii) Net investment hedge

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

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

(iv) Derivatives that do not qualify for hedge accounting

Derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Changes in the fair value of these derivatives instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement.

(n) Cash and cash equivalents

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

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

(o) Accounts payable

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

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

(p) Borrowings

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and deferred income tax

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

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

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

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

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

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Defined contribution plan

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(iii) Share-based payments

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

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

(iv) Termination benefits

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

(v) Bonus plans

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

(s) Provisions

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Financial guarantees

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

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

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

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

(u) Revenue recognition

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

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

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

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Contract acquisition costs incurred to obtain contracts are capitalised and amortised when the related revenue is recognised.

(ii) Rental revenue and other revenues incidental to the letting of properties are recognised on a straight-line basis over the periods of the respective leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue recognition (Continued)

(iii) Income on development consultancy and project management is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

(iv) Income from property management is recognised when services are rendered.

(v) 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.

(vi) Dividend income is recognised when the right to receive payment is established.

(vii) Interest income is recognised on a time proportion basis, using the effective interest method.

(v) Leases

(i) The Group is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Leases (Continued)

(i) The Group is the lessee (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

The Group also has interests in leasehold land and land use rights for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the end of the reporting period.

(ii) The Group is the lessor

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expenses over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs are accounted for on the accrual basis and charged to the consolidated income statement in the period in which they are incurred, except for costs related to funding of construction or acquisition of qualifying assets which are capitalised as part of the cost of that asset during the construction period and up to the date of completion of construction.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

(y) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's major financial instruments include financial assets at fair value through other comprehensive income or through profit or loss, derivative financial instruments, mortgage loans receivable, accounts receivable, cash and bank balances, restricted bank deposits, accounts payable, bank loans, bonds and amounts with associates, joint ventures and non-controlling interests. Details of these financial instruments are disclosed in respective notes.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposures.

Risk management is carried out by the Group's management under the supervision of the Finance Committee. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Finance Committee provides guidance for overall risk management.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Market risk

(I) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group entities' functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

During the year, the currencies of certain countries where the Group has foreign operations, including the United States dollar and Renminbi, fluctuated against the Hong Kong dollar. This gave rise to an unrealised gain of approximately HK$4,339,767,000 (2019: loss of HK$933,492,000) 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.

The Group's major financial instruments in foreign currencies (other than the functional currencies of the Group's entities), that are exposed to foreign exchange risk, are denominated in United States dollar and Renminbi.

Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to the United States dollar. Furthermore, the Group has entered into cross currency swap contracts to manage its exposure to United States dollar from recognised liabilities.

The management considers that there are no significant foreign exchange risks with respect to the United States dollar.

(II) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest bearing assets mainly include deposits at bank and amounts due from associates and joint ventures. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings if issued at fixed rates will expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. To match with underlying risk faced by the Group, the level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates, interest cover and the cash flow cycles of the Group's businesses and investments.

Furthermore, the Group manages its cash flow interest rate risk on certain bank borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At the end of the reporting periods, if interest rates had been increased or decreased by 25 (2019: 25) basis points and all other variables were held constant, the profit of the Group would have decreased or increased by approximately HK$13,116,000 (2019: HK$8,940,000) resulting from the change in interest income on bank deposits and the borrowing costs of bank borrowings after capitalisation of interest expenses.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Market risk (Continued)

(III) Price risk

The Group is exposed to equity securities price risk arising from the listed equity investments held by the Group. The performance of the Group's listed and unlisted equity investments are 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$6,217,000 (2019: HK$9,286,000) lower or higher if the year end share prices of the above-mentioned investments were to differ by 20% (2019: 20%).

The carrying amount of the unlisted portion of financial assets at fair value through profit or loss would be an estimated HK$129,610,000 (2019: HK$131,932,000) lower or higher if the year end underlying fair value of the above-mentioned investments were to differ by 20% (2019: 20%).

(ii) Credit risk

The carrying amounts of cash and bank balances, restricted bank deposits, mortgage loans receivable, accounts receivable and amounts due from associates and joint ventures represent the Group's maximum exposure to credit risk in relation to financial assets. The Group reviews the recoverable amount on a regular basis and an allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

In order to minimise the credit risk, management of the Company has delegated a team in each business unit responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is adequately covered.

The Group applies the HKFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the debtors to settle the outstanding balance.

There is no concentration of credit risk with respect to trade receivables from third party customers as the Group has a large number of customers which are internationally dispersed.

In respect of credit exposures to customers for sale of properties and mortgage loans, the Group normally receives deposits or progress payments from individual customers prior to the completion of sale transactions. If a customer defaults on the payment of the sale of properties, the Group is able to forfeit the customer's deposit and re-sell the property to another customer. Therefore, the Group's credit risk is significantly reduced.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Credit risk (Continued)

For mortgage loans receivable, similar to other financial institutions, credit assessments are part of the normal process before approving loans to applicants. Regular review is carried out and stringent monitoring procedures are in place to deal with overdue debts. At the end of each reporting period, the Group reviews the recoverable amount of each individual receivable to ensure that adequate provisions for impairment are made for irrecoverable amounts, if any.

Management considered the credit risk of other receivables and amounts due from associates and joint ventures is low, as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Group has assessed that the expected credit losses for these other receivables and amounts due from associates and joint ventures were nil under 12 months expected losses method and no provision was recognised.

The credit risk on liquid funds is limited because approximately 97% (2019: 96%) of the funds are placed in banks with high credit rankings, ranging from BBB- to AA-, and the remaining 3% (2019: 4%) in local banks in different countries with close monitoring by the management and there is no concentration in any particular bank.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group measures and monitors its liquidity through the maintenance of prudent ratio regarding to the liquidity structure of the overall assets, liabilities, loans and commitments of the Group.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Treasury. Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk (Continued)

The following tables detail the contractual maturity of the Group for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Less than 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
At 31 December 2020					
Amounts due to associates and joint ventures	**–**	**632,657**	**–**	**–**	**632,657**
Bank loans	**5,277,517**	**9,500,402**	**26,031,718**	**3,426,710**	**44,236,347**
Fixed rate bonds	**2,394,007**	**–**	**–**	**–**	**2,394,007**
Amounts due to non-controlling interests	**–**	**2,762,871**	**–**	**–**	**2,762,871**
Accounts payable, deposits received and accrued charges	**6,473,067**	**–**	**–**	**–**	**6,473,067**
Lease liabilities	**55,259**	**48,857**	**465**	**–**	**104,581**
Derivative financial instruments	**42,853**	**41,780**	**118,185**	**79,906**	**282,724**
Total	**14,242,703**	**12,986,567**	**26,150,368**	**3,506,616**	**56,886,254**

	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 2019					
Amounts due to associates and joint ventures	–	569,550	–	–	569,550
Bank loans	9,632,510	6,434,188	23,613,091	407,067	40,086,856
Fixed rate bonds	137,299	2,405,649	–	–	2,542,948
Amounts due to non-controlling interests	–	2,797,445	–	–	2,797,445
Accounts payable, deposits received and accrued charges	6,130,436	–	–	–	6,130,436
Lease liabilities	54,855	54,855	48,454	–	158,164
Derivative financial instruments	17,441	15,171	50,333	33,172	116,117
Total	15,972,541	12,276,858	23,711,878	440,239	52,401,516

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 equity attributable to the Company's shareholders. 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 2020 and 2019 were as follows:

	2020	2019
Net debt (HK$ million)	**27,539**	27,286
Equity attributable to the Company's shareholders (HK$ million)	**109,873**	101,705
Gearing ratio	**25.1%**	26.8%

(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 2020:

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Derivative financial instruments	**–**	**294,275**	**–**	**294,275**
Financial assets at fair value through other comprehensive income	**–**	**–**	**1,577,918**	**1,577,918**
Financial assets at fair value through profit or loss	**31,086**	**–**	**706,446**	**737,532**
First mortgage loans receivable	**–**	**–**	**836,012**	**836,012**
Total assets	**31,086**	**294,275**	**3,120,376**	**3,445,737**
Liabilities				
Derivative financial instruments	**–**	**262,192**	**–**	**262,192**
Total liabilities	**–**	**262,192**	**–**	**262,192**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instruments	–	42,550	–	42,550
Financial assets at fair value through other comprehensive income	–	–	1,453,753	1,453,753
Financial assets at fair value through profit or loss	46,428	–	1,055,735	1,102,163
First mortgage loans receivable	–	–	1,717,988	1,717,988
Total assets	46,428	42,550	4,227,476	4,316,454
Liabilities				
Derivative financial instruments	–	114,228	–	114,228
Total liabilities	–	114,228	–	114,228

There were no transfers between Levels during the year.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily equity investments listed on the Hong Kong Stock Exchange classified as financial assets at fair value through profit or loss.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 2 financial instruments of the Group comprise cross currency swap and interest rate swap contracts. The fair value is calculated as the present value of the estimated future cash flows based on forward exchange rates that are quoted in an active market and/or forward interest rates extracted from observable yield curves.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(iii) Financial instruments in Level 3

The following table presents the changes in Level 3 instruments:

	First mortgage loans receivable (note)		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	**1,717,988**	2,466,390	**1,453,753**	1,326,271	**1,055,735**	2,411,182
Return of investment	**–**	–	**–**	–	**(285,768)**	(1,326,479)
Gains/(losses) recognised in other comprehensive income or profit or loss	**–**	–	**124,165**	127,482	**(89,305)**	2,848
Additions	**34,704**	–	**–**	–	**–**	–
Repayments	**(916,680)**	(748,402)	**–**	–	**–**	–
Exchange adjustment	**–**	–	**–**	–	**25,784**	(31,816)
At 31 December	**836,012**	1,717,988	**1,577,918**	1,453,753	**706,446**	1,055,735

Note: The fair value of the first mortgage loans receivable approximates their carrying amount.

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(iii) Financial instruments in Level 3 (Continued)

The Group established fair value of unlisted financial assets by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year.

(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 listed fixed rate bonds as at 31 December 2020 was HK$2,359,296,000 (2019: HK$2,418,561,000).

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(b).

(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.

Other than the above, the Group in 2016 acquired an equity interest of approximately 24.4% in Shanghai Krupp Stainless Co., Ltd. ("SKS") which owns a site located in Pudong New Area, Shanghai. As set out in note 23, the change in fair value on financial assets through profit or loss for the year ended 31 December 2020 included the decrease in fair value approximately of HK$78 million relating to the investment in SKS. Significant management judgement and assumption was needed in the assessment of the fair value of the investments.

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

(i) Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

(ii) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 5 according to the accounting policy as stated in note 2(u)(i). To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and obtained legal advice, where necessary. Revenue is recognised at a point in time when the underlying completed property unit is legally and/or physically transferred to the customer.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

(iii) Financial implication of regulations of idle land

Under the Mainland laws and regulations, if a property developer fails to commence the development of land within the timeframe designated in the land grant contract, the Mainland government may regard the land as idle land and issue a warning or impose a penalty on the developer or reclaim the land.

In making this judgement, the Group evaluates the extent of development of the whole tracts of land, status of negotiation with the government authorities as to the extension of time of commencement or revision of development plans.

(iv) Impairment of associates and joint ventures

The investments in associates or joint ventures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of investments is evaluated based on the financial position of associates or joint ventures, historical and expected future performance by management judgement. A considerable amount of judgement is required in assessing the ultimate recoverability of the investments.

(v) Impairment of property, plant and equipment

The Group regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of an asset is higher than its recoverable amount which is the greater of its net selling price or its value in use. In determining the value in use, the Group assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are applied in determining these future cash flows and the discount rates, estimated occupancy rates and room rates. Additional information for the impairment assessment of property, plant and equipment is disclosed in note 14.

(vi) Impairment of financial assets

The Group assesses whether there is objective evidence as stated in note 2(l) that trade receivables are impaired. The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables based on the expected credit loss model.

The measurement of the expected credit losses for financial assets measured at amortised cost other than trade receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) Revenue recognised during the year is as follows:

	2020 HK$'000	2019 HK$'000
Revenue		
Sale of properties	**8,519,063**	11,161,481
Rental and others	**4,826,864**	4,910,425
Hotel revenue	**1,180,175**	1,953,516
	14,526,102	18,025,422

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

	Revenue		Gross profit	
	2020 **HK$'000**	2019 HK$'000	**2020** **HK$'000**	2019 HK$'000
Principal activities:				
Property rental and others				
– Mainland property	**3,520,141**	3,635,915	**2,671,575**	2,781,823
– Hong Kong property	**1,306,723**	1,274,510	**1,029,454**	999,175
	4,826,864	4,910,425	**3,701,029**	3,780,998
Property sales (note (i))				
– Mainland property	**5,255,112**	6,150,265	**2,987,140**	2,107,875
– Hong Kong property	**3,263,951**	5,011,216	**1,313,056**	2,333,765
	8,519,063	11,161,481	**4,300,196**	4,441,640
Hotel operations				
– Mainland property	**1,180,175**	1,953,516	**385,638**	761,344
	14,526,102	18,025,422	**8,386,863**	8,983,982
Principal markets:				
– Mainland	**9,955,428**	11,739,696	**6,044,353**	5,651,042
– Hong Kong	**4,570,674**	6,285,726	**2,342,510**	3,332,940
	14,526,102	18,025,422	**8,386,863**	8,983,982

(i): Sales of investment properties for the year ended 31 December 2020 amounting to HK$451,407,000 (2019: HK$117,743,000), comprising sales from Mainland investment properties of HK$26,038,000 (2019: HK$117,743,000) and sales from Hong Kong investment properties of HK$425,369,000 (2019: HK$Nil), are excluded from revenue.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

(c) Information about operating segment:

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

The Board of Directors considers the business by principal activities and markets, management assesses the performance of the principal activities of the Group namely property business. The property business is further segregated into the Mainland property, Hong Kong property and Overseas property.

Property segment derives revenue primarily from sales of properties, rental revenue and hotel revenue.

Others mainly include corporate activities including central treasury management and administrative function and results of other business not categorised as operating segments.

The Board of Directors assesses the performance of the operating segments based on a measure of gross profit.

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

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

	2020				
	Mainland Property HK$'000	Hong Kong Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Total HK$'000
Revenue	9,955,428	4,570,674	14,526,102	–	14,526,102
Results					
Segment results – gross profit	6,044,353	2,342,510	8,386,863	–	8,386,863
Other income and net gains					801,128
Selling, administrative and other operating expenses					(1,613,699)
Increase in fair value of investment properties					1,087,762
Operating profit before finance costs					8,662,054
Finance costs					(1,089,726)
Operating profit					7,572,328
Share of results of associates and joint ventures					1,597,010
Profit before taxation					9,169,338
Taxation					(3,240,982)
Profit for the year					5,928,356
Profit attributable to:					
Company's shareholders					5,403,203
Non-controlling interests					525,153
					5,928,356
Depreciation	407,793	67,773	475,566	2,042	477,608

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)

	2019				
	Mainland Property HK$'000	Hong Kong Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Total HK$'000
Revenue	11,739,696	6,285,726	18,025,422	–	18,025,422
Results					
Segment results – gross profit	5,651,042	3,332,940	8,983,982	–	8,983,982
Other income and net gains					696,712
Selling, administrative and other operating expenses					(1,602,120)
Increase in fair value of investment properties					1,185,018
Operating profit before finance costs					9,263,592
Finance costs					(812,565)
Operating profit					8,451,027
Share of results of associates and joint ventures					1,584,917
Profit before taxation					10,035,944
Taxation					(2,342,856)
Profit for the year					7,693,088
Profit attributable to:					
Company's shareholders					6,897,450
Non-controlling interests					795,638
					7,693,088
Depreciation	452,758	22,043	474,801	2,712	477,513

5 PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (Continued)

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

	2020						
	Mainland Property HK$'000	Hong Kong Property HK$'000	Overseas Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	106,844,227	56,037,223	1,141,965	164,023,415	78,331,996	(82,203,609)	160,151,802
Associates and joint ventures	6,349,883	10,649,876	2,017,172	19,016,931	11,581,499	–	30,598,430
Derivative financial instruments	–	–	–	–	294,275	–	294,275
Financial assets at fair value through other comprehensive income	–	–	1,577,918	1,577,918	–	–	1,577,918
Financial assets at fair value through profit or loss	58,866	678,666	–	737,532	–	–	737,532
Mortgage loans receivable	–	2,042,970	–	2,042,970	–	–	2,042,970
Tax recoverable	28,844	103,182	240	132,266	44,718	–	176,984
Tax reserve certificates	–	–	–	–	189,255	–	189,255
Total assets	113,281,820	69,511,917	4,737,295	187,531,032	90,441,743	(82,203,609)	195,769,166
Segment liabilities	44,556,897	28,936,368	1,248,301	74,741,566	19,134,114	(82,203,609)	11,672,071
Bank loans	3,123,485	–	–	3,123,485	39,085,863	–	42,209,348
Fixed rate bonds	–	–	–	–	2,325,147	–	2,325,147
Derivative financial instruments	–	–	–	–	262,192	–	262,192
Taxation and deferred taxation	10,668,069	858,516	169,120	11,695,705	199,328	–	11,895,033
Amounts due to non-controlling interests	1,942,255	636,395	171,010	2,749,660	(625)	–	2,749,035
Total liabilities	60,290,706	30,431,279	1,588,431	92,310,416	61,006,019	(82,203,609)	71,112,826
Segment non-current assets*	86,098,118	43,873,810	2,834,142	132,806,070	11,584,703	–	144,390,773

* *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 as set out in notes 15 and 17 to the financial statements respectively.*

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)

	2019						
	Mainland Property HK$'000	Hong Kong Property HK$'000	Overseas Property HK$'000	Total Operating Segments HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Segment assets	88,468,135	58,403,212	1,125,672	147,997,019	60,503,018	(65,251,905)	143,248,132
Associates and joint ventures	5,800,955	10,572,058	1,911,118	18,284,131	10,142,175	–	28,426,306
Derivative financial instruments	–	–	–	–	42,550	–	42,550
Financial assets at fair value through other comprehensive income	–	–	1,453,753	1,453,753	–	–	1,453,753
Financial assets at fair value through profit or loss	396,546	705,280	250	1,102,076	87	–	1,102,163
Mortgage loans receivable	–	3,096,165	–	3,096,165	–	–	3,096,165
Tax recoverable	283,148	1,600	219	284,967	40,379	–	325,346
Tax reserve certificates	–	343	–	343	189,255	–	189,598
Total assets	94,948,784	72,778,658	4,491,012	172,218,454	70,917,464	(65,251,905)	177,884,013
Segment liabilities	36,073,672	31,091,827	1,189,973	68,355,472	5,886,159	(65,251,905)	8,989,726
Bank loans	3,299,098	–	–	3,299,098	33,907,995	–	37,207,093
Fixed rate bonds	–	–	–	–	2,334,345	–	2,334,345
Derivative financial instruments	–	–	–	–	114,228	–	114,228
Taxation and deferred taxation	9,285,719	1,442,520	156,108	10,884,347	198,641	–	11,082,988
Amounts due to non-controlling interests	1,967,965	633,726	171,540	2,773,231	(625)	–	2,772,606
Total liabilities	50,626,454	33,168,073	1,517,621	85,312,148	42,440,743	(65,251,905)	62,500,986
Segment non-current assets*	74,460,986	54,373,214	2,706,910	131,541,110	10,146,377	–	141,687,487

* *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 as set out in notes 15 and 17 to the financial statements respectively.*

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*	
	2020	2019
	HK$'000	HK$'000
Mainland	**86,098,118**	74,460,986
Hong Kong	**43,349,929**	53,849,333
Others	**3,358,023**	3,230,791
	132,806,070	131,541,110

* *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

	2020	2019
	HK$'000	HK$'000
Dividend income	**57,267**	63,002
Interest income	**512,704**	570,289
Loss on disposal of property, plant and equipment	**(430)**	(1,314)
(Loss)/gain on sale of investment properties net of selling expenses	**(427)**	51,384
Exchange gain/(loss), net	**208,858**	(114,918)
Net (decrease)/increase in fair value of financial assets at fair value through profit or loss	**(97,790)**	4,534
Others	**120,946**	123,735
	801,128	696,712

7 OPERATING PROFIT BEFORE FINANCE COSTS

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

	2020 **HK$'000**	2019 HK$'000
Cost of sales of properties and sales related expenses	**4,223,938**	6,641,919
Direct operating expenses in respect of investment properties	**748,058**	753,505
Depreciation of property, plant and equipment	**366,212**	411,707
Depreciation of right-of-use assets – leasehold land and land use rights	**59,316**	59,732
Depreciation of right-of-use assets – buildings – offices	**52,080**	6,074
Hotel direct operating expenses	**794,537**	1,192,172
Expenses relating to short-term leases	**9,842**	51,526
Auditors' remuneration		
– audit services	**10,844**	10,887
– non-audit services	**26,628**	3,296

8 FINANCE COSTS

	2020 **HK$'000**	2019 HK$'000
Finance costs		
– bank loans	**941,735**	1,027,635
– fixed rate bonds	**138,926**	140,102
– derivative financial instruments	**35,977**	(9,902)
– lease liabilities	**4,567**	634
– fair value (gain)/loss on derivative financial instruments designated as cash flow hedges, transfer from equity (note 37)	**(292,520)**	10,075
– others (note)	**564,554**	(1,704)
Total finance costs incurred	**1,393,239**	1,166,840
Less: amount capitalised in properties under development and investment properties under development	**(303,513)**	(354,275)
Total finance costs expensed during the year	**1,089,726**	812,565

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.8% and 5.0% per annum (2019: between 2.7% and 5.2% per annum).

Note: The amount included net exchange loss from financing activities of HK$540,035,000 (2019: gain of HK$32,276,000) for the year ended 31 December 2020, comprising net exchange loss of HK$245,954,000 (2019: gain of HK$22,732,000) arising from the translation of unhedged RMB bank loans.

9 TAXATION

Hong Kong and overseas profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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% (2019: 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:

	2020 **HK$'000**	2019 HK$'000
Mainland taxation		
– Current	**(2,143,090)**	(1,389,442)
– Under-provision in prior years	**(73,925)**	(1,177)
– Deferred	**(643,999)**	(443,237)
	(2,861,014)	(1,833,856)
Hong Kong profits tax		
– Current	**(363,937)**	(468,970)
– Over-provision in prior years	**1,007**	671
– Deferred	**(4,303)**	(23,803)
	(367,233)	(492,102)
Overseas taxation		
– Current	**(7,527)**	(8,170)
– Over-provision in prior years	**–**	1,131
– Deferred	**(5,208)**	(9,859)
	(12,735)	(16,898)
	(3,240,982)	(2,342,856)

The Group recorded land appreciation tax of HK$1,081,692,000 (2019: HK$383,225,000) for the year ended 31 December 2020 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$446,362,000 (2019: HK$451,401,000) 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:

	2020 **HK$'000**	2019 HK$'000
Profit before taxation	**9,169,338**	10,035,944
Less: Share of results of associates and joint ventures	**(1,597,010)**	(1,584,917)
	7,572,328	8,451,027
Calculated at Hong Kong profits tax rate of 16.5% (2019: 16.5%)	**1,249,434**	1,394,419
Tax effect of different taxation rates in other countries	**588,244**	455,070
Utilisation of previously unrecognised tax losses	**(42,831)**	(45,621)
Tax effect of net income/expenses that are not taxable/deductible in determining taxable profit	**263,968**	36,905
Tax loss not recognised	**151,122**	52,412
Under/(over)-provision of taxation in prior years	**72,918**	(625)
	2,282,855	1,892,560
Withholding tax on distributed/undistributed profits	**146,858**	162,877
Land appreciation tax	**1,081,692**	383,225
Tax effect of deduction of land appreciation tax	**(270,423)**	(95,806)
Taxation charge	**3,240,982**	2,342,856

10 DIVIDENDS

(a) Ordinary shares

	2020 HK$'000	2019 HK$'000
Final dividend for the year ended 31 December 2019 of HK$0.95 (2018: HK$0.95) per fully paid share	**1,383,676**	1,382,688
Interim dividend for the year ended 31 December 2020 of HK$0.4 (2019: HK$0.4) per fully paid share	**582,601**	582,601
Total dividends paid	**1,966,277**	1,965,289

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

At a meeting held on 18 March 2021, the Board of Directors proposed a final dividend of HK$0.95 (2019: HK$0.95) per ordinary share for the year ended 31 December 2020 totalling to HK$1,383,676,000 based on 1,456,501,228 ordinary share in issue as at 31 December 2020 (2019: HK$1,383,676,000 based on 1,456,501,228 ordinary share in issue as at 31 December 2019). The actual amount of final dividend payable in respect of the year ended 31 December 2020 will be subject to the actual number of ordinary shares in issue on the record date, which is expected to be on or about 2 June 2021.

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.

	2020	2019
Weighted average number of ordinary shares in issue	**1,456,501,228**	1,455,974,642

	2020 HK$'000	2019 HK$'000
Profit attributable to shareholders	**5,403,203**	6,897,450
Basic earnings per share	**HK$3.71**	HK$4.74

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.

	2020	2019
Weighted average number of ordinary shares in issue	**1,456,501,228**	1,455,974,642
Adjustment for share options	**–**	514,809
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,456,501,228**	1,456,489,451

	2020 **HK$'000**	2019 HK$'000
Profit attributable to shareholders	**5,403,203**	6,897,450
Diluted earnings per share	**HK$3.71**	HK$4.74

12 EMPLOYEE BENEFIT EXPENSE

	2020 **HK$'000**	2019 HK$'000
Staff costs, including directors' emoluments	**1,365,575**	1,511,768
Pension costs – defined contribution plans (note 33)	**49,019**	87,864
	1,414,594	1,599,632

13 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and senior management's emoluments

The remuneration of the Directors for the year ended 31 December 2020, excluding share option benefits, is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Mr Wong Siu Kong*	–	6,960	15,000	120	22,080
Mr Kuok Khoon Hua**	–	4,800	12,500	120	17,420
Mr Bryan Pallop Gaw	–	4,500	7,000	120	11,620
Mr Wong Chi Kong, Louis	–	5,244	7,500	120	12,864
Ms Wong Yu Pok, Marina, JP	600	–	–	–	600
Mr Chang Tso Tung, Stephen	560	–	–	–	560
Mr Hui Chun Yue, David[1]	345	–	–	–	345
Mr Ku Moon Lun[2]	216	–	–	–	216

* *Chairman*

** *Vice Chairman and Chief Executive Officer*

[1] *Appointed as independent non-executive director on 20 May 2020*

[2] *Retired as independent non-executive director on 20 May 2020*

The remuneration of the Directors for the year ended 31 December 2019, excluding share option benefits, is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Mr Wong Siu Kong*	–	6,960	18,000	120	25,080
Mr Kuok Khoon Hua[1]	124	2,800	8,160	70	11,154
Mr Bryan Pallop Gaw	–	4,320	7,550	120	11,990
Mr Wong Chi Kong, Louis	–	5,040	8,500	120	13,660
Mr Ku Moon Lun	560	–	–	–	560
Ms Wong Yu Pok, Marina, JP	600	–	–	–	600
Mr Chang Tso Tung, Stephen	550	–	–	–	550

* *Chairman*

[1] *Appointed as the Vice Chairman and Chief Executive Officer on 1 June 2019*

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 35), 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 2020 and 31 December 2019, there were no share options granted to the Directors.

As at 31 December 2020 and 31 December 2019, certain Directors held the following share options to acquire shares of the Company:

Number of share options held	Exercise price per share HK$	Exercise period
1,850,000	**35.45**	**31/10/2012 – 29/04/2022**
1,900,000	**35.45**	**31/10/2013 – 29/04/2022**
400,000	**26.88**	**08/07/2014 – 07/01/2024**
1,284,000	**26.88**	**08/01/2015 – 07/01/2024**

The closing market price of the Company's share as at 31 December 2020 was HK$19.64 (2019: HK$24.75) per share.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2019: four) Directors. The emoluments payable to the five highest paid individuals during the year are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and fees	**27,085**	23,612
Discretionary bonuses	**56,900**	49,410
Pension contributions	**587**	550
	84,572	73,572

13 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(c) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
HK$11,000,001 – HK$11,500,000	**–**	1
HK$11,500,001 – HK$12,000,000	**1**	2
HK$12,500,001 – HK$13,000,000	**1**	–
HK$13,500,001 – HK$14,000,000	**–**	1
HK$17,000,001 – HK$17,500,000	**1**	–
HK$20,500,001 – HK$21,000,000	**1**	–
HK$22,000,001 – HK$22,500,000	**1**	–
HK$25,000,001 – HK$25,500,000	**–**	1
	5	5

Pursuant to the Share Option Scheme of the Company (note 35), 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) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about loans, quasi-loans and other dealings entered into by the Company or its subsidiaries undertaking of the Group, where applicable, in favour of directors is as follows:

The loan, amounting to HK$13,187,000, to Mr Kuok Khoon Hua had been fully settled during the year.

(e) Directors' material interests in transactions, arrangements or contracts

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

14 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK$'000	Warehouse and buildings HK$'000	Staff quarters HK$'000	Leasehold improvements HK$'000	Motor vehicles, furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost						
At 1 January 2020	6,841,713	492,682	47,075	66,277	270,526	7,718,273
Additions	9,139	–	–	18,137	30,945	58,221
Disposals	(3,033)	–	–	–	(13,950)	(16,983)
Transfer and reclassification	–	(16,832)	–	–	–	(16,832)
Exchange adjustment	441,217	6,031	3,079	1,383	11,951	463,661
At 31 December 2020	7,289,036	481,881	50,154	85,797	299,472	8,206,340
Aggregate depreciation and accumulated impairment losses						
At 1 January 2020	2,079,548	88,685	11,876	63,479	224,655	2,468,243
Charge for the year	326,960	16,485	1,624	2,338	19,469	366,876
Disposals	(2,874)	–	–	–	(13,135)	(16,009)
Exchange adjustment	150,583	1,299	886	475	9,861	163,104
At 31 December 2020	2,554,217	106,469	14,386	66,292	240,850	2,982,214
Net book value as at 31 December 2020	4,734,819	375,412	35,768	19,505	58,622	5,224,126
Net book value as at 1 January 2020	4,762,165	403,997	35,199	2,798	45,871	5,250,030

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
Cost						
At 1 January 2019	6,948,867	478,701	47,931	64,037	265,695	7,805,231
Additions	30,336	–	17	351	17,793	48,497
Disposals	(12,882)	–	–	–	(9,246)	(22,128)
Transfer and reclassification	–	15,407	–	2,098	(43)	17,462
Exchange adjustment	(124,608)	(1,426)	(873)	(209)	(3,673)	(130,789)
At 31 December 2019	6,841,713	492,682	47,075	66,277	270,526	7,718,273
Aggregate depreciation and accumulated impairment losses						
At 1 January 2019	1,751,003	73,021	10,453	59,875	217,269	2,111,621
Charge for the year	374,066	15,938	1,639	1,777	18,852	412,272
Disposals	(10,711)	–	–	–	(8,579)	(19,290)
Transfer and reclassification	–	–	–	1,981	(43)	1,938
Exchange adjustment	(34,810)	(274)	(216)	(154)	(2,844)	(38,298)
At 31 December 2019	2,079,548	88,685	11,876	63,479	224,655	2,468,243
Net book value as at 31 December 2019	4,762,165	403,997	35,199	2,798	45,871	5,250,030
Net book value as at 1 January 2019	5,197,864	405,680	37,478	4,162	48,426	5,693,610

As at 31 December 2020, property, plant and equipment with an aggregate net book value of HK$Nil (2019: HK$1,963,306,000) were pledged as security for bank loan facilities granted to the Group (note 42).

The Group had property, plant and equipment held by subsidiaries and associates which included hotel operations in the Mainland as at 31 December 2020. Given the different economic environments in which the Group's hotels operate, there is a risk that the carrying amounts of these hotels held by subsidiaries and associates are higher than their recoverable amounts. The Group assesses the carrying amounts of hotel properties when there is any indicator that the assets may be impaired. These indicators include continuing adverse changes in the local market conditions in which the hotel operates or will operate, or when the hotel continues to operate at a loss position and its financial performance is worse than expected.

During the year ended 31 December 2020 and 31 December 2019, 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 8.25% to 9.5% (2019: 8.25% to 9.5%).

15 INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
At 1 January	**80,209,689**	74,228,117
Additions	**886,320**	2,107,681
Acquisition of subsidiaries (note 38(b))	**–**	3,600,000
Increase in fair value	**1,087,762**	1,185,018
Disposals	**(438,140)**	(64,803)
Transfer	**(983,000)**	–
Exchange adjustment	**3,061,345**	(846,324)
At 31 December	**83,823,976**	80,209,689

(a) As at 31 December 2020, investment properties amounting to HK$Nil (2019: HK$13,328,781,000) were pledged as securities for bank loan facilities granted to the Group (note 42).

(b) Valuation of investment properties

	Residential properties under development	Commercial properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	HK$'000
At 1 January 2020	1,394,000	5,640,882	16,605,050	4,170,827	11,580,750	36,718,180	4,100,000	80,209,689
Additions	136,137	579,088	82,540	16,818	12,652	58,806	279	886,320
Change in fair value	(43,137)	1,592,176	(133,990)	(11,235)	(293,722)	(92,051)	69,721	1,087,762
Disposals	–	–	–	–	(422,930)	(15,210)	–	(438,140)
Transfer	(983,000)	(8,234,172)	–	–	–	8,234,172	–	(983,000)
Exchange adjustment	–	422,026	–	270,711	–	2,368,608	–	3,061,345
At 31 December 2020	504,000	–	16,553,600	4,447,121	10,876,750	47,272,505	4,170,000	83,823,976

15 INVESTMENT PROPERTIES (Continued)

(b) Valuation of investment properties (Continued)

	Residential properties under development	Commercial properties under development	Completed residential properties		Completed commercial properties		Completed warehouses	Total
	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	Mainland HK$'000	Hong Kong HK$'000	HK$'000
At 1 January 2019	1,780,000	5,271,919	14,755,800	4,124,729	11,309,750	36,985,919	–	74,228,117
Additions	921,191	306,718	70,413	83,811	29,349	148,485	547,714	2,107,681
Acquisition of subsidiaries (note 38(b))	–	–	–	–	–	–	3,600,000	3,600,000
Change in fair value	69,547	159,578	402,099	37,375	241,651	322,482	(47,714)	1,185,018
Disposals	–	–	–	–	–	(64,803)	–	(64,803)
Transfer	(1,376,738)	–	1,376,738	–	–	–	–	–
Exchange adjustment	–	(97,333)	–	(75,088)	–	(673,903)	–	(846,324)
At 31 December 2019	1,394,000	5,640,882	16,605,050	4,170,827	11,580,750	36,718,180	4,100,000	80,209,689

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 2020. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuation performed by the independent valuers for financial reporting purposes. This team reports directly to the senior management and the Audit and Corporate Governance Committee. Discussions of valuation processes and results are held between the management and valuers.

At each financial year end, the finance department:

– verifies all major inputs to the independent valuation report;

– assesses property valuation movements when compared to the prior year valuation report; and

– holds discussions with the independent valuers.

Valuation techniques

Fair value of completed properties in Hong Kong and the Mainland is mainly derived using the income capitalisation method and wherever appropriate, by direct comparison method.

Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

15 INVESTMENT PROPERTIES (Continued)

(b) Valuation of investment properties (Continued)

Valuation techniques (Continued)

Direct comparison method 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 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 and risk margins 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 2020, capitalisation rates of 2.4% to 5.2% (2019: 2.7% to 5.2%) and 4.8% to 8.8% (2019: 4.8% to 8.8%) are used in the income capitalisation method 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, developer's profit and risk margins 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 the margins, 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 2020. Given the outbreak of COVID-19 has caused high volatility to Hong Kong and Mainland economy and uncertainties to the property market, this disruption has increased the uncertainty of the assumptions adopted in the valuation process. Consequently, the ongoing development of COVID-19 may cause unexpected volatility in the future fair value of the investment properties subsequent to 31 December 2020.

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	2020 HK$'000	2019 HK$'000
Right-of-use assets		
Leasehold land and land use rights (note (a))	**1,911,766**	1,853,966
Buildings – offices (note (b))	**98,829**	150,111
	2,010,595	2,004,077

(a) As at 31 December 2020, right-of-use assets regarding land use rights in the Mainland with an aggregate net book value of HK$Nil (2019: HK$743,175,000) were pledged as security for bank loan facilities granted to the Group (note 42).

(b) For the year ended 31 December 2020, in respect of buildings – offices, additions to the right-of-use assets were HK$1,060,000 (2019: HK$156,185,000) and total cash outflows of leases was HK$55,048,000 (2019: HK$6,400,000).

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.

	2020 HK$'000	2019 HK$'000
Lease liabilities		
Current portion of lease liabilities	**52,555**	50,461
Non-current portion of lease liabilities	**48,444**	99,958
	100,999	150,419

As at 31 December 2020, the weighted average lessee's incremental borrowing rates applied was 3.5% (2019: 3.5%).

As at 31 December 2020, the balance included the lease liabilities payable to an associate of HK$100,217,000 (2019: HK$150,419,000).

17 PROPERTIES UNDER DEVELOPMENT

	2020 HK$'000	2019 HK$'000
At 1 January	**23,039,962**	21,030,145
Additions	**3,833,892**	2,932,828
Transfer	**(1,416,221)**	(668,478)
Exchange adjustment	**865,145**	(254,533)
At 31 December	**26,322,778**	23,039,962

	2020 HK$'000	2019 HK$'000
The above are represented by:		
Amount included in non-current assets		
Hong Kong	**162,146**	9,111,611
Outside Hong Kong	**8,144,747**	8,582,005
	8,306,893	17,693,616
Amount included in current assets		
Hong Kong	**10,435,650**	–
Outside Hong Kong	**7,580,235**	5,346,346
	18,015,885	5,346,346
	26,322,778	23,039,962

18 LAND DEPOSITS

Balance as at 31 December 2020 mainly comprised land deposits paid for the acquisition of lands located in the Mainland. These deposits will be transferred to properties under development once the respective land use rights certificate is obtained.

19 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 2020

	2020 **HK$'000**	2019 HK$'000
Current		
Assets	**909,923**	558,612
Liabilities	**(1,047,731)**	(990,665)
Total current net liabilities	**(137,808)**	(432,053)
Non-current		
Assets	**15,039,692**	14,214,148
Liabilities	**(4,009,302)**	(4,098,050)
Total non-current net assets	**11,030,390**	10,116,098
Net assets	**10,892,582**	9,684,045

Summarised statement of comprehensive income for the year ended 31 December 2020

	2020 **HK$'000**	2019 HK$'000
Revenue	**1,415,118**	1,765,210
Profit before income tax	**679,348**	996,649
Income tax expenses	**(199,348)**	(252,537)
Profit for the year	**480,000**	744,112
Other comprehensive income	**414,008**	(118,905)
Total comprehensive income	**894,008**	625,207
Total comprehensive income allocated to non-controlling interests	**438,064**	306,351
Dividend paid to non-controlling interests	**–**	207,386

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

Summarised cash flows for the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Cash flows from operating activities		
Cash generated from operations	**931,987**	1,122,391
Interest paid	**(51,057)**	(72,321)
Income tax paid	**(140,700)**	(200,801)
Net cash generated from operating activities	**740,230**	849,269
Net cash generated from/(used in) investing activities	**1,261**	(1,447)
Net cash used in financing activities	**(307,110)**	(674,492)
Net increase in cash and cash equivalents	**434,381**	173,330
Cash and cash equivalents at 1 January	**409,133**	240,445
Effect of exchange rate changes	**30,086**	(4,642)
Cash and cash equivalents at 31 December	**873,600**	409,133

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

20 ASSOCIATES AND JOINT VENTURES

	2020			2019		
	Associates HK$'000	**Joint ventures HK$'000**	**Total HK$'000**	Associates HK$'000	Joint ventures HK$'000	Total HK$'000
Unlisted investments	**7,859,986**	**1,020,298**	**8,880,284**	7,426,090	963,884	8,389,974
Listed equity securities, in Hong Kong	**11,781,286**	**–**	**11,781,286**	10,278,382	–	10,278,382
Listed equity securities, outside Hong Kong	**1,574,574**	**–**	**1,574,574**	1,507,181	–	1,507,181
Share of net assets, including goodwill (note (a))	**21,215,846**	**1,020,298**	**22,236,144**	19,211,653	963,884	20,175,537
Amounts due from associates and joint ventures (note (b))	**3,609,130**	**5,385,813**	**8,994,943**	2,048,742	6,771,577	8,820,319
Amounts due to associates (note (c))	**(632,657)**	**–**	**(632,657)**	(569,550)	–	(569,550)
	24,192,319	**6,406,111**	**30,598,430**	20,690,845	7,735,461	28,426,306

(a) Details of principal associates and joint ventures are set out in note 46(b).

(b) The amounts due from associates and joint ventures are unsecured, not repayable within twelve months from the end of each reporting period and interest-free except for amounts totalling HK$7,406,492,000 (2019: HK$7,978,141,000) 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:

	2020 HK$'000	2019 HK$'000
Share of results of associates	**1,603,233**	1,585,039
Share of results of joint ventures	**(6,223)**	(122)
	1,597,010	1,584,917

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

	2020 HK$'000	2019 HK$'000
Commitments to provide funding for capital commitments of associates and joint ventures, if called	**3,799,889**	2,865,420

20 ASSOCIATES AND JOINT VENTURES (Continued)

(f) Set out below are the summarised financial information for the associate of the Group, Kerry Logistics Network Limited ("Kerry Logistics"), which, in the opinion of the Directors, is material to the Group. The associate is accounted for using the equity method.

Summarised consolidated statement of financial position as at 31 December 2020

	2020 HK$'000	2019 HK$'000
Current		
Assets	**21,731,420**	16,998,502
Liabilities	**(14,908,632)**	(10,980,788)
Total current net assets	**6,822,788**	6,017,714
Non-current		
Assets	**36,395,240**	33,432,080
Liabilities	**(9,641,899)**	(11,279,105)
Total non-current net assets	**26,753,341**	22,152,975
Net assets	**33,576,129**	28,170,689

Summarised consolidated statement of comprehensive income for the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Revenue	**53,360,540**	41,139,102
Operating expenses and others	**(46,719,279)**	(33,993,066)
Depreciation and amortisation	**(2,148,972)**	(1,921,303)
Interest income	**53,071**	61,789
Interest expense	**(303,095)**	(358,171)
Profit before taxation	**4,242,265**	4,928,351
Taxation	**(772,746)**	(588,951)
Profit for the year	**3,469,519**	4,339,400
Other comprehensive income	**654,685**	122,904
Total comprehensive income	**4,124,204**	4,462,304
Dividends received from the associate	**307,450**	431,005

The information above reflects the amounts presented in the consolidated financial statements of Kerry Logistics (and not the Group's share of those amounts) for the year adjusted for differences in accounting policies between the Group and the associate.

20 ASSOCIATES AND JOINT VENTURES (Continued)

(f) (Continued)

Reconciliation of summarised financial information

	2020 **HK$'000**	2019 HK$'000
Opening net assets as at 1 January	**21,480,490**	20,525,627
Profit for the year attributable to shareholders	**2,895,757**	3,788,323
Other comprehensive income attributable to shareholders	**500,697**	89,479
Dividends paid	**(768,057)**	(1,028,244)
Changes in other reserves	**1,070,798**	(12,679)
Elimination of unrealised gains	**–**	(1,957,540)
Others	**1,076,600**	75,524
Closing net assets as at 31 December	**26,256,285**	21,480,490
Interest in the associate (approximately 39.97%) (2019: 41.86%)	**10,494,637**	8,991,733
Goodwill	**1,286,649**	1,286,649
Carrying value as at 31 December	**11,781,286**	10,278,382

As at 31 December 2020, the fair value of the Group's interest in Kerry Logistics, which is listed on the Hong Kong Stock Exchange, was HK$12,211,797,000 (2019: HK$9,611,403,000).

(g) The aggregate amount of the Group's share of results of its associates and joint ventures which are individually immaterial are as follows:

	2020 **HK$'000**	2019 HK$'000
Results for the year	**439,576**	846,817
Other comprehensive income	**480,226**	9,812
Total comprehensive income	**919,802**	856,629

21 DERIVATIVE FINANCIAL INSTRUMENTS

	2020		2019	
	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	**293,496**	**261,349**	42,550	114,228
Current	**779**	**843**	–	–
	294,275	**262,192**	42,550	114,228

Derivatives holding for trading purpose are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months after the end of the reporting period and, as a current asset or liability, if the maturity of the hedged item is less than 12 months after the end of the reporting period.

(a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges

The changes in fair value of cross currency swap and interest rate swap contracts that are designated and qualified as cash flow hedges amounting to a gain of HK$103,761,000 (2019: loss of HK$33,974,000) are recognised in hedging reserve in equity. Under cash flow hedges, the gain of HK$292,520,000 (2019: loss of HK$10,075,000) was reclassified from hedging reserve to finance costs in the consolidated income statement.

(i) Hedge for fixed rate bonds

During the year ended 31 December 2011, an indirect wholly-owned subsidiary of the Company entered into cross currency swap contracts amounting to US$297,000,000, under which the principal amounts were exchanged at inception and will be re-exchanged on expiring date in April 2021 at an average exchange rate of US$1 to HK$7.776. Under these contracts, the fixed interest rates ranging from 5.26% to 5.275% per annum on the exchanged Hong Kong dollar principal amounts would be paid and the fixed interest rate of 5.875% per annum on the United States dollar principal amounts would be received.

(ii) Hedge for Hong Kong dollar bank borrowings

During the year ended 31 December 2019, the Group entered into notional principal amount of HK$200,000,000 10-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 1.565% per annum.

During the year ended 31 December 2020, the Group entered into notional principal amounts of HK$800,000,000 5-year to 10-year interest rate swap contracts. Such interest rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. The contracted fixed rates range from 1.065% to 1.565% per annum.

As at 31 December 2020, the outstanding total notional principal amounts of interest rate swap contracts were HK$2,500,000,000 (2019: HK$1,700,000,000). The contracted fixed rates range from 1.065% to 2.5% (2019: 1.565% to 2.5%) per annum.

21 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(a) Cross currency swap and interest rate swap contracts that qualify for hedge accounting – cash flow hedges (Continued)

(iii) Hedge for Australian dollar bank borrowings

During the year ended 31 December 2018, the Group entered into cross currency swap contract amounting to AUD180,000,000, under which the principal amount was exchanged at inception in December 2018 and will be re-exchanged on expiring date in December 2023 at an exchange rate of AUD1 to HK$5.6709. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

During the year ended 31 December 2019, the Group entered into cross currency swap contract amounting to approximately AUD148,478,000, under which the principal amount was exchanged at inception in September 2019 and will be re-exchanged on expiring date in September 2023 at an exchange rate of AUD1 to HK$5.388. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to approximately AUD187,350,000, under which the principal amount was exchanged at inception in February 2020 and will be re-exchanged on expiring date in February 2026 at an exchange rate of AUD1 to HK$5.3376. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Australian dollar interest rate on the Australian dollar principal amount would be received.

(iv) Hedge for Japanese yen bank borrowings

During the year ended 31 December 2020, the Group entered into cross currency swap contract amounting to JPY8,000,000,000, under which the principal amount was exchanged at inception in June 2020 and will be re-exchanged on expiring date in June 2027 at an exchange rate of JPY1 to HK$0.0719. Under the contract, the floating Hong Kong dollar interest rate on the exchanged Hong Kong dollar principal amount would be paid and the floating Japanese yen interest rate on the Japanese yen principal amount would be received.

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.

22 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.

	2020 **HK$'000**	2019 HK$'000
Unlisted equity securities, at fair value	**1,577,918**	1,453,753

23 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.

	2020 **HK$'000**	2019 HK$'000
Non-current portion		
Listed equity securities	**31,086**	39,565
Unlisted equity securities (note)	**706,446**	1,055,735
	737,532	1,095,300
Current portion		
Listed equity securities	**–**	6,863
	737,532	1,102,163

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note: The Group in 2016 acquired an equity interest of approximately 24.4% in Shanghai Krupp Stainless Co. Ltd. ("SKS"), which owns a site located in Pudong New Area, Shanghai. As the Group does not have any significant influence over financial and operating polices to SKS, the Group recorded its investments as financial assets at fair value through profit or loss.

In May 2016, the Shanghai Municipal Government issued an approval covering the planning change for the site to commercial development use ("May approval"). Subsequently in August 2017, the Shanghai Municipal Government changed the development plan of the site as part of the newly planned World Expo Cultural Park.

The Group's investment made in the second half of 2016 was on the basis of the May approval. Amongst the investors, a state-owned company through different investment vehicles collectively is the largest investor in the project.

In the second quarter of 2018, the Shanghai municipal authority communicated to the project company their intention to incorporate the project site in the World Expo Cultural Park development. Since then discussions and negotiations had been ongoing with the Shanghai municipal authority with a view to arriving at a mutually acceptable solution to enable the Group to withdraw from the project.

Given the above mentioned situation, management engaged an independent valuer, Savills Valuation and Professional Services Limited, who holds recognised relevant professional qualifications, to estimate the fair value of SKS as at 31 December 2018. Savills Valuation and Professional Services Limited adopted an asset-based valuation approach, which is a means of estimating the value of a business using methods based on the market value of individual business assets less liabilities and judgement was required to determine the fair value.

In October 2019, an agreement was entered between SKS and the Shanghai municipal authority, pursuant to which SKS agreed to handover the project site to the government for a cash compensation of approximately RMB4,270 million. The project site was then handed over to the government in November 2019.

Up to 31 December 2020, the Group received through short-term loans from the investee of approximately RMB1,425 million (2019: RMB1,180 million), mainly related to the Group's share of the compensations. These loans are intended to be set off against the future return of capital by the investee, hence these balances are set off against the carrying value of the investment as at 31 December 2020.

As at 31 December 2020, the net carrying value of the Group's investment in SKS amounts to approximately HK$58 million (2019: HK$396 million) which the Group expects to recover through the remaining compensations and distribution of the remaining assets of the investment.

The change in fair value on financial assets through profit or loss for the year ended 31 December 2020 included the decrease in fair value of approximately HK$78 million relating to the investment in SKS.

24 MORTGAGE LOANS RECEIVABLE

	2020 **HK$'000**	2019 HK$'000
Non-current mortgage loans receivable	**1,944,669**	3,062,327
Current portion of mortgage loans receivable	**98,301**	33,838
Total mortgage loans receivable	**2,042,970**	3,096,165

The balance included first mortgage loans of HK$836,012,000 (2019: HK$1,717,988,000) 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 (2019: 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 (2019: Nil).

Mortgage loans receivable are denominated in Hong Kong dollars.

25 COMPLETED PROPERTIES HELD FOR SALE

	2020 **HK$'000**	2019 HK$'000
Land costs	**4,588,264**	5,163,890
Other development costs	**5,143,107**	5,717,278
	9,731,371	10,881,168

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

26 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2020 HK$'000	2019 HK$'000
Trade receivables (note (a))	**143,909**	135,500
Prepayments	**350,516**	270,389
Others	**1,122,514**	1,098,018
	1,616,939	1,503,907

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:

	2020 HK$'000	2019 HK$'000
Hong Kong dollar	**893,052**	697,754
Renminbi	**640,775**	718,698
Other currencies	**83,112**	87,455
	1,616,939	1,503,907

(a) The Group maintains defined credit policies and applies those appropriate to the particular business circumstances of the Group. At 31 December 2020, 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:

	2020 HK$'000	2019 HK$'000
Below 1 month	**69,377**	77,960
Between 1 month and 3 months	**50,597**	41,044
Over 3 months	**23,935**	16,496
	143,909	135,500

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. Trade receivables are grouped based on shared credit risk characteristics and the days past due as follows:

	2020 HK$'000	2019 HK$'000
Up to 3 months	**119,974**	119,004
Over 3 months	**23,935**	16,496

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.

26 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (Continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The management considers the credit risk for the net balance is not high.

The trade receivables, other receivables and deposits do not contain impaired asset.

27 RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

(a) Restricted bank deposits

	2020 HK$'000	2019 HK$'000
Restricted bank deposits (note)	**565,770**	511,687

Note: As at 31 December 2020, the Group's bank balances amounting to approximately HK$565,770,000 (2019: HK$511,687,000) were deposited in certain banks respectively as guarantee deposits for bank facilities of the Group, including mortgage loan facilities (note 41(b)) granted by the banks to the purchasers of the Group's certain properties and as amounts required to be reserved by the relevant Mainland authorities for the Group's pre-sale of certain properties.

(b) Cash and cash equivalents

	2020 HK$'000	2019 HK$'000
Cash at bank and on hand	**13,559,234**	9,063,539
Short-term bank deposits (note (i))	**2,870,260**	2,680,304
Cash and bank balances (note (ii))	**16,429,494**	11,743,843
Less: short-term bank deposits maturing after more than three months	**(554,546)**	(42,712)
Cash and cash equivalents	**15,874,948**	11,701,131

Cash and bank balances are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
Renminbi	**14,909,603**	9,042,355
Hong Kong dollar	**1,415,160**	1,592,629
United States dollar	**57,165**	1,055,110
Other currencies	**47,566**	53,749
	16,429,494	11,743,843

(i) The effective interest rate on short-term bank deposits was 1.99% (2019: 2.64%) 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$15,366,529,000 (2019: HK$9,868,230,000) are held in the Mainland and are subject to local exchange control regulations.

28 ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES AND CONTRACT LIABILITIES

(a) Accounts payable, deposits received and accrued charges

	2020 HK$'000	2019 HK$'000
Trade payables	**318,834**	477,658
Construction costs payable	**3,346,759**	2,954,478
Rental deposits	**1,495,278**	1,420,209
Others	**1,448,051**	1,437,914
	6,608,922	6,290,259

The ageing analysis of trade payables of the Group as at 31 December 2020 is as follows:

	2020 HK$'000	2019 HK$'000
Below 1 month	**288,376**	444,515
Between 1 month and 3 months	**24,121**	22,706
Over 3 months	**6,337**	10,437
	318,834	477,658

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

	2020 HK$'000	2019 HK$'000
Renminbi	**4,588,700**	4,026,016
Hong Kong dollar	**1,925,541**	2,192,794
Other currencies	**94,681**	71,449
	6,608,922	6,290,259

(b) Contract liabilities

	2020 HK$'000	2019 HK$'000
Contract liabilities	**4,962,150**	2,549,048

The balance represents the contract liabilities recognised in relation to property development activities. The increase in balance as at 31 December 2020 is mainly attributable to the increased pre-sales of properties in the Mainland.

28 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:

	2020 HK$'000	2019 HK$'000
Property sales	**3,811,749**	6,029,790

(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:

	2020 HK$'000	2019 HK$'000
Revenue expected to be recognised within one year	**4,592,261**	3,600,079
Revenue expected to be recognised after one year	**4,136,262**	2,119,603
	8,728,523	5,719,682

29 BANK LOANS

	2020 HK$'000	2019 HK$'000
Non-current		
Bank loans		
– unsecured	**37,622,263**	28,016,833
– secured (note 42)	**–**	696,143
	37,622,263	28,712,976
Current		
Bank loans		
– unsecured	**4,587,085**	7,271,168
– secured (note 42)	**–**	1,222,949
	4,587,085	8,494,117
Total bank loans	**42,209,348**	37,207,093

29 BANK LOANS (Continued)

The maturity of bank loans is as follows:

	2020 **HK$'000**	2019 HK$'000
Within 1 year	**4,587,085**	8,494,117
Between 1 and 2 years	**8,998,313**	5,586,658
Between 2 and 5 years	**25,228,689**	22,726,318
Repayable within 5 years	**38,814,087**	36,807,093
Over 5 years	**3,395,261**	400,000
	42,209,348	37,207,093

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

	2020		2019	
	HK$	**RMB**	HK$	RMB
Bank loans	**1.06%**	**3.87%**	3.33%	4.31%

The carrying amounts of all bank loans approximate their fair value.

The carrying amounts of the bank loans are denominated in the following currencies:

	2020 **HK$'000**	2019 HK$'000
Hong Kong dollar	**31,426,000**	30,936,000
Renminbi	**7,105,839**	4,474,515
Australian dollar	**3,076,709**	1,796,578
Japanese yen	**600,800**	–
	42,209,348	37,207,093

30 FIXED RATE BONDS

	2020 **HK$'000**	2019 HK$'000
Fixed rate bonds		
Non-current	**–**	2,334,345
Current	**2,325,147**	–
Total fixed rate bonds	**2,325,147**	2,334,345

30 FIXED RATE BONDS (Continued)

On 6 April 2011, Wiseyear Holdings Limited ("Wiseyear"), a wholly-owned subsidiary of the Company, issued fixed rate bonds in the aggregate principal amount of US$300,000,000. The fixed rate bonds are guaranteed by the Company as to repayment, and carry a coupon rate of 5.875% per annum and have a maturity term of 10 years.

The fixed rate bonds are listed on the Singapore Exchange Securities Trading Limited. The market value of the fixed rate bonds as at 31 December 2020 was HK$2,359,296,000 (2019: HK$2,418,561,000). The fair value of the fixed rate bonds is within Level 1 of the fair value hierarchy.

31 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$777,755,000 (2019: HK$822,512,000) 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$641,804,000 (2019: HK$689,833,000) 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:

	2020 **HK$'000**	2019 HK$'000
Hong Kong dollar	**2,013,358**	2,048,473
United States dollar	**583,799**	582,767
Other currencies	**151,878**	141,366
	2,749,035	2,772,606

32 DEFERRED TAXATION

	2020 **HK$'000**	2019 HK$'000
At 1 January	**8,631,391**	8,275,622
Deferred taxation charged to consolidated income statement	**653,510**	476,899
Acquisition of subsidiaries (note 38(b))	**–**	19,232
Exchange adjustment	**529,834**	(140,362)
At 31 December	**9,814,735**	8,631,391

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK$2,178,365,000 (2019: HK$1,824,321,000) to be carried forward in offsetting the future taxable profits. These tax losses have no expiry dates except for the tax losses of HK$943,540,000 (2019: HK$777,332,000) which will expire at various dates up to and including year 2025 (2019: year 2024).

32 DEFERRED TAXATION (Continued)

As at 31 December 2020, the aggregate amount of unrecognised deferred tax liabilities associated with investments in subsidiaries totalled approximately HK$1,156,672,000 (2019: HK$1,099,593,000), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not reverse in the foreseeable future.

The movements in deferred tax (assets) and liabilities during the year were as follows:

	Revaluation HK$'000	**Accelerated depreciation allowances HK$'000**	**Tax losses HK$'000**	**Others HK$'000**	**Total HK$'000**
At 1 January 2020	**7,418,513**	**583,728**	**(127)**	**629,277**	**8,631,391**
Deferred taxation charged to consolidated income statement	**509,257**	**5,540**	**–**	**138,713**	**653,510**
Exchange adjustment	**493,722**	**10,234**	**–**	**25,878**	**529,834**
At 31 December 2020	**8,421,492**	**599,502**	**(127)**	**793,868**	**9,814,735**

	Revaluation HK$'000	Accelerated depreciation allowances HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2019	7,255,927	544,557	(1,653)	476,791	8,275,622
Deferred taxation charged to consolidated income statement	298,619	23,310	1,526	153,444	476,899
Acquisition of subsidiaries	–	19,232	–	–	19,232
Exchange adjustment	(136,033)	(3,371)	–	(958)	(140,362)
At 31 December 2019	7,418,513	583,728	(127)	629,277	8,631,391

33 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 (2019: HK$10,000) per Fund Member per month (the "Basic Contribution") less the MPF Contribution if the Basic Contribution is higher than the MPF Contribution. Fund Members are entitled to 100% of the employers' contributions to the Fund plus investment earnings upon leaving employment after completing ten years of service or more, or upon retirement after attaining the retirement age after any number of years of service, or upon retirement due to ill health. Fund Members are also entitled to the employers' contributions to the Fund plus investment earnings calculated at a reduced scale of between 20% and 90% after completing a period of service of at least two but less than ten years. The unvested benefits of employees terminating employment forfeited in accordance with the terms of the Fund can be utilised by the companies participating in the Fund to reduce future contributions. During the year, forfeited contributions totalling HK$Nil (2019: HK$392,000) were utilised leaving HK$3,437,000 (2019: HK$2,229,000) 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 8% to 16% (2019: 14% to 20%) of the staff's salary.

34 SHARE CAPITAL

	Authorised Ordinary shares of HK$1 each	
	Number of shares	HK$'000
At 31 December 2019 and 2020	10,000,000,000	10,000,000

34 SHARE CAPITAL (Continued)

	Issued and fully paid Ordinary shares of HK$1 each			
	2020		2019	
	Number of shares	**HK$'000**	Number of shares	HK$'000
At 1 January	**1,456,501,228**	**1,456,501**	1,455,208,228	1,455,208
Issue of shares as a result of exercise of share options (notes)	**–**	**–**	1,293,000	1,293
At 31 December	**1,456,501,228**	**1,456,501**	1,456,501,228	1,456,501

Notes:

(a) During the year ended 31 December 2020, no share option was exercised.

(b) During the year ended 31 December 2019, a total of 1,293,000 share options were exercised at exercise prices of HK$17.58 and HK$26.88 per share. Details of movements in share options during the year are set out in note 35. Total amount of proceeds of HK$32,849,340 received in respect of shares issued following the exercise of the share options were used as additional working capital for the Group.

35 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 shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

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

	2020		2019	
	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	**33.00**	**19,153,500**	32.71	20,501,500
Exercised during the year	**–**	**–**	26.88	(1,088,000)
Lapsed during the year	**35.45**	**(200,000)**	35.45	(260,000)
At 31 December (note (i))	**32.98**	**18,953,500**	33.00	19,153,500

35 SHARE OPTIONS (Continued)

(a) 2011 Share Option Scheme (Continued)

As at 31 December 2020, 18,953,500 (2019: 19,153,500) outstanding share options granted under the 2011 Share Option Scheme were exercisable. Since no share option was exercised during the year, there was no weighted average share price (2019: HK$32.75) and no proceeds received (2019: HK$29,245,440). No share option was granted, granted for adjustment or cancelled during the year (2019: Nil).

Note:

(i) Terms of share options at the end of the reporting period were as follows:

	Exercise price per share	Number of share options	
Exercise period	(HK$)	**2020**	2019
31/10/2012 – 29/04/2022	35.45	**6,244,500**	6,344,500
31/10/2013 – 29/04/2022	35.45	**7,236,000**	7,336,000
08/07/2014 – 07/01/2024	26.88	**1,955,000**	1,955,000
08/01/2015 – 07/01/2024	26.88	**3,518,000**	3,518,000
		18,953,500	19,153,500

(b) 2020 Share Option Scheme

The 2020 Share Option Scheme was adopted by the Company on 20 May 2020. Under the 2020 Share Option Scheme, the Directors of the Company may, at their discretion, grant share options to executives and key employees 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.

No share option has been granted under the 2020 Share Option Scheme which will expire on 19 May 2030.

36 SHARE PREMIUM

	2020 HK$'000	2019 HK$'000
At 1 January	**13,061,007**	13,019,604
Arising from exercise of share options (note 35)	**–**	31,556
Transfer from share options reserve (note 37(a))	**1,992**	9,847
At 31 December	**13,062,999**	13,061,007

37 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 2020	**48,427**	**1,139,429**	**(54,364)**	**7,393,205**	**8,526,697**
Cash flow hedges:					
– Fair value gains	–	–	103,761	–	103,761
– Transfer to finance costs (note 8)	–	–	(292,520)	–	(292,520)
Fair value gains on financial assets at fair value through other comprehensive income	–	124,165	–	–	124,165
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	224,427	224,427
Share of other reserves of associates and joint ventures	(2,186)	(2,044)	–	460,158	455,928
Net translation differences on foreign operations	–	–	–	4,115,340	4,115,340
Transfer to share premium (note 36)	–	–	–	(1,992)	(1,992)
Transfer from retained profits	–	–	–	54,495	54,495
At 31 December 2020	**46,241**	**1,261,550**	**(243,123)**	**12,245,633**	**13,310,301**

37 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
Balance at 1 January 2019	48,728	1,007,580	(30,465)	8,166,463	9,192,306
Cash flow hedges:					
– Fair value losses	–	–	(33,974)	–	(33,974)
– Transfer to finance costs (note 8)	–	–	10,075	–	10,075
Fair value gains on financial assets at fair value through other comprehensive income	–	127,482	–	–	127,482
Share of exchange fluctuation reserve of associates and joint ventures	–	–	–	37,477	37,477
Share of other reserves of associates and joint ventures	(301)	4,367	–	7,513	11,579
Net translation differences on foreign operations	–	–	–	(970,969)	(970,969)
Disposal of partial interest in a subsidiary	–	–	–	16,866	16,866
Transfer to share premium (note 36)	–	–	–	(9,847)	(9,847)
Transfer from retained profits	–	–	–	145,702	145,702
At 31 December 2019	48,427	1,139,429	(54,364)	7,393,205	8,526,697

37 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 2020	**7,935,251**	**166,384**	**(1,384,169)**	**703,862**	**10,576**	**447,978**	**(486,677)**	**7,393,205**
Share of exchange fluctuation reserve of associates and joint ventures	**–**	**–**	**224,427**	**–**	**–**	**–**	**–**	**224,427**
Share of other reserves of associates and joint ventures	**–**	**–**	**–**	**(2,926)**	**–**	**(21,757)**	**484,841**	**460,158**
Net translation differences on foreign operations	**–**	**–**	**4,115,340**	**–**	**–**	**–**	**–**	**4,115,340**
Transfer to share premium (note 36)	**–**	**(1,992)**	**–**	**–**	**–**	**–**	**–**	**(1,992)**
Transfer from retained profits	**–**	**–**	**–**	**54,495**	**–**	**–**	**–**	**54,495**
At 31 December 2020	**7,935,251**	**164,392**	**2,955,598**	**755,431**	**10,576**	**426,221**	**(1,836)**	**12,245,633**

	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 2019	7,935,251	176,231	(450,677)	554,957	10,576	433,266	(493,141)	8,166,463
Share of exchange fluctuation reserve of associates and joint ventures	–	–	37,477	–	–	–	–	37,477
Share of other reserves of associates and joint ventures	–	–	–	3,203	–	(2,154)	6,464	7,513
Net translation differences on foreign operations	–	–	(970,969)	–	–	–	–	(970,969)
Disposal of partial interest in a subsidiary	–	–	–	–	–	16,866	–	16,866
Transfer to share premium (note 36)	–	(9,847)	–	–	–	–	–	(9,847)
Transfer from retained profits	–	–	–	145,702	–	–	–	145,702
At 31 December 2019	7,935,251	166,384	(1,384,169)	703,862	10,576	447,978	(486,677)	7,393,205

37 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 during 1998, 2002 and 2016 and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.

(e) Acquisition reserve arose from the acquisition of additional interest or disposal of interest in subsidiaries that do not result in a loss of control, and represents any differences between the amount by which the non-controlling interests are adjusted (to reflect the changes in the interests in the subsidiaries) and the fair value of the consideration paid or received.

(f) Put option reserve is set up by an associate of the Group, Kerry Logistics, which has granted written put options to its certain subsidiaries' non-controlling interests to sell their interests to Kerry Logistics.

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to net cash generated from operations

	2020 **HK$'000**	2019 HK$'000
Profit before taxation	**9,169,338**	10,035,944
Depreciation of property, plant and equipment and right-of-use assets	**477,608**	477,513
Dividend income on listed and unlisted investments	**(57,267)**	(63,002)
Interest income	**(512,704)**	(570,289)
Loss on disposal of property, plant and equipment	**430**	1,314
Gain on sale of investment properties	**(13,267)**	(52,940)
Gain on disposal of financial assets at fair value through profit or loss	**(547)**	–
Net decrease/(increase) in fair value of financial assets at fair value through profit or loss	**97,790**	(4,534)
Increase in fair value of investment properties	**(1,087,762)**	(1,185,018)
Finance costs	**1,089,726**	812,565
Share of results of associates and joint ventures	**(1,597,010)**	(1,584,917)
Operating profit before working capital changes	**7,566,335**	7,866,636
Increase in properties under development	**(3,922,395)**	(2,529,867)
Decrease in completed properties held for sale	**3,549,019**	6,203,621
Increase in accounts receivable, prepayments and deposits	**(93,854)**	(211,922)
Increase/(decrease) in accounts payable, deposits received and accrued charges	**552,031**	(777,063)
Increase/(decrease) in contract liabilities	**2,266,278**	(3,835,853)
Net cash generated from operations	**9,917,414**	6,715,552

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Analysis of the net cash outflow in respect of the acquisition of subsidiaries

On 28 March 2019, the Group entered into the sale and purchase agreements to acquire 100% equity interest in DEC Limited and Belminton Inc. where the principal assets are two warehouses located in Chai Wan and Shatin, at a total consideration of HK$3,600,000,000 from a subsidiary of Kerry Logistics Network Limited, an associate of the Group. The Group will consider redevelopment of the warehouses for long-term investment. The transaction was completed in June 2019.

Aggregate net cash outflow of the above transaction is as follows:

	2020 **HK$'000**	2019 HK$'000
Cash consideration paid	–	3,600,000
Cash and bank balances acquired	–	(52,386)
Net cash outflow arising from the acquisition	–	3,547,614

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

	2020 **HK$'000**	2019 HK$'000
Investment properties (note 15)	–	3,600,000
Accounts receivable, prepayments and deposits	–	657
Cash and bank balances	–	52,386
Accounts payable, deposits received and accrued charges	–	(25,670)
Taxation	–	(8,141)
Deferred taxation (note 32)	–	(19,232)
Total identifiable net assets	–	3,600,000

38 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank loans non-current HK$'000	Bank loans current HK$'000	Fixed rate bonds HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000	Derivative financial instruments held to hedge fixed rate bonds and bank loans HK$'000	Total HK$'000
Balances as at 1 January 2020	**28,712,976**	**8,494,117**	**2,334,345**	**2,772,606**	**150,419**	**71,678**	**42,536,141**
Cash flows	**13,004,906**	**(8,761,951)**	**–**	**(45,498)**	**(55,048)**	**–**	**4,142,409**
Non-cash changes							
Reclassifications	**(4,831,978)**	**4,831,978**	**–**	**–**	**–**	**–**	**–**
Foreign exchange movement	**736,359**	**22,941**	**(9,198)**	**5,946**	**–**	**–**	**756,048**
New leases	**–**	**–**	**–**	**–**	**1,060**	**–**	**1,060**
Other non-cash movement	**–**	**–**	**–**	**15,981**	**4,568**	**(103,761)**	**(83,212)**
Balances as at 31 December 2020	**37,622,263**	**4,587,085**	**2,325,147**	**2,749,035**	**100,999**	**(32,083)**	**47,352,446**

	Bank loans non-current HK$'000	Bank loans current HK$'000	Fixed rate bonds HK$'000	Amounts due to non-controlling interests HK$'000	Lease liabilities HK$'000	Derivative financial instruments held to hedge fixed rate bonds and bank loans HK$'000	Total HK$'000
Balances as at 1 January 2019	22,625,008	8,141,552	2,344,683	2,131,319	–	37,704	35,280,266
Cash flows	15,143,125	(8,621,715)	–	934,179	(6,400)	–	7,449,189
Non-cash changes							
Reclassifications	(8,944,117)	8,944,117	–	(365,340)	–	–	(365,340)
Foreign exchange movement	(111,040)	30,163	(10,338)	48,822	–	–	(42,393)
New leases	–	–	–	–	156,819	–	156,819
Other non-cash movement	–	–	–	23,626	–	33,974	57,600
Balances as at 31 December 2019	28,712,976	8,494,117	2,334,345	2,772,606	150,419	71,678	42,536,141

39 RELATED PARTY TRANSACTIONS

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

(a) Purchases of services/lease of premises

	2020 **HK$'000**	2019 HK$'000
Marketing, consultancy and administrative management fees expense (note (i))	**70,871**	124,420
Rental expenses/lease payments (note (ii))	**64,576**	57,926
Logistics, insurance brokerage and service fee paid (note (iii))	**16,571**	13,100
Rental income (note (iv))	**36,864**	26,547

(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 13 November 2019, the Group renewed and/or took up new tenancies in respect of certain units and floors of Kerry Centre with Ubagan Limited for a term of 3 years from 19 November 2019 to 18 November 2022. In accordance with HKFRS 16, the rental payment under these tenancy agreements was recognised as right-of-use assets on 19 November 2019 for an amount of HK$156,185,000.

(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

	2020 **HK$'000**	2019 HK$'000
Salaries and other short-term benefits	**63,504**	61,454
Post-employment benefits	**480**	430
	63,984	61,884

39 RELATED PARTY TRANSACTIONS (Continued)

(c) Year-end balances

	2020 HK$'000	2019 HK$'000
Receivables from related parties:		
Associates and joint ventures (note 20)	**8,994,943**	8,820,319

	2020 HK$'000	2019 HK$'000
Payables to related parties:		
Included under amounts due to non-controlling interests (note 31)		
– Subsidiaries of SA	**777,755**	822,512
Associates and joint ventures (note 20)	**632,657**	569,550
Lease liabilities (note 16)	**100,217**	150,419

(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 2020 amounted to approximately HK$4,532,449,000 (2019: HK$2,702,503,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2020 amounted to approximately HK$5,071,415,000 (2019: HK$3,303,412,000). The above-mentioned amounts are also reflected in the guarantees given by the Group for banking facilities disclosed in note 41(a).

40 COMMITMENTS

(a) At 31 December 2020, the Group had capital and other commitments in respect of 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:

	2020 HK$'000	2019 HK$'000
Investment properties	**64,367**	779,226
Land costs	**2,710,342**	7,906,141
Properties under development	**6,868,220**	8,711,199
	9,642,929	17,396,566

40 COMMITMENTS (Continued)

(b) At 31 December 2020, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases as follows:

	2020 **HK$'000**	2019 HK$'000
Land and buildings:		
Within one year	**3,383,725**	3,240,374
In the second to fifth year, inclusive	**4,875,672**	4,865,114
Over five years	**210,591**	334,177
	8,469,988	8,439,665

41 CONTINGENT LIABILITIES

Guarantees for banking facilities

	2020 **HK$'000**	2019 HK$'000
Guarantees for banking facilities of certain associates and joint ventures (note (a))	**4,532,449**	2,702,503
Guarantees to certain banks for mortgage facilities granted to first buyers of certain properties in the Mainland (note (b))	**1,639,013**	1,826,090
	6,171,462	4,528,593

(a) The Group has executed guarantees for banking facilities granted to certain associates and joint ventures. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group as at 31 December 2020 amounted to approximately HK$4,532,449,000 (2019: HK$2,702,503,000). The total amount of such facilities covered by the Group's guarantees as at 31 December 2020 amounted to approximately HK$5,071,415,000 (2019: HK$3,303,412,000).

(b) The Group has executed guarantees to certain banks for mortgage facilities granted to first 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 2020 amounted to approximately HK$1,639,013,000 (2019: HK$1,826,090,000).

42 PLEDGE OF ASSETS

At 31 December 2020, the Group's total bank loans of HK$42,209,348,000 (2019: HK$37,207,093,000) included an aggregate amount of HK$42,209,348,000 (2019: HK$35,288,001,000) which is unsecured and an aggregate amount of HK$Nil (2019: HK$1,919,092,000) which is secured. As at 31 December 2019, the securities provided for the secured banking facilities available to the Group were as follows:

(a) legal charges over certain properties (notes 14 to 16); and

(b) assignments of insurance proceeds of certain properties.

43 ULTIMATE HOLDING COMPANY

The Directors regard Kerry Group Limited, a company incorporated in the Cook Islands, as being the ultimate holding company.

44 EVENTS AFTER THE REPORTING PERIOD

On 10 February 2021, the Group, Kerry Logistics and a subsidiary of S.F. Holdings Co. Ltd. (the "Offeror") jointly published that subject to the satisfaction or waiver of the certain pre-conditions, the Offeror will make a voluntary conditional partial cash offer to shareholders of Kerry Logistics to acquire approximately 52% of the equity interest of Kerry Logistics at an offer price of HK$18.80 per share. The pre-conditions include but not limited to (i) approvals from relevant regulatory bodies and shareholders; (ii) the disposal of certain warehouses and the logistics business in Taiwan by Kerry Logistics to wholly-owned subsidiaries of Kerry Holdings Limited (the holding company of the Group); etc. As of the date of this report, the Group intends to tender approximately 20% of Kerry Logistics's shares in issue to the Offeror. The Group is in the process of assessing the financial impacts of the potential disposal.

45 STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

Statement of financial position of the Company as at 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,988**	3,863
Subsidiaries		**28,823,775**	27,715,313
Associates		**2,436,515**	2,396,605
		31,263,278	30,115,781
Current assets			
Dividends receivable		**2,000,000**	2,000,000
Accounts receivable, prepayments and deposits		**3,751**	5,600
Cash and bank balances		**290,295**	1,324,985
		2,294,046	3,330,585
Current liabilities			
Accounts payable and accrued charges		**121,036**	97,404
Net current assets		**2,173,010**	3,233,181
ASSETS LESS LIABILITIES		**33,436,288**	33,348,962
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	34	**1,456,501**	1,456,501
Share premium	36	**13,062,999**	13,061,007
Other reserves (note (a))		**10,602,483**	10,604,475
Retained profits (note (b))		**8,314,305**	8,226,979
TOTAL EQUITY		**33,436,288**	33,348,962

45 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 2020	**10,427,515**	**166,384**	**10,576**	**10,604,475**
Transfer to share premium (note 36)	**–**	**(1,992)**	**–**	**(1,992)**
At 31 December 2020	**10,427,515**	**164,392**	**10,576**	**10,602,483**
At 1 January 2019	10,427,515	176,231	10,576	10,614,322
Transfer to share premium (note 36)	–	(9,847)	–	(9,847)
At 31 December 2019	10,427,515	166,384	10,576	10,604,475

(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 during 1998, 2002 and 2016 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

	2020 HK$'000	2019 HK$'000
At 1 January	**8,226,979**	8,005,616
Profit for the year	**2,053,603**	2,186,652
Dividends paid	**(1,966,277)**	(1,965,289)
At 31 December	**8,314,305**	8,226,979

46 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) Principal Subsidiaries

As at 31 December 2020, 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[1]/ Registered capital	Indirect interest held	Notes
Property Division – Mainland					
Beijing Jia Ao Real Estate Development Co., Ltd.	PRC	Property investment	US$77,967,600	71.25%	(6)(9)
Beijing Kerry Hotel Co., Ltd.	PRC	Hotel ownership and operation	US$33,000,000	71.25%	(6)(9)
Beijing Kerry Huayuan Real Estate Development Co., Ltd.	PRC	Property trading	RMB68,500,000	71%	(3)(6)(9)
Excellent (Beijing) Management Consultancy Ltd.	PRC	Investment holding and management	RMB100,000	100%	(3)(5)(9)
Full Fortune Real Estate (Putian) Co., Ltd.	PRC	Property trading	RMB500,000,000	60%	(3)(5)
Grand Glory Real Estate (Wuhan) Co., Ltd.	PRC	Property development	RMB6,700,000,000	100%	(3)(5)
Grand Luck Real Estate (Fuzhou) Co., Ltd.	PRC	Property development	RMB2,600,000,000	100%	(3)(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 development	RMB200,000,000	100%	(3)(5)(9)
Huiyao Real Estate (Hangzhou) Co., Ltd.	PRC	Property trading and development	RMB1,240,000,000	100%	(3)(5)(9)
Jian'an Real Estate (Kunming) Co., Ltd.	PRC	Property development	RMB400,000,000	55%	(3)(5)(9)
Kerry Cao Jia Yan Properties (Shanghai) Co., Ltd.	PRC	Property investment and trading	US$5,000,000	100%	(3)(5)
Kerry Centre Real Estate (Shenzhen) Co. Ltd.	PRC	Property investment	HK$1,500,000	100%	(3)(5)(9)
Kerry Development (Chengdu) Ltd.	PRC	Property trading	RMB10,000,000	55%	(3)(5)(9)
Kerry Development (Manzhouli) Co., Ltd.	PRC	Property trading	US$6,800,000	100%	(3)(5)
Kerry Development (Shanghai) Co., Ltd.	PRC	Property investment	US$2,500,000	100%	(3)(5)
Kerry Development (Shenzhen) Co., Ltd.	PRC	Property investment	HK$708,350,000	100%	(3)(5)(9)
Kerry Huafeng Property Development (Hangzhou) Co., Ltd.	PRC	Property trading	HK$35,000,000	100%	(3)(5)
Kerry Properties (China) Investment Co., Ltd.	PRC	Provision of consultancy services	RMB53,626,513.09	100%	(3)(5)
Kerry Properties (China) Limited	HK	Investment holding and provision of administrative support services	HK$10,000,000,000	100%	
Kerry Properties (China) Project Management Co., Ltd.	PRC	Provision of consultancy and administrative services	RMB50,000,000	100%	(3)(5)
Kerry Properties (Shenzhen) Co., Ltd.	PRC	Property trading	HK$1,500,000	100%	(3)(5)(9)
Kerry Properties Development Management (Shanghai) Co., Ltd.	PRC	Real estate and project management	RMB8,962,190	100%	(5)(9)
Kerry Real Estate (Hangzhou) Co. Ltd.	PRC	Property investment, trading and hotel ownership and operation	US$425,750,000	75%	(5)
Kerry Real Estate (Nanchang) Co., Ltd.	PRC	Property trading and development	RMB800,000,000	80%	(3)(5)
Kerry (Shenyang) Real Estate Development Co., Ltd.	PRC	Property investment, trading and development	RMB3,887,500,000	60%	(3)(5)
Lucky Billion Development (Qinhuangdao) Co., Ltd.	PRC	Property trading and development	RMB1,617,000,000	60%	(3)(5)(9)
Million Palace Development (Shenzhen) Co., Ltd.	PRC	Property trading and development	RMB4,980,000,000	100%	(5)(9)
Risenland Development (Fuzhou) Co., Ltd.	PRC	Property investment	HK$1,500,000	100%	(3)(5)
Shanghai Gang Hu Properties Co., Ltd.	PRC	Property investment and trading	US$90,000,000	74.25%	(3)(6)
Shanghai Ji Xiang Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US$311,250,000	51%	(5)

46 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

(a) Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued share capital (1)/ Registered capital	Indirect interest held	Notes
Property Division – Mainland (Continued)					
Shanghai Kerry Real Estate Development Co., Ltd.	PRC	Property investment	US$250,000	55.20%	(3)(6)
Shanghai Xin Ci Hou Properties Co., Ltd.	PRC	Property investment	US$60,000,000	74.25%	(6)
Shangri-La Hotel (Shenyang) Co., Ltd.	PRC	Hotel ownership and operation	RMB700,000,000	60%	(3)(5)
Wealthy Plaza Development (Chengdu) Ltd.	PRC	Property trading	RMB150,000,000	55%	(3)(5)(9)
Well Fortune Real Estate (Putian) Co., Ltd.	PRC	Property development	RMB200,000,000	60%	(3)(5)
Xiang Heng Real Estate (Jinan) Co., Ltd.	PRC	Property investment, trading and hotel ownership and operation	RMB600,000,000	55%	(3)(5)
Ying He Company Limited	HK	Investment holding	HK$10 HK$21,000,000(2)	100%	
Yinlong Real Estate (Hangzhou) Co., Ltd.	PRC	Property development	RMB7,100,000,000	100%	(3)(5)
Yong Yu Real Estate (Nanjing) Co., Ltd.	PRC	Property trading	RMB1,350,000,000	100%	(3)(5)(9)
Zhengzhou Yuheng Real Estate Co., Ltd.	PRC	Property development	RMB600,000,000	55%	(3)(5)
Property Division – Hong Kong					
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 investment	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%	
Fortune Mega Investments Limited	BVI / HK	Investment holding	US$1	100%	
Golden Concord Properties Limited	HK	Property trading	HK$1	100%	
Interseed Company Limited	HK	Property trading	HK$2	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(2)	100%	
Kerry Properties (Macau) Limited	Macau	Property development	MOP1,000,000	71%	
Kerry Warehouse (Chai Wan) Limited	HK	Warehouse ownership	HK$10,000,000	100%	
Kerry Warehouse (Shatin) Limited	HK	Warehouse ownership	HK$10,000,000	100%	
Kildare Limited	HK	Property trading	HK$2	100%	
Mable Road Company Limited	HK	Property investment	HK$10 HK$10,000(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 / HK	Property investment	US$9	100%	

46 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

(a) Principal Subsidiaries (Continued)

Name	Place of incorporation/ operation	Principal activities	Issued share capital(1)/ Registered capital	Indirect interest held	Notes
Property Division – Hong Kong (Continued)					
Mid-Levels Portfolio (Branksome) Limited	HK	Property investment	HK$1,000	100%	
Mid-Levels Portfolio (Gladdon) Limited	HK	Property investment	HK$1,000	100%	
Mid-Levels Portfolio (Tavistock) Limited	HK	Property investment	HK$1,000	100%	
Mid-Levels Portfolio (Valverde) Limited	HK	Property trading	HK$1,000	100%	
NMC 6 Limited	BVI / HK	Property development	US$1	100%	
NMC 7 Limited	BVI / HK	Property investment	US$1	100%	
NMC 8 Limited	BVI / HK	Property trading	US$1	100%	
NMC 9 Limited	BVI / HK	Property investment	US$1	100%	
Norminster Limited	HK	Property investment	HK$1,000	100%	
Pettico Limited	HK	Provision of financial services	HK$20	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%	
Sociedade de Investimento Imobiliário Tim Keng Van, S.A.	Macau	Property development	MOP1,000,000	100%	(3)
Taskan Limited	HK	Property trading	HK$2	100%	
Trebanos Investment Company Limited	HK	Investment holding	HK$2	100%	
Wealthy State Investments Limited	HK	Property investment	HK$1	100%	
Property Division – Overseas					
Shang Properties (Pvt) Ltd	Sri Lanka	Property development	LKR1,000	80%	
Other Divisions					
Apex Ally Limited	HK	Group financing	HK$1	100%	
Dragon Fame Limited	HK	Group financing	HK$1	100%	
Kerry Project Management (H.K.) Limited	HK	Project management	HK$300,000	100%	
Kerry Properties (Beijing) Development Co. Ltd.	PRC	Project management and investment holding	RMB5,000,000	100%	(3)(5)(9)
Kerry Property Management Services Limited	HK	Property management	HK$20	100%	
Kerry Real Estate Agency Limited	HK	Estate agency	HK$2	100%	
Perfect Delight Limited	HK	Group financing	HK$1	100%	
Thinkwise Technovation Limited	HK	IT system and consulting services	HK$1	100%	
Twickenham Limited	HK	Group financing	HK$1	100%	
Upsmart Investments Limited	HK	Provision of administrative support services	HK$2	100%	
Win House Industries Limited	HK	Provision of construction work	HK$1,000,000	100%	
Wiseyear Holdings Limited	BVI / HK	Group financing	US$1	100%	

46 GROUP STRUCTURE – PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Continued)

(b) Principal Associates and Joint Ventures

As at 31 December 2020, 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
Associates					
Property Division – Mainland					
Hengyun Real Estate (Tangshan) Co., Ltd.	PRC	Property trading	RMB561,000,000	40%	(3)(5)
Ningbo Ruifeng Real Estate Co., Ltd.	PRC	Property trading	RMB8,000,000	50%	(3)(5)
Ruihe Real Estate (Tangshan) Co., Ltd.	PRC	Hotel ownership and operation	RMB600,000,000	40%	(3)(5)
Shanghai Pudong Kerry City Properties Co., Ltd.	PRC	Property investment, hotel ownership and operation	US$171,361,400	40.80%	(6)(9)
Shangri-La Hotel (Nanjing) Co., Ltd.	PRC	Hotel ownership and operation	RMB750,000,000	45%	(3)(5)
Tianjin Kerry Real Estate Development Co., Ltd.	PRC	Property investment, trading and development, hotel ownership and operation	RMB2,261,250,000	49%	(3)(5)
Property Division – Hong Kong					
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)
Pembrooke Development Investments Limited	BVI / HK	Property trading	Ordinary Non-voting deferred	40%	
Sky Vision Development Limited	HK	Property investment	Ordinary	47.37%	(3)
Time Rank Limited	HK	Property trading	Ordinary	50%	(4)
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)

46 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
Property Division – Hong Kong (Continued)					
Win Chanford Enterprises Limited	HK	Investment holding and property investment	Ordinary	47.37%	(3)
Wise Grand Limited	HK	Property investment	Ordinary	47.37%	(3)
Wolver Hollow Company Limited	HK	Warehouse ownership	Ordinary	50%	(3)
Wu Wing International Company, Limited	HK	Property trading and investment	Ordinary	45%	(3)(4)
Property Division – Overseas					
Phoenix Commercial Pte. Ltd.	Singapore	Property development	Ordinary	30%*	(3)
Phoenix Residential Pte. Ltd.	Singapore	Property development	Ordinary	30%*	(3)
Shang Properties, Inc.	Philippines	Property development, real estate management and investment holding	Common	34.61%	(7)
Other Divisions					
Kerry Logistics Network Limited	BVI (continued into Bermuda)/HK	Integrated logistics and international freight forwarding business	Ordinary	39.97%*	(7)
Western Harbour Tunnel Company Limited	HK	Tunnel operation and management	Ordinary	15%	(3)(4)(8)
Joint Ventures					
Property Division – Mainland					
Million Fortune Development (Shenzhen) Co., Ltd.	PRC	Property development	RMB3,500,000,000	25%	(5)
Property Division – Hong Kong					
High Crown Holdings Limited	HK	Property development	Ordinary	50%	
WCH Property Development Company Limited	HK	Property development	Ordinary	50%	

Notes:

(1) all being ordinary shares and fully paid up except otherwise stated
(2) non-voting deferred shares
(3) companies not audited by PricewaterhouseCoopers
(4) companies having a financial accounting period which is not coterminous with the Group
(5) wholly foreign-owned enterprise
(6) sino-foreign equity joint venture enterprise
(7) listed company
(8) significant influence is obtained by the Group through participation in the board of directors of this associate
(9) English translation of name only

BVI British Virgin Islands
HK Hong Kong
PRC The People's Republic of China

FIVE-YEAR FINANCIAL SUMMARY

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

	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**14,526,102**	18,025,422	21,433,216	35,548,123	12,990,536
Profit attributable to shareholders	**5,403,203**	6,897,450	7,499,295	9,242,116	6,537,258
Assets and liabilities					
Non-current assets	**148,944,388**	147,341,417	135,513,007	127,891,757	112,725,292
Net current assets	**26,207,778**	10,707,114	10,867,879	18,651,630	28,985,949
Total assets less current liabilities	**175,152,166**	158,048,531	146,380,886	146,543,387	141,711,241
Long-term liabilities and non-controlling interests	**(65,279,629)**	(56,344,021)	(48,839,922)	(52,193,931)	(58,966,834)
Shareholders' funds	**109,872,537**	101,704,510	97,540,964	94,349,456	82,744,407

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